THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.

The Company and each of the Directors accept responsibility both individually and collectively for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been prepared in connection with the proposed admission of the Enlarged Share Capital to trading on AIM, a market of London Stock Exchange plc.

The Company is not making an offer of transferable securities to the public within the meaning of section 102B of FSMA. This Document does not constitute a prospectus within the meaning of section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority and a copy has not, and will not be, approved or filed with the FCA. The Shares will not be admitted to the Official List or to any recognised investment exchange apart from AIM and no such other applications have been or are intended to be made. The Directors expect that Admission will become effective and that dealings in the Shares will commence on AIM on 29 June 2017.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules for Companies, to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document.**

Your attention is drawn to the section entitled "Risk Factors" set out in Part III of this Document. All statements regarding the Company and the Group should be viewed in light of these risk factors. **Prospective investors in the Company should read the whole text of this Document.**

PHOENIX GLOBAL MINING LIMITED

(Incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 with registration number 1791533)

PROPOSED PLACING AND SUBSCRIPTION AT 4 PENCE PER NEW SHARE TO RAISE £4.6 MILLION BEFORE EXPENSES ADMISSION OF THE ENLARGED SHARE CAPITAL TO TRADING ON AIM

Nominated Adviser	*Broker*
SP ANGEL YOUR BRIDGE TO A BETTER BUSINESS	BRANDON HILL CAPITAL
SP Angel Corporate Finance LLP	***Brandon Hill Capital Limited***

The AIM Rules are less demanding than those of the Official List. No liability whatsoever is accepted by SP Angel Corporate Finance LLP for the accuracy of any information or opinions contained in this Document, or for the omission of any material information, for which the Company and the Directors are solely responsible.

SP Angel Corporate Finance LLP ("**SP Angel**"), which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is the Company's Nominated Adviser in connection with the Admission for the purposes of the AIM Rules for Companies and is acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to customers of SP Angel or for advising any other person in respect of the contents of this Document or on any transaction or arrangement referred to in this Document. The responsibilities of SP Angel as Nominated Adviser under the AIM Rules for Companies are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person. Prospective Investors should rely only on the information in this Document. No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by SP Angel as to any of the contents of this Document and no liability is accepted by SP Angel for the accuracy of any information or opinions contained in this Document.

Brandon Hill Capital Limited ("**Brandon Hill**"), which is authorised and regulated by the FCA in the United Kingdom and is a member of the London Stock Exchange, is the Company's Broker in connection with Admission for the purposes of the AIM Rules and is acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Brandon Hill or for advising any other person in respect of the contents of this Document or on any transaction or arrangement referred to in this Document. The responsibilities of Brandon Hill as Broker under the AIM Rules for Companies are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person. Prospective investors should rely only on the information in this Document. No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by Brandon Hill as to any of the contents of this Document and no liability is accepted by Brandon Hill for the accuracy of any information or opinions contained in this Document.

IMPORTANT INFORMATION

This Document has been prepared in connection with the matters described in this Document, pursuant to and for the purpose of complying with English law and the AIM Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England. Nothing in this Document or the accompanying documents should be relied on for any other purpose.

Neither the delivery of this Document or any subsequent subscriptions or purchases made hereunder and at any time subsequent to the date of this Document shall, under any circumstances, create any implication that the information contained in this Document is correct as of any time subsequent to the date of this Document.

An investment in the Company may not be suitable for all recipients of this Document. Any such investment is speculative and involves a high degree of risk. Prospective investors should read the whole of this Document and should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn, in particular, to the Risk Factors set out in Part III of this Document. All statements regarding the Company's business, financial position and prospects should be viewed in the light of the risk factors set out in Part III of this Document. The contents of the Company's website, including any websites available from hyperlinks on the Company's website, do not form part of this Document. All times referred to in this Document are, unless otherwise stated, references to London time.

The contents of this Document are not to be construed as legal, financial, business, investment or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or disposal of New Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of New Shares. Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, investment, or any other related matters concerning the Company and an investment therein.

PUBLICATION ON WEBSITE AND HARD COPIES

A copy of this Document is available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on the Company's website: www.pgmining.com. Copies of this Document will be available free of charge during normal business hours on any weekday (except public holidays) by contacting SP Angel, Prince Frederick House, 35-39 Maddox Street, London W1S 2PP or by calling +44 (0)203 470 0470.Copies shall remain available for a period of one month from Admission.

OVERSEAS SHAREHOLDERS

This Document is being distributed in the United Kingdom, and is directed only at: (A)(i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**FPO**"); (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO; and (iii) persons to whom it is otherwise lawful to distribute it; and (B) "**Relevant Persons**" as defined in section 86(7) of the Financial Services and Markets Act 2000, as amended. It is not intended that this Document be distributed or passed on, directly or indirectly, to any other class of person and persons who do not fall within any of these definitions should not rely on this Document nor take any action upon it, but should return it immediately to the Company. This Document is confidential and is being supplied to you solely for your information and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose. By accepting receipt of this Document, you agree to be bound by the limitations and restrictions set out above.

This Document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person, as would otherwise be required by section 21 of FSMA. Any investment to which this Document relates is available to (and any investment activity to which it relates will be engaged with) only those persons described in (i), (ii) or (iii) above. Persons who do not fall within the above categories of investor should not take any action nor rely upon this Document.

This Document does not constitute an offer to sell, or a solicitation to buy, New Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not, subject to certain exceptions, for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, or Japan. The New Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, or Japan, or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the New Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, or Japan, or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa, or Japan. The distribution of this Document in certain jurisdictions may be restricted by law. No action has been taken by the Company or SP Angel or Brandon Hill that would permit a public offer of New Shares or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Holding Shares may have implications for overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

The New Shares may not be publicly offered in Switzerland and the New Shares will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Document nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Document nor any other offering or marketing material relating to the Shares or the Company have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Document has not been filed with, and the offering of the Shares will not be supervised by the Swiss Financial Market Supervisory Authority, FINMA.

This Document is not a Prospectus for the purposes of the Prospectus Directive 2010/73/EU (the "**Prospectus Directive**") in relation to each Member State of the European Economic Area (the "**EEA**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**").This Document has been prepared on the basis that all offers of the New Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a Prospectus in connection with offers of the New Shares. Accordingly, any person making or intending to make any offer within the EEA of New Shares which is the subject of the offering contemplated in this Document should only do so in circumstances in which no obligation arises for the Company, SP Angel or Brandon Hill to produce a Prospectus for such offer. Neither the Company nor Brandon Hill has authorised, nor will any of them authorise, the making of any offer of the New Shares through any financial intermediary, other than offers made by the Company or Brandon Hill which constitute the issue of the New Shares, contemplated in this Document.

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are or may constitute "forward-looking statements". In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "may", "will" or "should" or their negatives or other variations or comparable terminology. Such forward-looking statements are not based on historical facts but rather reflect the Directors' current beliefs and assumptions and are based on information currently available to management. Such information will include expectations regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, planned exploration and development activity and the results of such activity, business prospects and opportunities. A number of factors could cause actual results to differ materially from the results discussed

in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. These forward-looking statements are subject to, inter alia, the risk factors described in Part III of this Document. Although the forward-looking statements contained in this Document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

ROUNDING, MARKET AND FINANCIAL INFORMATION

Certain figures included in this Document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The data, statistics and information and other statements in this Document regarding the markets in which the Company operates, or its most market position therein, is based upon the Company's records or are taken or derived from statistical data and information derived from the sources described in this Document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

CURRENCY PRESENTATION

All references in this Document to "**Sterling**", "**Pounds Sterling**", "**£**" and "**pence**" are to the lawful currency of the UK, all references in this Document to "**USD**" and "**US$**" are to the lawful currency of the United States and all references to "**CAD**" and "**C$**" are to the lawful currency of Canada.

CONTENTS

ISSUE STATISTICS AND DEALING CODES

Issue Price (per New Share)	4 pence
Number of Shares in issue before Admission	114,755,522
Number of New Shares to be issued pursuant to the Placing and Subscription	115,000,000
Number of Shares in issue at Admission	229,755,522
Market capitalisation of the Company at the Issue Price at Admission	£9,190,221
New Shares as a percentage of the Enlarged Share Capital	50.1%
Fully diluted number of Shares at Admission	251,998,597
Gross proceeds of the Placing and Subscription receivable by the Company	£4,600,000
Estimated cash proceeds of the Placing and Subscription receivable by the Company (net of commissions and expenses)	£3,875,000
ISIN	VGG7060R1055
SEDOL	BDVK9T1
Ticker	PGM
Legal Entity Identifier number (LEI)	2138006UWPZAB1A75680

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this Document	23 June 2017
Expected date of Admission and commencement of dealings in the Enlarged Share Capital on AIM	8.00am on 29 June 2017
CREST accounts expected to be credited with Depositary Interests by	30 June 2017
Despatch of definitive share certificates for New Shares (where applicable)	30 June 2017

Note:

Save in relation to the date on which this Document is published, each of the dates in the above timetable is subject to change without notice. All times are London times unless otherwise stated.

EXCHANGE RATES

The US$:£ exchange rate and the C$:£ exchange rate used in this Document are stated where relevant.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Marcus Elliott Sturdee Edwards-Jones	*Non-Executive Chairman*
	Dennis Leslie Thomas	*Chief Executive Officer*
	Richard Vaughan Lindsay Wilkins	*Chief Financial Officer*
	Andre Maurice Cohen	*Non-Executive Director*
	Roger William Turner	*Chief Technical Officer and Non-Executive Director*
Corporate Secretary	Richard Vaughan Lindsay Wilkins	
Registered Office	Akara Building 24 De Castro Street Wickhams Cay 1 Road Town Tortola British Virgin Islands	
Website	www.pgmining.com	
Nominated Adviser	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
Broker	Brandon Hill Capital Limited 1 Tudor Street London EC4Y 0AH	
Corporate Finance Adviser	Lloyd Edwards-Jones S.A.S. 4 Rue Saint Florentin 75001 Paris France	
England & Wales Solicitors to the Company	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU	
Solicitors to the Nominated Adviser and Broker	Dentons UKMEA LLP One Fleet Place London EC4M 7WS	
US Solicitors to the Company	Sawtooth Law Offices, PLLC Golden Eagle Building 1101 W. River Street, Suite 110 Boise, Idaho 83702	
Canadian Solicitors to the Company	Tupper, Jonsson & Yeadon 1177 Hastings St. W.,Suite 1710 Vancouver British Columbia V6E 2l3	
BVI Solicitors to the Company	Forbes Hare Qwomar Building, 4th Floor PO Box 4649 Road Town, Tortola VG1110 British Virgin Islands	

Reporting accountants to the Company	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Competent Person	SRK Exploration Services Limited 21 Gold Tops Newport NP20 4PG
Financial Public Relations	St Brides Partners 3 St Michael's Alley London EC3V 9DS
BVI Agent to the Company	Mossack Fonseca & Co (BVI) PO Box 3136 Road Town Tortola British Virgin Islands
Registrars and Transfer Agent	Computershare Investor Services (BVI) Limited Woodbourne Hall PO Box 3162 Road Town Tortola British Virgin Islands
UK Depositary	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

DEFINITIONS

The following definitions apply throughout this Document unless the context otherwise requires:

"**Act**"	the BVI Business Companies Act 2004, as amended
"**Admission**"	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
"**Admission Document**" or "**Document**"	this document
"**AIM**"	the market of that name operated by the London Stock Exchange
"**AIM Rules**"	The AIM Rules for Companies and the AIM Rules for Nominated Advisers
"**AIM Rules for Companies**"	the London Stock Exchange's rules and guidance notes contained in its "AIM Rules for Companies" publication relating to companies whose securities are traded on AIM, as amended from time to time
"**AIM Rules for Nominated Advisers**"	the London Stock Exchange's rules and guidance notes contained in its "AIM Rules for Nominated Advisers" publication relating to the nominated advisers to companies whose securities are traded on AIM, as amended from time to time
"**AP Pit**"	Atlantic Pacific Pit
"**Articles**"	the memorandum and articles of association of the Company adopted in connection with Admission as in force at the date of this Document as further described in Part VIII of this Document
"**Audit and Compliance Committee**"	the audit and compliance committee duly authorised by the Board
"**BFS**"	Bankable Feasibility Study of the Claims or a portion of the Claims which satisfies the following criteria: (i) it is a feasibility study written in compliance with Canadian National Instrument 43-10 completed by a qualified independent internationally recognised mineral consultant and which satisfies the definition of "feasibility study" contained in NI 43-10; and (ii) based on the feasibility study, Konnex has received indicative terms sheets from viable financial institutions indicating their willingness to provide the financing that will be necessary to fund the construction of production facilities on the Claims
"**Board**" or "**Directors**"	the directors of the Company, whose names are set out on pages 39 and 40 of this Document
"**Bonus Shares**"	shares issued pursuant to the SIS, further details of which are set out at paragraph 2.8 of Part VIII of this Document
"**BLM**"	Bureau of Land Management
"**Brandon Hill**"	Brandon Hill Capital Limited, the Company's Broker
"**Broker Warrant Certificate**"	a certificate for the Broker Warrants
"**Broker Warrants**"	the 5,161,563 warrants granted to Brandon Hill and others, each granting a right to subscribe for one Share at the Issue Price, details of which are set out in paragraphs 2.11 and 2.12 of Part VIII of this Document
"**BVI**"	the British Virgin Islands
"**CAM**"	Consolidated Africa Mining PLC, a former NEX Exchange (previously named ISDX) quoted company, incorporated in England and Wales with company number 03810326

"**Cambior**"	Cambior Exploration USA Inc.
"**City Code**"	the UK City Code on Takeovers and Mergers
"**Claims**" or **Mining Claims**"	the Idaho USA mining claims which from time to time comprise the Empire Mine
"**Company**" or "**Phoenix**"	Phoenix Global Mining Limited, a company incorporated in the BVI with company number 1791533
"**Competent Person**" or "**CP**" or "**SRK**"	SRK Exploration Services Limited, the competent person responsible for the information contained within the CPR in accordance with the AIM Rules
"**Competent Person's Report**" or "**CPR**"	the report prepared by the Competent Person, as set out in Part IV of this Document
"**Consolidated Option Agreement**"	means the Option Agreement comprised of the Konnex Option, the Supplemental Option Agreement and the Supplemental Option Agreement No. 2, details of which are set out at paragraph 8.3 of Part VIII of this Document
"**CRD**"	Continental Resources Development Group Limited, a company incorporated in the British Virgin Islands with company number 1653955
"**CREST**"	the Relevant System (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertified form in respect of which Euroclear is the Operator (as defined in the Crest Regulations)
"**CREST Manual**"	the Crest manual referred to in the agreements entered into with Euroclear
"**Deed Poll**"	the deed poll executed on 3 May 2017 by the Depositary in relation to the issue of DIs by the Depositary, described in paragraph 8.10 of Part VIII of this Document
"**Depositary**"	Computershare Investor Services PLC
"**DEQ**"	Department of Environmental Quality
"**DIs**" or "**Depositary Interests**"	uncertificated depositary interests issued by the Depositary and representing Shares in the Company, pursuant to the Deed Poll
"**Disclosure Guidance and Transparency Rules**" or "**DTR**"	the Disclosure Guidance and Transparency rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA, as amended from time to time, and contained in the UKLA publication of the same name
"**Empire Mine**" or "**Empire Mine Project**"	the mine located in central Idaho, USA, 5.5km southwest of Mackay, consisting of 55 adjoining mining claims held under lease pursuant to the Honolulu Lease and the Mackay Lease
"**Enlarged Share Capital**"	the Shares in issue at Admission, comprising the Existing Share Capital and the New Shares
"**EPA**"	U.S. Environmental Protection Agency
"**ESMA**"	the European Securities and Markets Authority
"**Existing Share Capital**"	the issued Shares of the Company as at the date of this Document
"**Existing Warrants**"	the existing 3,270,942 warrants further details of which are set out in paragraph 2.12 of Part VIII
"**ExGen**"	ExGen Resources Inc., a body corporate incorporated under the laws of the Province of Alberta, Canada, whose registered office is 1240-1140 West Pender Street Vancouver, British Columbia, Canada, and which is admitted to trading on TSX-V

"**EU**"	the European Union
"**Euroclear**"	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 2878738
"**FCA**"	the Financial Conduct Authority
"**FSMA**"	the Financial and Services and Markets Act 2000, as amended
"**Governance Code**"	the UK Corporate Governance Code, as amended
"**Group**"	the Company and its subsidiaries from time to time
"**HMRC**"	Her Majesty's Revenue and Customs
"**Honolulu**"	Honolulu Copper Corporation, a Utah corporation, whose registered address is 2927 Mokumoa Street, Honolulu, HI 96819, United States of America
"**Honolulu Lease**"	the Mining Lease dated 27 October 2016 between Honolulu and Konnex Resources Inc, further details of which are set out at paragraph 8.1 of Part VIII of this Document
"**IDL**"	Idaho Department of Lands
"**IFRS**"	International Financial Reporting Standards as adopted by the European Union
"**ISIN**"	International Securities Identification Number
"**Issue Price**"	4 pence per New Share
"**Konnex**"	Konnex Resources Inc., a British Columbia corporation whose registered address is Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, Canada
"**Konnex Option**"	the option agreement dated 15 July 2015 between each of ExGen (1); Konnex (2); and the Company (3)
"**Lock-in Arrangements**"	the lock-in and orderly market arrangements entered into by the Locked-in Persons, as described in paragraph 8.8 of Part VIII of this Document
"**Locked-in Persons**"	the Directors and ExGen subject to Lock-in Arrangements as described in paragraph 8.8 of Part VIII of this Document
"**London Stock Exchange**"	London Stock Exchange plc
"**MAR**"	the Market Abuse Regulation (2014/S96/EU) (incorporating the technical standards, delegated regulations and guidance notes, published by the European Commission, the London Stock Exchange, the FCA and ESMA)
"**Mackay**"	Mackay LLC, a Nevada limited liability company, whose registered address is 2533 N Carson Street, Carson City, Nevada NV89706, United States of America
"**Mackay Lease**"	the Mining Lease dated 21 October 2016 between Mackay and Konnex Resources Inc, further details of which are set out at paragraph 8.2 of Part VIII of this Document
"**NEPA**"	National Environmental Policy Act, a US environmental law that promotes enhancement of the environment
"**Net Smelter Returns**"	net smelter returns realised from production of the Claims
"**New Shares**"	115,000,000 new Shares to be issued pursuant to the Placing and the Subscription
"**Official List**"	the Official List of the UK Listing Authority
"**Options**"	options over Shares pursuant to the Share Option Agreements

"**Option Holders**"	each of Ryan McDermott, Andre Cohen, Marcus Edwards-Jones, Roger Turner, Dennis Thomas and Richard Wilkins
"**PFS**"	Pre-Feasibility Study
"**Placees**"	investors to whom New Shares are issued pursuant to the Placing
"**Placing**"	the conditional placing by Brandon Hill on behalf of the Company of the Placing Shares at the Issue Price pursuant to the Placing Agreement
"**Placing Agreement**"	the conditional placing agreement dated 23 June 2017 between the Company, the Directors, SP Angel and Brandon Hill relating to the Placing, details of which are set out at paragraph 8.4 of Part VIII of this Document
"**Prospectus Directive**"	Directive 2003/71/EC of the European Parliament as amended from time to time (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State, and any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU)
"**Prospectus Rules**"	the prospectus rules issued by the FCA
"**QCA Code**"	the Corporate Governance Code for small and Mid-size Quoted Companies 2013, published in May 2013 by the Quoted Companies Alliance
"**Recent Funding Round**"	the recent fundraising undertaken by the Company pursuant to which investors subscribed for a total of 40,526,981 Shares between November 2016 and April 2017, at a subscription price of 2.1 pence per Share
"**Registrars**"	Computershare Investor Services (BVI) Limited
"**Remuneration Committee**"	the remuneration committee duly authorised by the Board
"**Restricted Jurisdiction**"	any jurisdiction where distribution of this Document would violate the law of that jurisdiction including but not limited to the US, Canada, Australia, the Republic of South Africa, and Japan
"**RFR Warrants**"	the warrants to subscribe for Shares at 2.1p per Share, granted in connection with the recent funding round, details of which are set out in paragraphs 2.10 and 2.11 of Part VIII of this Document
"**Shares**"	the shares of no par value in the Company
"**Share Option Agreements**"	the agreements between the Company and the Option Holders and dated on or about 3 April 2017, details of which are set out in Paragraph 2.14 of Part VIII of this Document
"**Share Option Plan**"	the Company's Share Option Plan pursuant to the SIS, details of which are set out in paragraph 2.11 of Part VIII of this Document
"**Shareholders**"	the persons who are registered as the holders of Shares from time to time
"**Significant Shareholder**"	any person holding 3 per cent. or more of the issued shares from time to time
"**SIS**"	the Company's Staff Incentive Scheme, details of which are set out in paragraph 2.13 of Part VIII of this Document
"**SP Angel**"	SP Angel Corporate Finance LLP, the Company's Nominated Adviser
"**Subscribers**"	subscribers to whom New Shares are issued pursuant to the Subscription
"**Subscription**"	the Subscription by certain investors, details of which are set out on page 40 of Part II

"**Subscription Letters**"	the letters between the Company and the Subscribers setting out the terms of the Subscription, further details of which are set out in paragraph 8.5 of Part VIII
"**Supplemental Option Agreement**"	the agreement supplemental to the Konnex Option dated 9 November 2016 between: ExGen (1); the Company (2); and Konnex (3)
"**Supplemental Option Agreement No.2**"	the agreement supplemental to the Konnex Option dated 21 April 2017 between: ExGen (1); the Company (2); and Konnex (3)
"**Supplemental Option Agreement No.3**"	the agreement supplemental to the Konnex Option dated 13 June 2017 between: ExGen (1); the Company (2); and Konnex (3)
"**SX-EW**"	Solvent Extraction-Electrowinning, a copper processing method
"**TSX-V**"	The TSX Venture Exchange
"**UK**"	the United Kingdom of Great Britain and Northern Ireland
"**UK Listing Authority**"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
"**uncertificated**" or "**in uncertificated form**"	recorded on the register of Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST
"**USBM**"	United States Bureau of Mines
"**Warrant certificate**"	a certificate for the Existing Warrants
"**US**" or "**United States**"	the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and other areas subject to its jurisdiction

GLOSSARY

"**Actinolite**"	Mineral, a type of amphibole.
"**Adit**"	Horizontal or nearly horizontal tunnel from surface which goes underground.
"**Admission Document**"	Official document required in the support of a listing on a financial exchange.
"**Alteration**"	Alteration of a rock/mineral by geological forces.
"**Andesite**"	Fine-grained volcanic rock characterised by the presence of plagioclase feldspars and some combination of augite, orthopyroxene and hornblende.
"**Andradite**"	Member of the garnet group of minerals, $Ca_3Fe_2(SiO_4)_3$.
"**Aplite**"	A light-coloured, fine-grained, equigranular igneous rock composed of subhedral to anhedral grains of quartz and alkai feldspar, and found as late-stage veins in granite bodies.
"**Assay**"	The analysis of minerals, rocks and mine products to determine and quantify their constituent parts.
"**Azurite**"	Secondary mineral occurring in the oxidised zone of copper deposits, $Cu_3(CO_3)_2(OH)_2$.
"**Basalt**"	A dark-coloured, fine-grained extrusive igneous rock composed of plagioclase feldspar, pyroxene, and magnetite, with of without olivine and not more than 53 per cent. SiO_2.
"**Batholith**"	Large (more than 100km2) igneous intrusion, that may comprise several plutons amalgamated at depth. Commonly of granitic composition.
"**Bornite**"	Common and important copper ore mineral, Cu_5FeS_4.
"**Breccia**"	Coarse, clastic, sedimentary rock, the constituent clasts of which are angular. May also be applied to coarse, angular volcanic rocks from a volcanic vent (vent breccia).
"**Brecciation**"	The process of formation of a breccia.
"**Carbonate**"	A group of minerals found mostly in limestones and dolomites. Calcite ($CaCO_3$) is the most abundant. Dolomite is a magnesium-bearing carbonate, commonly a rock forming mineral.
"**Cenozoic**"	Geological era from 65.5 million years ago to the present.
"**Chalcocite**"	Copper mineral that can occur in hydrothermal veins in a primary state, but more usually found in zones of supergene enrichment of copper ore bodies, CuS.
"**Chalcopyrite**"	Most common copper mineral, important in porphyry-copper deposits, syngenetic copper ores, skarns and contact metamorphic zones, $CuFeS_2$.
"**Channel sampling**"	a technique for generating representative sampling across the face of a rock body or vein system.
"**Chlorite**"	Green mineral $(Mg,Fe)_3(Si,Al)_4O_{10}(OH)_2(Mg,Fe)_3(OH)_6$.
"**Clay**"	Material with a particle size of less than 2μm.
"**Collar**"	The beginning point of a shaft or drill hole, the surface.
"**Concentrate**"	Metal ore once it has been through milling and concentration so that it is ready for chemical processing or smelting.

"**Contact**"	The place or surface where two different kinds of rocks meet. Applies to sedimentary rocks, as the contact between a limestone and a sandstone, for example, and to metamorphic rocks; it is especially applicable between igneous intrusions and the host rock.
"**Cordillera**"	a Spanish word for mountain belt used to distinguish subduction reallted mountains on ocean/continent margins from intercontinental collision mountains.
"**Core**"	A cylindrical sample of rock obtained by core drilling.
"**Core samples**"	Cylindrical rock samples collected by diamond core drilling.
"**Covellite**"	Copper mineral found in the zone of secondary enrichment above copper-rich deposits, CuS.
"**Cratonic (rocks)**"	Rocks coming from areas of the Earth's crust, invariably continental crust, which are no longer affected by orogenic activity. The stability has existed for in excess of 1000 Ma.
"**Cretaceous**"	Geological period between 136 to 64 Ma.
"**Crushing**"	Reduction in size of mined rocks by mechanical action, generally to the size of one or two centimetres.
"**Cut off**"	The grade above which the commodity could be considered ore in a particular deposit.
"**Dacite**"	A light-coloured, fine-grained igneous rock containing 63-70wt. %SiO_2, as well as plagioclase feldspar, alkali feldspar, quartz, biotite and hornblende as essential minerals. The volcanic equivalent of granodiorites.
"**Deposit**"	A naturally occurring accumulation of minerals that may be considered economically valuable.
"**Devonian**"	The fourth of six periods in the Palaeozoic Era, between 416 Ma and 359.2 Ma.
"**Diopside**"	A pyroxene mineral common in magmatic rocks and metamorphic rocks, particularly metamorphosed dolomites and calcareous sediments, $CaMgSi_2O_6$.
"**Dip**"	Inclination of a geological feature/rock from the horizontal (perpendicular to strike).
"**Disseminated**"	Fine grained material scattered quite evenly throughout the rock.
"**Dyke**"	A sub-vertical tabular igneous intrusion which cuts across the bedding or other planar structures in the country rock.
"**Dyke swarm**"	A collection of many subvertical radial dykes around a central intrusion, or many parallel to subparallel dykes occurring over a large regional area.
"**Endoskarn**"	Term used to indicate a skarn deposit with an igneous protolith.
"**Enrichment**"	The process by which the relative amount of one constituent mineral or element within a rock is increased.
"**Epidote**"	Rock-forming mineral occurring in hydrothermal systems and as a replacement of various minerals, such as amphiboles, which break down under late stage hydrothermal alteration, $Ca_2(Al_2Fe^{3+})Si_3O_{12}(OH)$.
"**Eocene**"	An epoch in the Tertiary between 55.8 Ma and 33.9 Ma.
"**Epithermal**"	Vein deposit formed within about a kilometre of the Earth's surface by hot (50-200°C) ascending solutions.
"**Exoskarn**"	Term used to indicate a skarn deposit with a sedimentary protolith.

"**Exploration drilling**"	Drilling in an unproved area or to an untried depth either to seek new areas of mineralisation or the possibility of increasing the area of known mineralisation.
"**Fault**"	A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles.
"**Feldspar**"	The most important group of rock-forming silicate minerals, including the plagioclase feldspars $KAlSi_3O_8$ to $NaAlSi_3O_8$ (potassium fledspar to albite) and the plagioclase feldspars $NaAlSi_3O_8$ to $CaAl_2Si_3O_8$ (albite to anorthite).
"**Fluorite**"	Mineral, CaF_2, widely distributed in mineral veins alone or as a gangue mineral with metallic ores.
"**Fracture**"	A general term to include any kind of discontinuity in a body of rock if produced by mechanical failure, whether by shear stress or tensile stress. Fractures include faults, shears, joints, and planes of fracture cleavage.
"**Garnet**"	An important rock-forming mineral group with the general formula $X_3Y_2Si_3O_{12}$, where X may be Ca, Mg, Fe^{2+}, or Mn and Y may be Al, Fe^{3+}, or Cr^{3+}, found in high-grade metamorphic and igneous rocks.
"**Geochemical**"	A prospecting technique which measures the content of certain metals in soils and rocks used to define anomalies for further testing.
"**Geological mapping**"	Recording geological information.
"**Geology**"	The scientific study of the origin, history, and structure of the earth.
"**Gossan**"	Near-surface, iron oxide-rich zone overlying a sulphide-bearing mineral deposit, caused by the oxidation and leaching of sulphides. Characteristic red or yellow colour.
"**Grab Sample**"	A sample of rock taken from surface outcrop for observation and analysis.
"**Grade**"	The quantity of ore or metal in a specified quantity of rock.
"**Granite**"	A medium to coarse grained plutonic igneous rock usually light coloured and consisting largely of quartz and feldspar.
"**Granodiorite**"	A coarse grained rock intermediate in composition between granite and diorite: approx. 65% SiO_2.
"**Grossular**"	A member of the garnet group of minerals, $Ca_3Al_2Si_3O_{12}$.
"**Grossularite**"	A now unused term for a rock composed principally of grossular.
"**Haematite (hematite)**"	Iron mineral, Fe_2O_3. Widely distributed as an accessory mineral in igneous rocks, hydrothermal veins, as a primary mineral, as a cementing agent or replacement of other minerals.
"**High grade**"	Pertaining to ore which is rich in the metal being mined.
"**Holocene**"	Epoch that covers the last 11,000 years before present, often referred to the post-glacial.
"**Hydrothermal**"	The name given to any processes associated with igneous activity which involve heated or superheated water.
"**Hypogene**"	Mineral deposits formed by generally ascending solutions in or from below the Earth's crust; or processes such as volcanicity operating within the crust.
"**Intrusion**"	A body of igneous rock that is emplaced into pre-existing older rocks.
"**Intrusive**"	In petrology, having, while molten, penetrated into or between other rocks, but solidifying before reaching the surface; said of certain igneous rocks; nearly the same plutonic and contrasted with effusive or extrusive.

"**Intrusive Complex**"	A large body of igneous rock intruded over several periods of time and with changing composition.
"**JORC Code**"	Australasian code for reporting of Mineral Resources and Ore Reserves.
"**Kriging**"	A method of interpolation used in the modelling of mineral resources.
"**Lenses**"	Geological bodies that are thick in the middle and thin at the edge.
"**Limestone**"	A sedimentary rock composed almost entirely of calcium carbonate ($CaCO_3$).
"**Lineament**"	A linear topographical feature.
"**Lithology**"	The physical characteristics of rock.
"**Logging**"	Recording geological, geotechnical and other information from drill core.
"**Low Grade**"	Pertaining to ore which is comparatively low in content for the metal which is being mined.
"**Mafic**"	Describing an igneous rock of low silica and high magnesium and iron content, usually dark in colour.
"**Magnetite**"	A ferromagnetic mineral with chemical formula Fe_3O_4.
"**Malachite**"	Common secondary mineral in the oxidised zone of copper deposits, $Cu_2CO_3(OH)_2$.
"**Manganese**"	A grey-white, brittle metallic element (Mn) which does not occur uncombined in nature.
"**Marble**"	A fine to coarse grained metamorphosed limestone.
"**Massive**"	Having homogeneous structure or texture.
"**Meso-**"	Prefix meaning middle.
"**Mesozoic**"	An era of geological time spanning 250-65Ma, including the Triassic, Jurassic and Cretaceous periods.
"**Metalliferous**"	Containing a metallic element. Often used to describe ores that are mined commercially.
"**Metallogenic Province**"	An area of characteristic mineralising activity or a particular association of mineral deposits. It may contain several episodes of mineralisation.
"**Metallurgy**"	The domain of materials science that studies the physical and chemical behaviour of metallic elements, their intermetallic compounds and alloys.
"**Metamorphic**"	Term applied to pre-existing sedimentary and igneous rocks which have been altered in composition, texture, or internal structure by processes involving pressure, heat and/or the introduction of new chemical substances.
"**Metamorphism**"	The process of rocks being metamorphosed by heat and/or pressure.
"**Metamorphosed**"	Rock transformed by heat and/or pressure.
"**Metasomatism**"	Type of metamorphism that involves the introduction of chemical constituents into a rock, or their removal from it, via a volatile phase (or both). Complete mineral transformations may occur but the original rock texture may remain.
"**Meteoric waters**"	Water derived from precipitation. In ore deposit geology these waters percolate in to the subsurface rocks leading to mineral alteration processes.

"**Mineral**"	A natural, inorganic, homogeneous material that can be expressed by a chemical formula.
"**Mineralisation**"	The process by which minerals are introduced into a rock. More generally, a term applied to accumulations of economic or related minerals in quantities ranging from weakly anomalous to economically recoverable.
"**Mineralised**"	Containing ore minerals.
"**Mineralised zone**"	A mineral-bearing belt or area extending across or through a district. It is usually distinguished from a vein or lode as being wide, the mineralisation extending in some cases hundreds of feet from a fissure of contact plane.
"**Mineral Resource**"	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
"**Mineral Reserve**"	That part of a Mineral Resource that has been demonstrated to be economically extractable.
"**Miocene**"	Fourth of the five epochs of the Tertiary period, between 23.03 Ma and 5.332 Ma.
"**Mississippian**"	The Early Carboniferous sub-period between 359.2 Ma and 318.2 Ma.
"**Neogene**"	The middle of three Cenozoic periods, between 23.03 Ma and 1.81 Ma.
"**NQ Core**"	Drill core of 47.6 mm diameter.
"**Orebody**"	A continuous, well-defined mass of material of sufficient ore content to make extraction economically feasible.
"**Orogenic belt**"	A linear or arcuate, regional scale belt of rocks which have undergone compressional tectonics.
"**Orogeny**"	The tectonic process in which large areas are folded, thrust-faulted, metamorphosed, and subjected to plutonism. The cycle ends with uplift and the formation of mountains.
"**Outcrop**"	A visible exposure of rock that is in-situ and has no covering of soil or vegetation.
"**Oxide**"	Soft, weathered rock formed by the process of weathering near the surface.
"**Palaeozoic**"	The first of three Eras of the Phanerozoic, between 542 Ma and 251 Ma.
"**Phenocryst**"	A large and often well formed crystal set in a finer groundmass or matrix. Rocks containing phenocrysts are said to be porphyritic.
"**Phosphate**"	Rock or deposit made up mostly of inorganic phosphate, commonly calcium phosphate.
"**Pits/pitting**"	Exploration excavations to determine nature and structure of the underlying rocks and to obtain samples.
"**Pluton**"	General term applied to a body of intrusive igneous rock, irrespective of its shape, size or composition.
"**Polymetallic**"	A term used to describe a mineral deposit comprising at least three minerals in potentially economic quantities.

"**Porphyry**"	A medium to coarse-grained intrusive, felsic, igneous rock which is conspicuously porphyritic, containing more than 25 per cent. phenocrysts by volume. The phenocryst mineral is usually alkali feldspar.
"**PQ Core**"	Drill core of 85 mm diameter.
"**Prospect**"	A mineral property, the value of which has not been proved by exploration. To search for minerals or oil by looking for surface indications, by drilling boreholes, or both.
"**Proterozoic**"	The later of the two major subdivisions of the Precambrian (compare with Archaean) between 2500 and 590 Ma.
"**Pyroxene**"	An important group of chain silicates comprising the orthorhombic pyroxenes (orthopyroxenes) and monoclinic pyroxenes (clinopyroxenes) with the general formula XYZ_2O_6, where X is Mg, Fe, Ca or Na, Y is Mg, Fe, Fe^{3+} or Al, and Z is Si (and some Al substitutions).
"**Quartz**"	A very common mineral in sedimentary, magmatic, metamorphic, and hydrothermal environments : SiO_2.
"**Quaternary**"	Period of the Cenozoic Era from 2.588 Ma to 1.806 Ma.
"**Range**"	A term used in grade estimation which represents the distance up to which grades have a relationship to each other, such that samples lying a distance apart greater than the range have no relationship to each other (obtained from a semi-variogram).
"**Resource**"	The total quantity of a mineral which is calculated to lie within given boundaries and which is economically workable.
"**RC drilling**"	Reverse Circulation drilling. A method of drilling in which rock fragments are returned to the surface from the bottom of the hole via the inside of drilling rods.
"**Rhyolite**"	A fine-grained extrusive, igneous rock, often with a sugary texture, consisting essentially of quartz, alkali feldspar, and one or more ferromagnesian minerals.
"**Sample**"	A representative fraction of body of material; removed by approved methods; guarded against accidental or fraudulent adulteration; and tested or analysed to determine the nature, composition, percentage of specified constituents. Bulk samples are large (several tons), so taken as to represent the ore for the purpose of developing a suitable treatment. Channel samples, cores, chips, grab, are small ones- made primarily to establish the value of the ore.
"**Sandstone**"	Sedimentary rock comprising sand size grains (>0.06 mm, <2.0 mm).
"**Scapolite**"	A member of the feldspathoids found mainly in metasomatic or metamorphic rocks, $(Na,Ca,K)_4Al_3(AlSi)_3Si_6O_{249}Cl,SO_4,CO_3,OH)$.
"**Scheelite**"	A yellow, green or brownish mineral found dominantly in granite pegmatites, contact metamorphic aureoles and high-temperature hydrothermal veins. An ore of tungsten.
"**Sedimentary**"	A type of rock formed from pre-existing rocks or pieces of once-living organisms. They form from deposits that accumulate on the Earth's surface.
"**Sericite**"	A fine grained muscovite mica. Particularly common in schist where it can impart a 'silky' lustre to foliation planes.
"**Shear (zone)**"	Tabular zone of rock showing evidence of shear stress in the form of crushing and brecciation by many parallel fractures.
"**Siltstone**"	Fine grained sedimentary rock, principally composed of silt grade material. Dominantly siltstones are composed of clastic quartz together with some feldspar and mica.

"**Skarn**"	A term with a usage that includes contact rock containing calcium, magnesium and iron silicates derived from nearly pure limestone or dolomite into which abundant amounts of silicon, iron, aluminium and magnesium were metosomatically introduced during contact metamorphism.
"**Strike**"	A geological term which describes a horizontal line on the surface of a dipping stratum. The strike is 90° to the dip of the stratum.
"**Stock**"	An intrusive body of a deep-seated igneous rock, usually discordant with surrounding material. A stock is generally elliptical or circular in cross sections and covers less than 100 square kilometres in surface exposure.
"**Stope**"	An excavation made in a mine, esp. from a steeply inclined vein, to remove the ore that has been rendered accessible by the shafts and drifts.
"**Supergene**"	In ore deposit geology, supergene processes or enrichment occur relatively near the surface and include chemical weathering and oxidation of primary minerals.
"**Suture (zone)**"	A joining together along a major fault zone of separate terranes showing evidence of shear stress in the form of crushing and brecciation by many parallel fractures.
"**Tectonic**"	Relating to a major structural event.
"**Terrane**"	Tectonostratigraphic terrane, which is a fragment of crustal material formed on, or broken off from, one tectonic plate and accreted or "sutured" to crust lying on another plate.
"**Tertiary**"	A geologic period that is part of the Cenozoic.
"**Thrust**"	A low angle reverse fault, often developing on the limb of a major fold, sub-parallel to the axial plane.
"**Tonalite**"	Plutonic igneous rock consisting of dominantly of quartz and plagioclase feldspars with additional mafic minerals (hornblende or biotite).
"**UTM Projection**"	Universal Transverse Mercator projection – A projected co-ordinate system which divides the earth into sixty, six-degree bands based on longitude for geographical reference.
"**Vein/veinlet**"	A fracture which has been filled by minerals which have crystallised from mineralised fluids.
"**Volcanic**"	A subtype of igneous rock which has been extruded and cooled at the Earth's surface usually found as a lava flow.
"**Volcaniclastic**"	fragmental rocks containing volcanic material in any proportion without regard to origin.
"**Weathered**"	Action of climatic conditions such as rainfall and heat on near-surface rocks resulting in chemical changes and the breakdown of original mineral grains.
"**WGS 1984 Datum**"	The World Geodetic System (1984 revision) co-ordinate system.
"**Wollastonite**"	Normally formed as the result of contact metamorphism of limestones. A silicate mineral usually forming as white or greyish radiating masses.

ABBREVIATIONS

"**AIM**"	Alternative Investment Market of the London Stock Exchange.
"**ACSM**"	Associate of the Camborne School of Mines.
"**Ag**"	Silver.
"**amsl**"	Above mean sea level (elevation).
"**Au**"	Gold.
"**AP Pit**"	Atlantic-Pacific pit.
"**BLM**"	Bureau of Land Management in the USA.
"**BSc**"	Batchelor of Science degree.
"**C.Eng**"	Chartered Engineer.
"**CEO**"	Chief Executive Officer.
"**CFO**"	Chief Financial Officer.
"**CGeol**"	Chartered Geologist.
"**CoG**"	Cut off Grade.
"**CP**"	Competent Person. A status granted to a geologist based on their professional qualification, experience and association in good standing of a recognised professional organisation.
"**CPR**"	Competent person's report.
"**Cu**"	Copper.
"**CuOx**"	Copper oxides.
"**EurIng**"	European Engineer.
"**FCA**"	Fellow Chartered Accountant.
"**Fe**"	Iron.
"**FeOx**"	Iron oxide.
"**FGS**"	Fellow of the Geological Society of London.
"**IMMM**"	Institute of Materials, Minerals and Mining.
"**IOCG**"	Iron-Oxide-Copper-Gold.
"**JORC**"	Joint Ore Reserves Committee (of the AusIMM and other institutions).
"**K**"	Potassium.
"**LSE**"	London Stock Exchange.
"**MSc**"	Master of Science degree.
"**Pb**"	Lead.
"**PFS**"	Prefeasibility Study.
"**PGM**"	Phoenix Global Mining Limited.
"**Sb**"	Antimony.
"**Si**"	Silicon.
"**SiO_2**"	Silica/Silicon Dioxide. Commonly forming as quartz.
"**SRK ES**"	SRK Exploration Services.
"**SX-EW**"	Solvent Extraction and Electro-Winning.
"**TSX**"	Toronto Stock Exchange.
"**USBM**"	United State Bureau of Mines.
"**W**"	Tungsten.
"**Zn**"	Zinc.

UNITS

"**g/t**"	Grams per tonne.
"**kg**"	Kilogramme.
"**km**"	Kilometres.
"**Moz**"	Million ounces.
"**Mt**"	Million metric tonnes.
"**Mtons**"	Million short tons.
"**ppm**"	parts per million.
"**Ton**"	Short ton.
"**Tonne**"	Metric ton.

PART I

KEY INFORMATION

Overview

On Admission, the Company will own an 80 per cent. controlling and operating interest in the Empire Mine Project in Idaho, USA, a historic brown-fields copper mine. The remaining 20 per cent. will be held by ExGen, a company listed on the TSX-V.

The Empire Mine is a polymetallic skarn deposit and was discovered in 1884. The Empire mine produced over 694,000 tonnes at 3.64 per cent. recovered copper plus gold and silver from 1901 through to 1942 from underground operations. There is an extensive system of underground adits totalling 11.5 miles which the Company plans to re-open for exploration and drilling work. The land package of 819 acres consists of 55 contiguous mining claims. Historically, exploration focused on the copper oxide resources on surface in an area known as the AP Pit. In total, 24,663m have been drilled on site to date from 287 drillholes at an estimated cost in excess of US$7m in today's terms. *Source: Page 5 of Executive Summary, CPR.*

The maiden JORC resource is (Measured & Indicated) 7.263 million tonnes at 0.55 per cent. Cu with an additional inferred resource of 5.546 million tonnes at 0.51 per cent. Cu from the AP Pit. It is believed that work undertaken to date has exploited or explored approximately 5 per cent. of the overall ore system. *Source: Paragraph 5.5.1, CPR.* Accordingly, the Directors believe that there is a significant opportunity to increase the existing copper oxide resources by drilling along strike in the AP Pit and to commence drilling the hitherto unexplored copper sulphide resources at depth and along strike from the AP Pit.

Key Strengths

The Board acquired the Empire Mine for the following reasons:

- the Empire Mine has previously produced copper as well as gold and silver;
- an extensive amount of historic exploration and drilling, which the Directors believe mitigates geological and development risk;
- over 280 holes for 24,000m of drilling data, including the 255 holes which form the maiden JORC resource;
- an extensive underground adit system of over 11.5 miles would significantly reduce the cost of any underground exploration and drilling;
- the Directors believe that there has been no systematic exploration of the copper sulphides at depth using modern technology and techniques;
- recent historical exploration programmes have focused on the copper oxide at surface in the AP Pit;
- in 1997, Cambior undertook preliminary metallurgical testwork which resulted in a resource being defined using a 0.15 per cent. Cu cut-off (CoG) of 18 million tonnes at 0.49 per cent. Cu *Source: Page 4 of Executive Summary, CPR*;
- the Directors believe that the copper oxide resource is capable of being fast tracked into production for a modest outlay, through a leaching and SX-EW operation, providing early cashflow;
- the Directors believe that there is significant upside by exploring for copper sulphide resources given the historical information reviewed. This has been supported by the CPR;
- the project is located in a strong mining jurisdiction with access to a local mining culture, laws and infrastructure;
- the copper market has a favourable outlook and copper projects can be financed comparatively easily with equity, debt and offtake arrangements given that it is a widely understood commodity; and
- the Empire Mine is a good fit with management's experience and expertise.

Strategy

The Company's strategy for development of the Empire Mine may be split into phases which will run concurrently. The immediate focus of the Company is Phase 1, which is to fast track the copper oxide

resource in the AP Pit into production and generate cashflow as soon as practicable from the sale of copper cathode. The wider and longer term strategy, as denoted in Phase 2, is to complete a thorough exploration programme to identify the copper sulphide system and other minerals including gold, silver and zinc which lie deeper underground, below the AP Pit.

Investment highlights

- An experienced management team with a proven track record of fully developing projects from exploration into production and subsequent operations;
- The Company has inherited significant geological and exploration data – in total, 24,663m have been drilled on site to date from 287 drillholes at an excess of US$7m in today's terms;
- The Company has published a maiden JORC resource in April 2017;
- Phase 1 of the PFS is underway and will be completed following Admission;
- Targeting production of 7,000 tonnes per annum of copper cathode from an SX-EW operation by 2020;
- Significant potential upside from exploration including:
    - o Additional oxide resources at the AP Pit area;
    - o Sulphide copper at depth and along strike;
    - o Gold, silver and zinc and other by-products including cobalt, tungsten and molybdenum.
- Stable regulatory and tax regime for mining companies in the US;
- Idaho is a good mining address in the US with local expertise and support.

Use of proceeds

The Directors intend to apply the proceeds of the Placing and Subscription as follows:

	£
Upgrading JORC Open Pit Resources	510,000
Empire Oxide PFS	700,000
Empire Sulphide Exploration	655,000
Empire Equipment	256,000
Empire General and Admin	1,153,000
ExGen Annual Payment	81,000
IPO Costs (inc. commission)	725,000
Phoenix Corporate and Working Capital	520,000
Total	4,600,000

Board

The board of the Company currently comprises, and will comprise at Admission, Marcus Edwards-Jones, Dennis Thomas, Richard Wilkins, Roger Turner and Andre Cohen.

Directors

Marcus Elliott Sturdee Edwards-Jones, 53, Non-Executive Chairman

Marcus is Managing Director (and co-founder) of Lloyd Edwards-Jones S.A.S, a Paris and Dubai-based finance boutique specialising in selling equities to institutional clients and advising and introducing resources companies to an extensive client base in the UK, Europe, Asia and the Middle East.

Dennis Leslie Thomas, 69, Chief Executive Officer

Dennis has over 47 years of operational experience with notable expertise at technical, managerial and business development in the mining sector.

Dennis is a graduate of Camborne School of Mines, holding a First Class A.C.S.M. He is also a Fellow of the Institute of Materials, Mining & Metallurgy, a Fellow of the Geological Society of London, UK, and qualified Chartered Engineer (UK) and Registered European Engineer.

Richard Vaughan Lindsay Wilkins, 59, Chief Financial Officer

Richard is a graduate of Pembroke College, Oxford University, and a Fellow of the Institute of Chartered Accountants in England and Wales. Richard has considerable experience in the natural resources sector, including managing TSX and AIM listed companies.

Roger William Turner, 74, Chief Technical Officer and Non-Executive Director

Roger is a graduate mining engineer from Camborne School of Mines with a M.Sc. degree in economic geology from Leicester University. He has an extensive mining career spanning over 40 years, including managing TSX and AIM listed companies and mining for copper at Granisle Copper in British Columbia, Hudson Bay Mining & Smelting in Manitoba, Falconbridge in Uganda and Rio Tinto Technical Services in London.

Andre Cohen, 72, Non-Executive Director

Andre was Chief Executive Officer (and founder) of Coherent Financial Solutions, Andre has advised on significant debt fund raisings and investment in infrastructure assets for a number of international companies as well as being a non-executive director for a number of companies, listed and private. Andre is a graduate of Sydney and Yale Universities in Economics.

Senior Management

Ryan Kelly McDermott, 50, CEO of Konnex and General Manager of the Empire Mine

Ryan graduated from Idaho State University with a Bachelor of Science degree in Geology. He has more than 30 years of mining experience in mining and mineral exploration for base and precious metals. He has held senior positions in the industry including Director of Mining Operations in Idaho and Montana, and was recently responsible for permitting a new mine into production in Idaho.

PART II

INFORMATION ON THE COMPANY

Introduction

On Admission, the Company will own 80 per cent. of the issued shares of Konnex, thereby giving it operating control of the Empire Mine Project in Idaho, USA, a historic brown-fields copper mine. The remaining 20 per cent. of the issued shares of Konnex will be held by ExGen, a company listed on the TSX-V. Konnex holds exclusive leases over the mineral claims which comprise the Empire Mine Project.

The Empire Mine is a polymetallic skarn deposit and was discovered in 1884. The Empire mine produced over 694,000 tonnes at 3.64 per cent. recovered copper plus gold and silver from 1901 through to 1942 from the underground copper sulphides. There is an extensive system of underground adits totalling 11.5 miles which the Company plans to re-open for exploration and drilling work. The land package of 819 acres consists of 55 contiguous mining claims. Historically, exploration focused on the copper oxide resources on surface in an area known as the AP Pit. In total, 24,663m have been drilled on site to date from 287 drillholes at an excess of US$7m in today's terms. *Source: Page 5 of Executive Summary, CPR.*

The maiden JORC resource is (Measured & Indicated) 7.263 million tonnes at 0.55 per cent. Cu with an additional inferred resource of 5.546 million tonnes at 0.51 per cent. Cu from the AP Pit.

It is believed that work undertaken to date has exploited or explored approximately 5 per cent. of the overall ore system. *Source: Paragraph 5.5.1, CPR.* Accordingly, the Directors believe that there is a significant opportunity to increase the existing copper oxide resources by drilling along strike in the AP Pit and to commence drilling the hitherto unexplored copper sulphide resources at depth and along strike from the AP Pit.

Phoenix's management team includes both British and US nationals with considerable experience in the evaluation, financing, development of mineral projects worldwide with a notable experience in the copper sector. The team has previously developed mining projects from exploration through to the construction and operation of mines. Moreover, the Board has developed strong capital markets expertise from quoted companies on AIM and other international stock exchanges.

Idaho has a strong mining culture and history and is ranked 12th in the world, ahead of North American jurisdictions such as Ontario, British Columbia, Colorado and Montana, in mining attractiveness according to the Fraser Institute's 2016 survey of mining and exploration companies. It is a well-established mining location and the Empire Mine benefits from good local infrastructure.

The proceeds of the Placing and Subscription will be used, amongst other things, to fund the PFS and associated work to fast track the AP Pit copper oxide project into production based on leaching the copper oxide and processing in an SX-EW plant to produce copper cathode. The Company also intends to dedicate funds to commence the first systematic exploration programme of the copper sulphides and evaluate known by-products including cobalt and tungsten.

The Company's strategy has been supported by a strong shareholder base consisting of institutions and sophisticated investors who have invested over £850,000 in the Recent Funding Round to fund the recent work programme, including the preparation of a maiden JORC resource, the costs of Admission and general working capital.

Background on the Group

History of Phoenix

The Company was incorporated in the British Virgin Islands on 19 September 2013 by Dennis Thomas, Roger Turner, and others, to evaluate base metals projects.

The 80 per cent. interest in the leases over the Empire Mine claims was acquired from ExGen, (formerly called Boxxer Gold Corp.), which owns a number of mining interests and is listed on TSX-V.

Dennis Thomas has been a board member of ExGen since 2013 and has extensive knowledge of the Empire Mine. The Board of Phoenix has reviewed a substantial number of mining projects since its incorporation and decided to focus on the Empire Mine for the following reasons:

- the Empire Mine has previously produced copper as well as gold and silver;

- an extensive amount of historic exploration and drilling, which the Directors believe mitigates geological and development risk;
- over 280 holes for 24,000m of drilling data;
- an extensive underground adit system of over 11.5 miles would significantly reduce the cost of any underground exploration and drilling;
- the Directors believe that there has been no systematic exploration of the copper sulphides at depth using modern technology and techniques;
- recent historical exploration programmes have focused on the copper oxide at surface in the AP Pit;
- in 1997, Cambior undertook preliminary metallurgical test work which resulted in a resource being defined using a 0.15 per cent. Cu cut-off (CoG) of 18 million tonnes at 0.49 per cent. Cu *Source: Page 4 of Executive Summary, CPR*;
- the Directors believe that the copper oxide resource is capable of being fast tracked into production for a modest outlay, through a leaching and SX-EW operation, providing early cashflow;
- the Directors believe that there is significant upside by exploring for copper sulphide resources given the historical information reviewed. This has been supported by the CPR;
- the project is located in a strong mining jurisdiction with access to a local mining culture, laws and infrastructure;
- the copper market has a favourable outlook and copper projects can be financed comparatively easily with equity, debt and offtake arrangements given that it is a widely understood commodity; and
- the Empire Mine is a good fit with management's experience and expertise.

Accordingly, in July 2015, the Company entered into the Konnex Option with ExGen.

At around the same time, Phoenix acquired CRD (another company incorporated by Roger Turner to evaluate precious metal projects) pursuant to a share for share exchange in order to access a wider range of investors by virtue of CRD's shareholder base – CAM had loaned funds to CRD which were subsequently converted into shares in CRD, and distributed in specie to the CAM shareholders. This brought a number of institutional, corporate and high net worth shareholders onto CRD's share register and subsequently Phoenix's share register, who have supported the Company in recent years. CRD was subsequently dissolved in November 2016.

More recently, the Company raised new funds by way of the Recent Funding Round, to accelerate the completion of the JORC resource and to fund the initial costs of Admission.

In total, the Company has raised approximately £1.24 million to date and as at the date of this Document has over 200 Shareholders.

Acquisition of Konnex

The Company entered into an option agreement with ExGen dated 15 July 2015. On 9 November 2016, the Company, ExGen and Konnex signed a first Supplemental Agreement revising some of the terms of the Konnex Option. On 21 April 2017 the Company, ExGen and Konnex signed Supplemental Agreement No. 2 which expanded and modified some of the terms of the Konnex Option, as modified by the Supplemental Agreement and the Supplemental Agreement No. 2. Collectively, the Konnex Option, Supplemental Agreement and the Supplemental Agreement No. 2 are referred to as the Consolidated Option Agreement.

The Consolidated Option Agreement grants the Company an option to acquire 80 per cent. of the issued shares of Konnex by paying $1,000,000 to Konnex and fulfilling other obligations to Konnex and ExGen, further details of which are set out at paragraph 8.3 of Part VIII of this Document. ExGen will own 20 per cent. of the issued shares of Konnex. The Company has paid $628,172 to Konnex and will pay the balance of the $1,000,000 to Konnex immediately following the Company's Admission.

Further details of the Consolidated Option Agreement are set out in paragraph 8.3 of Part VIII of this Document.

Strategy for development of the Empire Mine

The Company's strategy to develop the Empire Mine may be split into two phases which will run concurrently. The immediate focus of the Company is Phase 1, which is to fast track the copper oxide

resource in the AP Pit vicinity into production and generate cashflow as soon as practicable from the sale of copper cathode. The longer term strategy as denoted in Phase 2, is to complete a thorough exploration programme of the copper sulphide system at depth and the associated gold, silver, zinc, cobalt and tungsten mineralisation evidenced in historic exploration programmes.

Phase 1

Phase 1 will focus on the development of a mine in the AP Pit vicinity, the rationale being that:

- it has previously produced copper;
- it has a JORC compliant resource reported to a CoG of 0.17 per cent. total Cu, which is sufficient for an economic copper project base;
- the Directors believe that there is scope to add to the resource inventory and consequently enhance project economics assuming production numbers can be increased;
- it lies on patented land so the permitting process is managed by the State, thus ensuring that the permitting process is relatively fast;
- the Directors believe that the initial production plan at the AP Pit is low risk as copper oxide projects amenable to leaching and processing via an SX-EW plant can be built for relatively low sums of capital expenditure;
- the Company is targeting initial production from the copper oxide resource by 2020; and
- the Directors anticipate that the AP Pit project will to produce a minimum of 7,000 tonnes per annum of copper cathode with a mine life of at least ten years, based on the current JORC Resource. In the event that additional resources are discovered, the production profile will be modified accordingly.

The Company has commenced resource drilling following Admission, and expects to update the current JORC resource and complete the PFS within twelve months of Admission. The Company will then commence a Bankable Feasibility Study which will take up to a further twelve months to complete, before arranging project finance (which is expected to consist of a combination of debt, offtake agreements and equity) to begin construction of the mine. The Company reasonably expects to commence production by 2020, subject to funding and permitting.

Phase 2

Phase 2 is focused on the wider exploration potential of the Empire Mine.

- Phase 2 sees the Company commencing an initial exploration programme to evaluate the copper sulphides which lie underneath the AP Pit and along strike.
- Data has provided insight into the enriched secondary sulphide copper zone (supergene zone) and the primary copper sulphide zone. Of the holes drilled to date, several have intersected this sulphide material. These intersections range from 1.2 per cent. to 11.4 per cent. Cu. *Source: Page 5 of Executive Summary, CPR.*
- The Board is not aware of any modern exploration techniques or technology being used to explore the Empire Mine.
- The exploration programme will assay for gold, silver and zinc which was mined historically and will evaluate the potential by-products including cobalt, tungsten and molybdenum.
- An independent technical report will be completed following the initial exploration programme.

The Empire Mine is largely unexplored except for exploration programmes that focused on the near surface copper oxide at the AP Pit. In recent history six separate groups focused their exploration on the AP Pit area only.

The Board will take a modular approach to the wider exploration of the Empire Mine due to funding constraints. Following the generation of cash flow from Phase 1, the Company will have the ability to fund a more extensive exploration programme. However, the Board may escalate further exploration subject to exploration results.

The majority of the known ore body lies on patented land, however unpatented land will also be required to bring any underground mine into production in the future. In the US, unpatented land is managed by the federal government which adds another layer to the permitting process. Consequently, permitting is

more timely and may require up to 3 years to permit a project into production. The AP Pit is on patented land and therefore requires only state level approval and enjoys a relatively quick permitting process.

Use of Proceeds

The Directors intend to apply the proceeds of the Placing and Subscription as follows:

	£
Upgrading JORC Open Pit Resources	510,000
Empire Oxide PFS	700,000
Empire Sulphide Exploration	655,000
Empire Equipment	256,000
Empire General and Admin	1,153,000
ExGen Annual Payment	81,000
IPO Costs (inc. commission)	725,000
Phoenix Corporate and Working Capital	520,000
Total	4,600,000

Copper sulphides and oxides

The most common copper mineral, and one that produces the majority of the world's copper supply, is chalcopyrite, a copper sulphide (CuFeS2) that contains 34.5 per cent. copper. This is the main primary copper mineral at the Empire Mine.

Through igneous activity this mineral can occur as either a vein deposit, massive sulphide deposit or as a disseminated "porphyry" deposit within an igneous intrusion. It typically occurs in association with other metals including iron in the form of pyrite (FeS2).

Near the surface these deposits are exposed to weathering where surface water generates dilute sulphuric acid, mainly from the pyrite, and turns the chalcopyrite into oxide minerals such as malachite, azurite and chrysocolla. These are the main copper oxide minerals in the AP Pit at the Empire Mine.

Below the water table this oxidation process ends and, in many cases, a zone of secondary sulphide copper minerals is deposited in what is termed the "enriched supergene" zone at the level of the water table, with minerals such as chalcocite and bornite. The unaltered chalcopyrite continues below the water table and is mined by either open pit or underground methods. In deeper holes drilled to the base of the oxide supergene zone in the AP Pit area, copper minerals typical of enriched supergene zones have been identified. The presence of these minerals, such as chalcocite and bornite in addition to malachite, azurite and chrysocolla, indicate that there is the high probability of a significant zone of enriched supergene mineralisation at the Empire Mine ore system.

Processing Copper Oxides and Sulphides

Chalcopyrite sulphide ores are treated in a process plant, or concentrator, to upgrade the ore to as near as possible pure chalcopyrite by crushing, grinding and froth flotation normally producing a concentrate of around 30 per cent. copper along with gold and silver by-products. The grinding process liberates the chalcopyrite from waste rock in a slurry of water and solids which is pumped to flotation cells to which a frothing agent has been added as well as reagents to render the chalcopyrite aerophilic. The froth on the surface of the cells, coated with the finely ground chalcopyrite, is skimmed off, dewatered and dried ready for shipment to a pyrometallurgical smelter where the by-products are also recovered.

Weathered, or oxide ore, is not amenable to froth flotation. It is, however, amenable to the heap leach and SX-EW process. This process uses weak acid solutions to extract and purify copper from the ore in the following stages: leaching, solvent extraction, and electrowinning.

The first stage is carried out by heap leaching. Crushed ore is placed 5m high or more on an impermeable membrane, or liner. Solutions are then applied to the surface of the heap by sprinklers or drip feeders and allowed to percolate through the heap typically for 60 to 120 days. The resulting "pregnant" leach solution of sulphuric acid and copper sulphate is collected at the base of the heap and, via lined trenches, collected in a "pregnant pond".

The second step is the solvent extraction process where the pregnant leach solution is mixed with a solvent. The copper migrates from the leach solution into the solvent. The two liquids are then allowed to separate based on solubility, with copper remaining in solution in the solvent, and impurities remaining in the leach solution. The leftover leach solution is then adjusted by adding acid and returned to the sprinklers in the closed circuit heap leaching process.

The last step is electrowinning which is an electrolysis process. An electrical current is passed through an inert anode, or positive electrode, and through the copper solution produced in step two of the purification process, which acts as an electrolyte. Positively-charged copper ions, or cations, come out of solution and are plated onto a cathode, or negative electrode, as 99.99 per cent. pure copper. Copper cathode sheets are stripped off the electrode and bundled for shipment to market.

The SX-EW processing route is widely adopted by companies globally at varying scales of operation. For example, companies such as BHP Billiton and Freeport McMoRan use SX-EW operations at Escondida and Morenci mines respectively. Further, AIM listed Central Asia Metals relies exclusively on a SX-EW plant at their Kounrad mine in Kazakhstan and Asiamet Resources is currently developing its project in Indonesia based on SX-EW operations.

The Empire Mine

The Empire Mine is located in the Alder Creek Mining District in Custer County, Central Idaho, USA, approximately 5.5km southwest of the town of Mackay.

Source: CPR, Figure 3-2

Access and Infrastructure

The Empire Mine Project is accessible from Mackay, Idaho, via a well-maintained, 5.5km long (3.3 miles), all-weather gravel road. Access throughout the Claims, including to old workings and drill pads, is by four-wheel-drive vehicle along further gravel roads and tracks. *Source: Paragraph 3.3, CPR.*

Mackay is a small town with a population of approximately 550, and is located 5.5km to the northeast of the Empire Mine. Mackay provides housing, services and basic amenities to support the employees of mines in the area. There are sufficient skilled and unskilled workers in and around the towns of Mackay

and Challis (80km to the northwest) to supply the project. Supplies may also be obtained from Idaho Falls (150km) which is serviced by a regional airport, rail and major highways. *Source: Paragraph 3.3, CPR.*

Climate and Environment

The Empire Mine is located on the north eastern edge of the White Knob Mountains which reach an elevation of 3,437m, although the Empire Mine itself lies between 1,900m and 2,770m above mean sea level. *Source: Paragraph 3.4.1, CPR.*

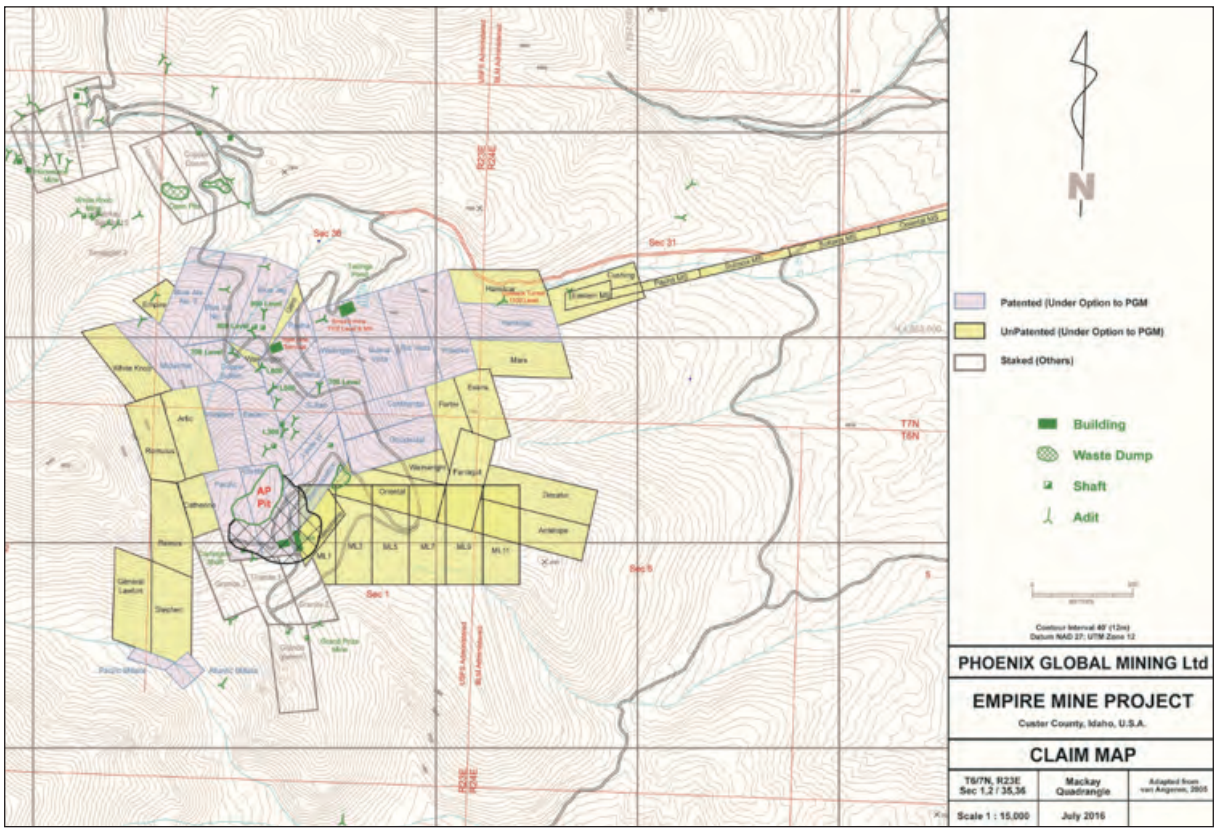
The terrain across the project is relatively steep as it sits on the eastern flank of Mackay Peak, with numerous ridges and gullies requiring many switchback bends in access tracks. The area is covered by a mixture of sparse forests, particularly on northern aspects, and open grassland. *Source: Paragraph 3.4.1, CPR.*

The region has a semi-arid climate with annual average maximum temperatures ranging from –1.8°C in January to 27.9°C in July; average minimum temperatures of -13.7°C in January to 9.1°C in July; and rainfall between 11mm and 37mm in February and June respectively. Total annual rainfall amounts to 247mm and approximately 70cm of snowfall over the winter months. The Empire Mine is accessible all year round.

There are no known environmental liabilities on the Empire Mine. *Source: Paragraph 3.4.3, CPR.*

Claims

The Empire Mine Project consists of 55 leased mining claims.



Source: CPR Figure 3-3

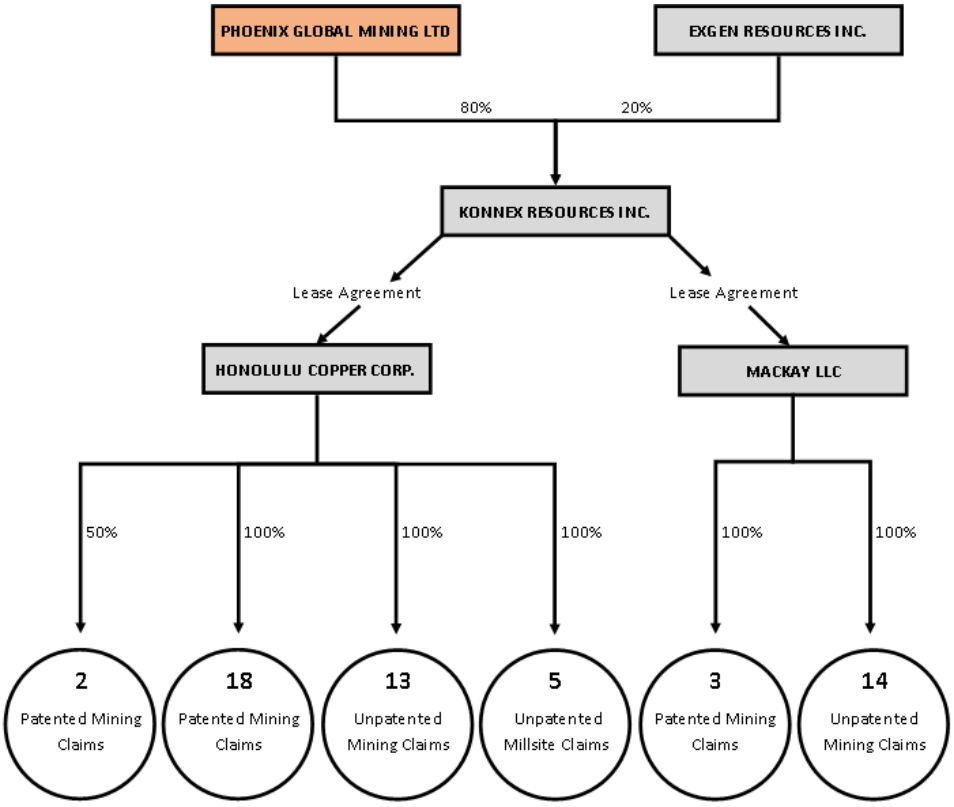
Pursuant to the terms of the Honolulu Lease, further details of which are set out at paragraph 8.1 of Part VIII of this Document, Konnex has leased the 13 unpatented mining claims (mineral only ownership), 18 patented mining claims (land and mineral ownership) and five unpatented mill site claims from Honolulu.

Pursuant to the terms of the Mackay Lease, further details of which are set out at paragraph 8.2 of Part VIII of this Document, Konnex has leased 14 unpatented mining claims and three patented mining claims from Mackay.

As shown below, 53 of the mining claims are owned by the Honolulu and Mackay as the lessors under the Honolulu Lease and the Mackay Lease and two mining claims (the Blue Jay No. 1 and Blue Jay No. 2 claims) are held jointly by Honolulu and the original claimant.

Together these claims cover an area of 3.315km^2 (331.5 hectares or 819.1 acres). The title to these claims remains with the original claimant, namely Honolulu or Mackay, with exclusive agreements in place for Konnex to lease the exploration and mining rights from each of them.

The ownership structure of the mining claims at Admission:



Source: CPR Figure 3-1

History of the Empire Mine

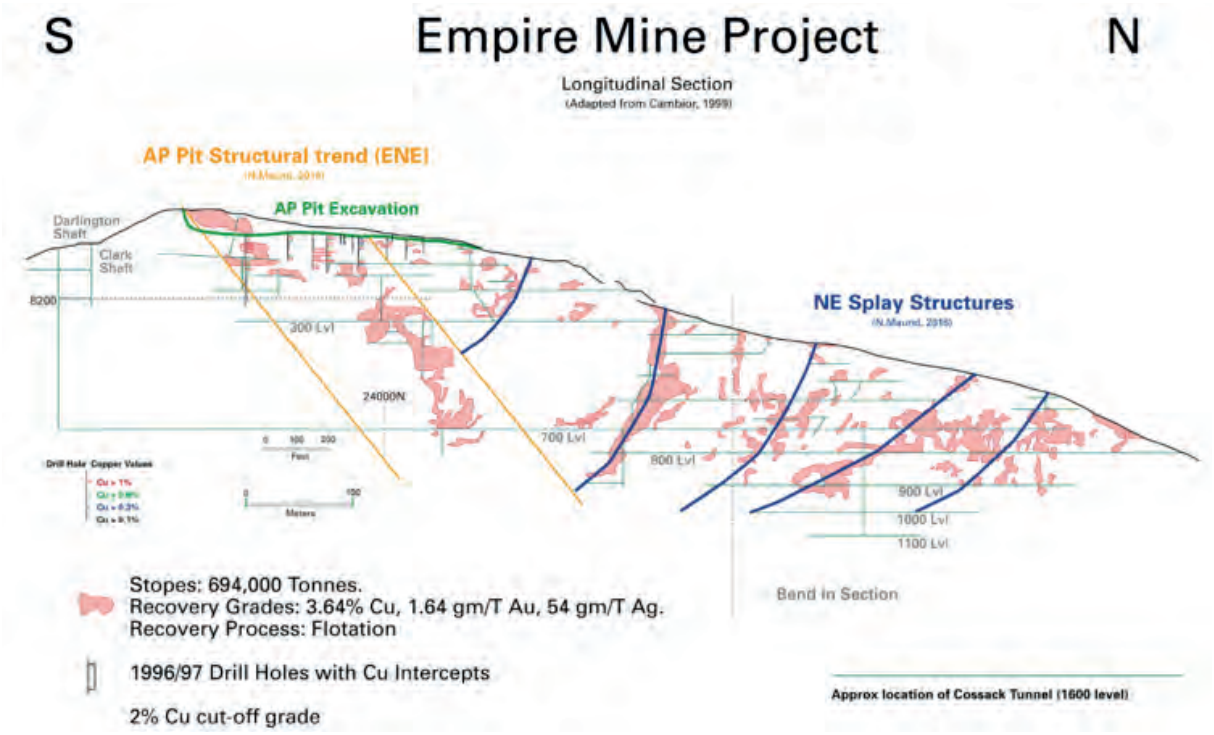
The Company's independent consultant geologist estimates that c. 5 per cent. of the ore in the Empire Mine ore system has been evaluated. Recent exploration has focused on the AP Pit copper oxide resource.

The Empire Mine mineralisation was first discovered in 1884, when small scale mining quickly commenced and continued through to the 1940s.

The Empire Mine produced a total of 809,500 tonnes with a recovery of 3.44 per cent. Cu, 1.56 g/t Au and 49.5g/t Ag from underground workings during the period 1901 to 1971 (Farwell & Full, 1942 and USGS Bull 2064-I 1995). Ore derived from level 1000 also provided some significant tungsten grades highlighting the potential that Empire could access tungsten ore at depth. Grab samples taken by the USBM have been as high as 4.3 per cent. WO_3, (Farwell & Full, 1942 and Maund, 2015). *Source: Page 4 of Executive Summary of CPR.*

By the end of underground operations, the mineralisation was accessible on at least six of the main nine production levels and was reported by the US Bureau of Mines to be in overall good ground (geotechnical) condition. *Source: Page 4 of Executive Summary of CPR.*

Surface mining activities, based on 1972 drilling results, lead to the operation of the Atlantic-Pacific (AP) Pit between 1974 and 1977. *Source: Page 4 of Executive Summary of CPR.*



Source: US Dept of the Interior "Geology of the Empire Mine Near Mackay, Idaho" by F W Farwell and R P Fall Oct 1944. Structure added by N Maund, Arcturus Geological Consultants S.A.R.L, Oct 2016 CPR Figure 5-9.

Since the closure of the underground mines in the 1940s and the AP Pit operation in the 1970s, exploration has focused on the shallow oxide mineralisation, mostly within the AP Pit area, that could be exploited by open pit mining methods, *Source: Paragraph 6.2, CPR*. However, much of the data from drilling and geological sampling also provided insight into the enriched secondary sulphide copper zone (Supergene Zone) and the primary copper sulphide zone which lies below the AP Pit.

Exploration between 1962 and 1975 was conducted by several companies in the AP Pit area resulting in 143 drillholes, although only 9 were assayed for gold. In 1975 a further 10 holes were completed by Exxon. *Source: Page 4 of Executive Summary of CPR.*

In 1995 to 1997 Cambior drilled 47 drillholes for 7350m and conducted some preliminary metallurgical text work. The Cambior work resulted in a resource being defined using a 0.15 per cent. Cu cut-off, (CoG), of 18 Mt (short tons) at 0.49 per cent. Cu, 0.19 per cent. Zn, 13.5g/t Ag and 0.48 g/t Au, with an additional 9 Mt of material grading 0.29 per cent. Cu and 0.31 per cent. Zn with no precious metal values. Cambior also conducted a reserve estimate from these numbers that defined 15.5Mt (14Mt metric) at 0.64 per cent. Cu, 0.25 per cent. Zn, 0.41 g/t Au and 13.2 g/t Ag. *Source: Page 4 of Executive Summary of CPR.*

In 2001-2004 Sierra Mining and Engineering LLC conducted a preliminary mine engineering study. *Source: Page 4 of Executive Summary of CPR.*

In 2004 to 2006 Trio Gold Corporation ("**Trio**") completed a 10-hole, 700 m, reverse-circulation (RC) and PQ-core drill programme in the AP Pit area. The drill programme was successful in improving the thickness of mineralisation to at least 67m, and in confirming the grades of copper, gold and silver in the AP Pit area. This core and other bulk sample material were sent for testing at Kappes, Cassiday & Associates Inc. in Reno, Nevada. *Source: Page 4 of Executive Summary of CPR.*

In 2006 Journey Resources Corporation drilled 33 drillholes. This programme was successful in confirming the grades and widespread distribution of copper, gold and silver in the AP Pit area. The programme also confirmed Trio's 2004 findings. *Page 4 of Executive Summary of CPR.* Highlights from this 2006 drilling programme include; 77m at 0.65 per cent. Cu and 25 g/t Ag; 53 m at 1.37 per cent. Cu and 30 g/t Ag, (including 9m of 4.64 per cent. Cu and 127 g/t Ag); 98m at 0.49 per cent. Cu; and 9m grading 5.72 g/t Au (including 1.5m at 26.4 g/t Au) (van Angeren, 2007). Journey developed a new resource in 2007 at a 0.15 per cent. Cu CoG of 12Mt at 0.38 per cent. acid soluble Cu for 99.8Mlbs contained Cu. *Source: Pages 4 and 5 of Executive Summary of CPR.*

In 2011 Musgrove Mineral Corporation (previously known as Journey Resources Corporation) completed 4348 m of RC drilling from 24 drillholes. Finally, in 2013, ExGen (then called Boxxer Gold Corporation)

initiated follow-up work on Trio's 2005 metallurgical testing by extracting four bulk samples from four test pits representing the four different mineralised rock types encountered in the AP Pit area. *Source: Page 5 of Executive Summary of CPR.*

In total, 24,663m have been drilled on site to date from 287 drillholes at an estimated cost in excess of US$7m in today's terms. *Source: Page 5 of Executive Summary of CPR.*

Of the drill holes drilled to date, several have intersected the deeper sulphide zone. These intersections range from 1.2 per cent. Cu to 11.4 per cent. Cu and range from surface or near surface intersections to deeper +100m depth intersections. *Source: Paragraph 6.2.8, CPR.*

Geology

The Alder Creek Mining District lies to the east of the Idaho Batholith and north of the Snake River Basalt Plain, within the Cordilleran thrust belt at the northern edge of the Basin and Range structural province. *Source: Paragraph 5.4, CPR.*

The Alder Creek Mining District is underlain by sedimentary rocks which have been intruded by granites of Eocene age and overlain by Eocene volcanics and volcaniclastics. The contact between the carbonate rocks and the granitic intrusives has locally been metasomatised to garnet- diopside skarn. *Source: Paragraph 5.4, CPR.*

The Empire Mine Project encloses a north-trending contact zone between a number of these Eocene granitic complexes and the White Knob Limestone. This contact zone includes a garnet-pyroxene-magnetite skarn developed in both carbonate and intrusive rocks. *Source: Paragraph 5.5, CPR.* This skarn has been affected by an important later epithermal event along pre-existing structures which has led to a copper upgrading and the input of gold and silver mineralisation along distinct cross cutting gossanous, clay-altered, iron oxide breccia zones.

The deposit hosts the polymetallic mineralisation along a 150m wide sinuous belt extending for more than 2,500m along the limestone – porphyry contact and has sharp contacts that dip steeply eastward.

Historical results and mining records suggest that mineralisation at Empire may exhibit depth zonation with copper giving way to zinc and finally tungsten mineralisation. *Source: Paragraph 5.5.1, CPR.*

All of the mineralised intercepts are in endoskarn, exoskarn, magnetite skarn and skarn-hosted breccias. The mineralisation intersected is oxidised from surface to a vertical depth of approximately 120m, with sulphide mineralisation dominating below that depth. The transition zone between oxide and sulphide extends over tens of metres. The near-surface oxide mineralisation is interpreted to remain open along strike. The higher grade sulphide zone which underlies the oxide zone is open in all directions, and remains virtually unexplored. *Source: Paragraph 5.5.1, CPR.*

The deepest oxide mineralised intersect grades 1.38 per cent. Cu, 6.52 g/t Au and 36.3 g/t Ag, over 3m in oxidised skarn and gossanous veining at a depth of 126m from surface, but 360m from the uppermost reaches of mineralisation. *Source: Paragraph 5.5.1, CPR.*

The highest grade mineralisation occur as a poorly defined, steeply dipping, 5m to 15m thick, copper-gold zone located within and below the large body of skarn-hosted disseminated copper mineralisation. *Source: Paragraph 5.5.1, CPR.*

The scale of the processes of skarn development, and associated hydrothermal mineralisation, is characteristic of a large 3.5km long by 40 – 150m wide skarn system flanking a poorly understood parent intrusive body measuring 3,500m in North – South extent and some 250 – 500m in width. *Source: Paragraph 5.5.1, CPR.*

Permitting

Federal exploration and mining legislation in Idaho is governed by the General Mining Act of 1872 (the "**Mining Act**") which authorises and regulates prospecting and mining for "valuable mineral deposits". The Mining Act defines a mining claim as the right to explore for and extract minerals from an area of federal land and provides that claims may be acquired by any citizen of the United States over the age of 18, a corporation, and non-citizens (aliens) who have declared their intention to become a citizen. The Mining Act is enforced by the BLM and fully described through the Code of Federal Regulations, Title 43 CFR.

Patented mining claims are those where title has passed to the claimant giving the claimant both surface rights and mineral rights. A patented claim is a vested, legal, private property interest. It is not subject to expiration, although it is subject to foreclosure for non-payment of creditor claims or non-payment of county real property taxes and assessments. An unpatented claim confers the mineral rights only on the

claimant. An unpatented claim is a personal property interest on public property. It is not subject to expiration so long as the claim is "maintained", meaning mining work is occurring regularly or annual maintenance fees are paid to the BLM. Since October 1994, a Congress-imposed moratorium has meant that no new patents have been issued.

State and federal authorities manage the permitting process for mining activities. Issuing permits to allow mining and processing on privately held lands is managed by BLM, EPA, Idaho DEQ and the IDL.

Approximately 90 per cent. of the current resource, and all of the AP Pit, is located on patented claims. The remainder of the deposit lies on public lands administered by the US Forestry Service and to a lesser extent the BLM and the US Department of the Interior.

If drilling, development work, mining or processing occurs on private land (for example patented claims), the process is managed by the State and federal regulatory authorities, including EPA and Idaho DEQ. Permitting is understood to be relatively easy and straight forward on private land. As long as cyanide is not used in the process, once the application is received by DEQ, it should be actioned promptly and the Directors believe that the process typically takes 30 days. Typically, if other State of Idaho agencies are required to comment, the process will take longer and the Directors believe the process may take approximately 60 days to receive comments back from the relevant agency.

If drilling, development work, mining or processing occurs on federal land, the lead agency is either the BLM or the US Forestry Service. If federal lands are accessed or utilised a formal permitting process must be undertaken. Provided there are no issues with water, the federal permitting process takes longer than the state, but is well understood and is manageable. In cases where there may be issues with water or such disturbance, compliance with NEPA is required. NEPA processes are not subject to defined timetables and can take between 24-48 months.

Whilst Phase 2 will require compliance with NEPA, mining of the AP Pit (Phase 1) should not require such approval and accordingly, the Directors intend to focus on the AP Pit in the first instance and the deeper sulphides later.

Idaho

Idaho lies in the north west of the USA and is bordered by Montana to the east and northeast, Wyoming to the east, Nevada and Utah to the south, and Washington and Oregon to the west. To the north, it shares a small portion of the Canadian border with the province of British Columbia.

Source: CPR, Figure 3-2

Idaho has a population of around 1.7m people and covers an area of 83,557 square miles (slightly smaller than the UK). Idaho is the 11th largest and 39th most populated of the 50 US states. Idaho's capital and largest city is Boise.

Idaho is mountainous in parts, and contains several stretches of the Rocky Mountains. Industries significant to the state economy include manufacturing, agriculture, mining, forestry, and tourism.

Mining and Exploration Companies in Idaho

There are a significant number of exploration and mining operations across the state of Idaho due to its prolific mineral endowment and history of mining.

The current notable projects under development or in production include the following:

- Midas Gold (TSX listed) is developing the Stibnite gold project in central Idaho, one of the largest gold projects in the USA. They raised C$55m in March 2016 from notable institutional investors to complete permitting and feasibility studies.
- The eCobalt Solutions (TSX listed) are developing the Idaho Cobalt Project in Salmon town in Lehmi County, Idaho. This advanced project is fully permitted and aiming to commence production from Q2 2019. Moreover, they recently completed a financing for C$17.25m in February 2017.
- Hecla Mining Company (NYSE listed) owns and operates the deep underground Lucky Friday Mine at Mullan, Shoshone County, in northern Idaho (silver/lead/zinc mine). The mine produced over 3.5 Moz of silver in 2016. *Source: Paragraph 3.5, CPR.*
- Silver Predator (TSX-V listed) is exploring for similar deposits (silver/lead/zinc) across its Copper King (Sonora Silver) Project immediately adjacent to the Hecla Mining Company's Lucky Friday Project. *Source: Paragraph 3.5, CPR.*
- Otis Gold Corp (TSX-V listed) has a number of properties in Idaho and is advancing the Kilgore Gold Project in Clark County some 100km north of Idaho Falls. The project has a NI 43-101 compliant indicated mineral resource of 27.3Mt at 0.59 g/t Au and an inferred resource of 20.2Mt at 0.46 g/t Au. *Source: Paragraph 3.5, CPR.* It has recently closed a strategic investment by Agnico Eagle Mines Limited of $5 million in late February 2017.

The Board is confident that Idaho is a strong mining jurisdiction and has favourable outlook on developing mining projects in the region. The Empire Mine is located in an area with mining expertise and skills locally and enjoys good titles to mining leases with a transparent permitting process at both state and federal level.

Copper Market

Copper is known for its ductility, malleability, alloying, resistance to corrosion, strength and conductive properties and has been used for over 10,000 years to produce a wide variety of products.

Copper is usually shipped to fabricators as cathode, wire rod, billet, cake (slab) or ingot. Through a variety of manufacturing processes, fabricators form wire, rod, tube sheet, plate, strip, castings, powder and other shapes. These copper and copper-alloyed products are then shipped onward for final manufacturing or distribution. Copper is often alloyed with other metals such as aluminium or tin (to form bronze), zinc (to form brass), or nickel (to form cupronickel), giving it different characteristics and thereby enabling its use in a wide range of specialised applications including:

- construction;
- electrical;
- electronics and communications;
- transportation;
- industrial machinery and equipment; and
- consumer and general products.

Given the wide applications of copper across numerous sectors of industry, it is widely viewed as the bell weather indicator for economic growth and industrialisation. Since 1900, when world mine production was less than 500,000 tonnes it has grown to an estimated 20.1m tonnes in 2016.

The growth of copper supply has been required to meet the industrialisation of first world countries initially and more recently emerging economies such as China and India. The Asia region now consumes over 63 per cent., as reported in the ICSG world copper fact book in 2016.

Given the versatility of copper, it continues to be relevant to new and future technological trends. Electric vehicles such as the Tesla Model S and Chevrolet Bolt uses approximately four times as much copper wiring than an internal combustion engine vehicle.

Copper Production and Usage

The International Copper Study Group's (ICSG) preliminary copper data for 2016 estimates that copper mine production in 2016 increased by around 5 per cent. or 1m tonnes (Mt) to 20.1 Mt, up from copper mine production of 19.1m Mt in 2015. Similarly, world refined production is estimated to have increased by about 2.5 per cent. (530,000t) in 2016 to 23.5 Mt, including 3.8 Mt of secondary refined production (up from 22.9 Mt in 2015, including 3.9 Mt of secondary refined production). World apparent refined usage is also estimated as having increased by 2 per cent. (430,000 t) in 2016 to 23.4 Mt (up from 23 Mt in 2015), indicating a deficit of circa 50,000t.

The largest miners of copper are from Chile, China, Peru and the USA. The largest three mines in the world are Escondida, Chile (BHP Billiton majority owned – produced circa 979,000 tonnes in 2016), Grasberg, Indonesia (Freeport-McMoRan majority owned produced 1.063m tonnes in 2016) and Morenci, USA (Freeport-McMoRan majority owned produced 848,000 tonnes in 2016). Both Escondida and Morenci produce copper through a combination of concentrates and cathode via the SX-EW processes, whilst Grasberg produces copper through concentrates.

The biggest risk to copper supply is jurisdiction risk and more specifically industrial and political relationships. In recent months, some of the largest mining companies and their copper mines have encountered a number of supply disruptions due to disputes with both government and industrial relations. Notably Escondida, Grasberg and Cerro Verde have been subject to extensive labour strikes that has forced either a material reduction in supply or complete shutdown. Freeport McMoRan are currently in dispute with the government in Indonesia following the introduction of a ban on copper concentrate exports in January 2017 that affected their operations at Grasberg. Freeport initially stopped production of copper and have subsequently reduced a substantial amount of capacity at the mine whilst they negotiate for the right to resume exporting copper concentrate. Moreover, both parties are now in dispute over a new mining licence regime that the government is seeking to implement that potentially gives scope for incumbent foreign owners of producing mines being required to dispose of material stakes in the business to domestic business.

Copper Price

Between April 2012 and mid 2016, the copper price fell from close to $4.00/pound ($8,800/tonne) to around $2.10/pound ($4,628/tonne) in Q1 and Q2 2016, hitting a low of $1.93 in January 2016. This was due to concerns about oversupply and slower growth in China. It has since rallied substantially. In the 30-day period prior to March 2017 the spot price has fluctuated between $2.58 to $2.73/pound ($5,687 to $6,018/tonne).

Source: www.kitco.com

Outlook for Copper Prices

The Board are optimistic that the copper prices will continue to improve in the foreseeable future. This view is shared by a number of market commentators and analysts.

Notable investors including David Lilley, co-founder of RK Capital Management and one of the world's top copper investors, believes that the market is headed for a shortfall of 327,000 MT in 2017 rising to 600,000 MT in 2020. *Source: Bloomberg, "World's Newest Copper Mine is a Loner Until Prices Rebound", N Obiko Pearson, 7 March 2017.*

The copper price is largely based on the economic health of its largest global consumers, especially China and the USA. Moreover, new technologies and applications will drive additional growth in the longer term.

The International Copper Association has presented its findings from a study it commissioned into potential copper demand in China under the country's 13th, and most recent, Five Year Plan ("**FYP**"). Projections based on China's 13th FYP show a potential 12 per cent. increase from the 12th FYP period across six key sectors being building construction, power infrastructure, electronic information, transportation, home appliances and manufacturing, representing 60 per cent. of the total copper market in China. The presentation states "the six sectors evaluated in the study will generate approximately 32m tonnes of copper demand, representing an estimated 16 per cent. increase from the 12th FYP period" and notes that "the 13th FYP requires significant investment in areas such as transportation, building infrastructure and energy – all of which provide strong opportunities for the use of copper." *Source: International Copper Association Copper Alliance, Demand for Copper under China's 13th Five-Year Plan, dated March 2017.*

China has set forth several ambitious goals over the next five years and, as a result, we see wide-ranging opportunities for growth moving forward," said Richard Xu, Asian regional director, ICA. "Under the 13th Five-Year Plan, China is expected to see at least 6.5 per cent. growth in GDP annually and double the personal income of its citizens by the end of 2020. To do so, the government will have to invest great resources in areas such as transportation, building infrastructure and energy. All of these sectors provide strong opportunities for the use of copper." *Source: International Copper Alliance press release entitled, "New Study Shows 15 per cent. Growth in Demand for Copper Under China's Latest Five-Year Plan" dated 13 September 2016.*

More recently in the US, following Donald Trump's election, the copper market responded favourably following his commitment to deliver a proposed $1 trillion infrastructure programme to build roads, bridges energy, water and airports during his tenure. This is anticipated to impact on the consumption of copper during the next four years.

Moreover, new applications and technologies are likely to play an increasing role in the demand and consumption of copper. One such emerging sector that is heavily reliant on copper is the Electric Vehicle (EV) sector. EV cars typically consume up to approximately four times the amount of copper per each car versus the current combustion engine models. Governments and leading car manufacturers globally are now focused on developing the EV sector. Also, of notable significance is the support of the Chinese government towards the EV sector who have also made substantial commitments to the development of electric vehicles.

Summary Financial Information

Since incorporation, the Company has incurred overheads and raised money to finance the development of the Empire Mine. As set out in Part VI the Company's unaudited pro forma net assets at 31 December 2016, including the proceeds of the Recent Funding Round and the Placing and Subscription, were £5,757,595.

Directors and Senior Management

The board of the Company currently comprises, and will comprise at Admission, Marcus Edwards-Jones, Dennis Thomas, Richard Wilkins, Roger Turner and Andre Cohen.

Directors

Marcus Elliott Sturdee Edwards-Jones, 53, Non-Executive Chairman

Marcus graduated from Oxford University with an MA in Ancient and Modern History. He is Managing Director (and co-founder) of Lloyd Edwards-Jones S.A.S, (which is acting as Corporate Finance Adviser to the Company) a Paris and Dubai-based finance boutique specialising in selling equities to institutional clients and advising and introducing resources companies to an extensive client base in the UK, Europe, Asia and the Middle East.

Prior to founding Lloyd Edwards-Jones S.A.S, Marcus held senior positions with Julius Baer and was Head of UK & Continental European equity sales at Credit Lyonnais Securities in London.

Marcus has significant experience in global institutional capital raisings for UK, Australian and Canadian companies in the natural resources sector. He was until recently a director of Georgian Mining Corp.

Dennis Leslie Thomas, 69, Chief Executive Officer

Dennis has over 47 years of operational experience with notable expertise at technical, managerial and business development in the mining sector. He began his career working in mine production across Europe, Africa and Asia, notably with Anglo American, Irish Base Metals, and the Nigerian Mining Corporation. Since then he has developed new business development activities, including sourcing and identifying potential investment projects, evaluating minerals and commercial feasibility, negotiating lease agreements, and directing the start-up and development of projects.

Dennis has held a number of senior management roles including chief executive of companies within the Mining House Group where he developed copper, gold and coal resources in South-East Asia, and Non-Executive Director of Cariboo Gold, Rembrandt Gold Mines Ltd and St Genevieve Resources, ultimately selling the company's Nevada and Arizona copper assets to Advance Copper Corporation.

In addition to his significant operational achievement, Dennis has amassed a notable network of mining professionals and became a Director of Hunter Personnel (UK) Ltd, a personnel and recruitment consultancy firm which built a world-class reputation for the provision of quality personnel for the international mining industry. Over the years it developed to become one of the world's leading databases of mining and extractive industries' professionals.

Since co-founding Phoenix in 2013 and assuming the role of Chief Executive Officer, Dennis' focus has been on the redevelopment of the Empire Mine, Idaho.

Dennis is a graduate of Camborne School of Mines, holding a First Class A.C.S.M. He is also a Fellow of the Institute of Materials, Mining & Metallurgy, a Fellow of the Geological Society of London, UK, and qualified Chartered Engineer (UK) and Registered European Engineer.

Richard Vaughan Lindsay Wilkins, 59, Chief Financial Officer

Richard is a graduate of Pembroke College, Oxford University, and a Fellow of the Institute of Chartered Accountants in England and Wales. After qualifying as a chartered accountant with Coopers & Lybrand, he worked in their London and Cairo offices until moving into private business.

Richard has considerable experience in emerging markets and the natural resources sector having been a founding director of the Zeravshan Gold Co. (Nelson Gold Group – TSX) in Tajikistan in 1994 and co-founder of the Oxus Gold Group of which he was a director from 1996 to 2017. Oxus produced over 500,000 oz. Au from the Amantaytau Goldfields Mine in Uzbekistan.

Roger William Turner, 74, Chief Technical Officer and Non-Executive Director

Roger is a graduate mining engineer from Camborne School of Mines with a MSc. degree in economic geology from Leicester University. He has an extensive mining career spanning over 40 years, including managing TSX and AIM listed companies and mining for copper at Granisle Copper in British Columbia, Hudson Bay Mining & Smelting in Manitoba, Falconbridge in Uganda and Rio Tinto Technical Services in London.

Roger was the CEO of Nelson Gold Group and was responsible for its TSX listing, financing, construction and commissioning of the Jilau gold mine in Tajikistan. He was a co-founder of Oxus Gold Group in 1996 and was the CEO of Oxus Gold plc from 1996 to 2002. He was responsible for the acquisition of Oxus's joint venture interest in Amantaytau and Khandiza projects in Uzbekistan and the Jerooy gold project in Kyrgyzstan.

More recently, he was the Chairman of Minco Plc and CEO of Ovoca Gold Plc both of which are quoted on AIM, and was a Director of Anglesey Mining Plc for nine years. He was one of the two founders of Phoenix Global Mining Limited in 2013.

Andre Cohen, 72, Non-Executive Director

Andre was Chief Executive Officer (and founder) of Coherent Financial Solutions, a UK based advisory company providing strategic and financing advice to transportation and infrastructure clients.

Prior to this, he held senior positions with West LB, where he was Head of Transportation Finance, TNT Ltd, where he was Finance Director, Europe and Citicorp in London and Australia in investment banking.

Andre has advised on significant debt fund raisings and investment in infrastructure assets for a number of international companies as well as being a non-executive director for a number of companies, listed and private. Andre is a graduate of Sydney and Yale Universities in Economics.

Senior Management

Ryan Kelly McDermott, 50, CEO of Konnex and General Manager of the Empire Mine

Ryan graduated from Idaho State University with a Bachelor of Science degree in Geology and has over 30 years of experience in mining and mineral exploration for base and precious metals.

During his career, he has worked for SECOR International, Inc, Kinross Gold Corp, Plexus/Sovereign Expl and Kleinfelder West, Inc.

Prior to this, he was Director of Mining Operations for A2P, leading a team of 200+ engineers, geologists, miners and mill operators through the permitting and development of two underground gold mines, an underground polymetallic mine, an open-pit industrial garnet mine, two milling operations, and six exploration-stage gold properties in Idaho and Montana. He joined Konnex in March 2017.

Consultant

Philip Van Angeren, 61, Consultant Geologist, Empire Mine

Phil graduated from McGill University (Montreal) in Canada in 1977 with a BSc in Geology, and has considerable experience throughout North America in base and precious metals exploration and mining. He has been a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA) since 1985.

Phil is experienced in the styles of mineralisation found at the Empire Mine, including skarn and associated porphyritic orebodies. Phil has previously been involved as a consultant at Empire Mine, where he worked on the planning and implementation of drilling programmes and on the geological evaluation of the property.

He brings a wealth of experience to Phoenix and has detailed knowledge of the area surrounding Empire Mine.

The Placing and Subscription

The Company has conditionally raised £2,718,949 (before expenses) through the Placing and £1,881,051 (before expenses) through the Subscription.

The New Shares are being issued to institutional and other investors. The New Shares will represent 50.9 per cent. of the Enlarged Share Capital at Admission.

Neither the Placing nor the Subscription has been underwritten. The Placing is conditional, *inter alia*, on the Subscription and Admission occurring by 29 June and in any event no later than 27 July and on the Placing Agreement not being terminated.

The New Shares will be issued as fully paid and will upon issue, rank *pari passu* with the existing Shares, including the right to receive dividends declared, made or paid on or in respect of such Shares after their date of issue, being Admission.

SP Angel, Brandon Hill, the Company and the Directors have entered into the Placing Agreement pursuant to which Brandon Hill will use its reasonable endeavours to procure subscribers for the New Shares, the subject of the Placing. Further details of the Placing Agreement are set out in paragraph 8.4 of Part VIII of this Document.

Corporate Governance and Board Practices

The Company is not required to comply with the provisions of the Governance Code or the QCA Code nor any governance regime in its country of incorporation. The Board, however, recognises the importance of sound corporate governance and intends that the Company will comply with the provisions of the Governance Code and the QCA Codes insofar as they are appropriate given the Company's size and stage of development.

The Board of Directors following Admission will comprise two executive directors and three non-executive directors.

The Board has established an Audit and Compliance Committee and a Remuneration Committee with formally delegated duties and responsibilities and each with written terms of reference.

Audit and Compliance Committee

On Admission, the Audit and Compliance Committee will comprise Andre Cohen, who will chair it, and Marcus Edwards-Jones. The Audit and Compliance Committee is expected to meet at least four times a year and otherwise as required.

It has responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes monitoring: (i) the integrity of the financial statements of the Company (including annual and interim accounts and results announcements); (ii) reviewing internal control and risk management systems; (iii) reviewing any changes to accounting policies; (iv) reviewing and monitoring the extent of the non-audit services undertaken by external auditors; and (v) advising on the appointment of external auditors. The Audit and Compliance Committee will have unrestricted access to the Company's external auditors.

The Audit and Compliance Committee also has responsibility for ensuring that the Company has in place the procedures, resources and controls to enable compliance with the AIM Rules and with MAR.

Remuneration Committee

On Admission, the Remuneration Committee will comprise Marcus Edwards-Jones, who will chair it, Roger Turner and Andre Cohen. It is expected to meet not less than twice a year and at such other times as required. The quorum necessary for the transaction of business shall be two members one of whom must be a non-executive director.

The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's chief executive, chief financial Officer, the chairman, the executive directors (the "**Senior Executives**") and non-executive directors, the Company secretary and such other members of the executive management. The Remuneration Committee also has responsibility for: (i) recommending and monitoring the level and structure of remuneration for senior management; (ii) annually reviewing and recommending to the Board the total individual remuneration package of the Senior Executives, directors and other Officers of the Group, including bonuses, incentive payments and share options or other share awards; and (iii) reviewing the ongoing appropriateness and relevance of the remuneration policy. No Director or manager may be involved in any discussions as to their own remuneration.

Nomination Committee

The Company considers that, at this stage of its development, and given the current size of its board, it is not necessary to establish a formal nominations committee. This position will be reviewed on a regular basis by the Directors.

Share dealing policy

The Company has adopted a share dealing policy for the Board and certain employees in accordance with the provisions of MAR and the AIM Rules, and the Company will take all reasonable steps to ensure compliance by the Board and any relevant "applicable employees" (as defined in the AIM Rules) with such code.

Anti-bribery and corruption policy

The Company has implemented an anti-bribery and corruption policy and also implemented appropriate procedures to ensure that the Board, employees and consultants comply with the UK Bribery Act 2010.

Dividend Policy

In the short term, the Directors intend to use the Company's cash reserves to finance exploration of the Empire Mine and the preparation of a PFS. In the medium term and once the Empire Mine is in production, and subject to the Company's ability to do so, the Company intends to adopt a progressive dividend policy.

Staff Incentive Scheme

On 10 January 2017 the Board resolved that the Remuneration Committee should create a Staff Incentive Scheme ("SIS") for the benefit of directors, Officers and employees of the Company and its subsidiaries. The SIS gives the Company the ability to issue Shares ("Bonus Shares") including in lieu of executive and non-executive remuneration and grant Options to subscribe for Shares to staff as compensation for the achievement of significant milestones, as determined by the Remuneration Committee.

In accordance with the SIS and pursuant to a Remuneration Committee meeting on 15 February 2017 and a board meeting of the Directors of the Company on 18 April 2017, 1,250,000 Bonus Shares were issued to Directors and Officers.

In addition, the Company will, at and conditional on Admission, pay the Directors and Officers a bonus of £180,000 in aggregate, which they will use to subscribe for 4,500,000 New Shares (£180,000 worth). Further details are set out in paragraph 2.13 of Part VIII of this Document.

Share Option Agreements

On 3 April 2017, the Company granted 12,000,000 Option Shares (being 5.1 per cent. of the Company's issued shares at Admission) to Directors and Officers of the Company, 50 per cent. of which will vest 12 months from the date of grant, with the remaining 50 per cent. vesting 24 months from the date of grant. All of the share options will expire 36 months from the date of grant. The share options are exercisable at 4.5p per Share, are non-transferable and may only vest on the condition that the Option Holder continues to be employed by the Group.

Further details of the Share Option Agreements are summarised in paragraph 2.14 of Part VIII of this Document.

Lock-In and Orderly Market Arrangements

In compliance with Rule 7 of the AIM Rules (*Lock-Ins for new businesses*), the Directors and ExGen have agreed not to, and to procure that their related parties will not, dispose of any interests in Shares held by them or by their related parties, as defined in the AIM Rules, for 12 months following Admission.

In addition, they have each agreed for a further period of 12 months to dispose of shares only through Brandon Hill or such other broker as may from time to time be retained by the Company in accordance with Brandon Hill's reasonable requirements, so as to ensure an orderly market.

Further details of the Rule 7 lock-in arrangements are set out in paragraph 8.8 of Part VIII of this Document.

Admission, settlement and dealings in Shares

Application has been made to the London Stock Exchange for the Company's entire issued and to be issued shares to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the New Shares on AIM will commence on 29 June 2017.

CREST is a computerised paperless share transfer and settlement system which allows securities to be transferred by electronic means, without the need for a written instrument of transfer. Securities issued by non-UK companies cannot be held or traded in the CREST system. To enable investors to settle such securities through the CREST system, a Depositary or custodian can hold the relevant foreign securities and issues dematerialised Depositary Interests representing the underlying securities.

With effect from Admission, it will be possible for CREST members to hold and transfer interests in Shares of the Company within CREST pursuant to a Depositary Interest arrangement established by the Company with the Depositary. CREST is a voluntary system and holders of Shares who wish to remain outside CREST may do so and will have their details recorded on the Company's share register in accordance with applicable laws.

The Depositary will issue Depositary Interests in respect of the underlying Shares pursuant to the terms of the Deed Poll. Under the terms of the Deed Poll, the Depositary will hold as bare trustee all of the rights pertaining to the relevant underlying securities for the benefit of, and on behalf of, the Depositary Interest holder. Any rights or entitlements to cash distributions, to information to make choices and elections, and to attend and vote at general meetings shall be passed to the Depositary Interest holder by the Depositary. Under the Deed Poll, a Depositary Interest holder can cancel or transfer its Depositary Interests by giving instructions to the Depositary.

The Depositary Interests will be independent securities constituted under English law and will be held on a register maintained by the Depositary. Depositary Interests will have the same ISIN as the underlying Shares and do not require a separate admission to AIM.

Each Depositary Interest will be treated as one Share for the purposes of, for example, determining eligibility for dividend payments. Any payments received by the Depositary, as holder of the Shares, will be passed on to each Depositary Interest holder noted on the Depositary Interest register as the beneficial owner of the relevant Shares.

Application has been made by the Depositary for Depositary Interests, which represent the underlying Shares, to be admitted to CREST on Admission. Further details are set out in paragraph 8.10 of Part VIII of this Document.

Taxation

General information regarding UK and BVI taxation is set out in Parts III and VII of this Document. These details are intended as a general guide to the current tax position under UK and BVI taxation law. If you are in any doubt of your tax position you should consult your own tax adviser.

City Code

As a BVI limited company centrally managed and controlled in the UK, the Company is not subject to the City Code on Takeovers and Mergers ("The **City Code**"). However, article 29 of the Company's Articles introduces equivalent provisions to that set out in Rule 9 of the City Code.

These provisions, like others contained in the Articles, are enforceable by the Company (acting through the Directors) against Shareholders. However, the Company would need to take any action to enforce such provisions in the courts of the BVI without any guarantee that any such action would be successful or any certainty as to what the costs of doing so would be.

The attention of prospective investors is drawn to the financial and other information set out in Parts III to VIII of this Document, which provide additional information on the Company. In particular, prospective investors are advised to consider carefully the risk factors relating to any investment in Shares set out in Part III of this Document.

PART III

RISK FACTORS

There are significant risks associated with the Group's business, results of operations, financial conditions and prospects. Prior to making an investment decision in respect of the New Shares, prospective investors and Shareholders (as appropriate) should consider carefully all of the information within this Document, including the following risk factors. The Board believes the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory or tax requirements or a combination of these factors. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this Document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the New Shares.

If any of the following risks were to materialise, the Group's business, financial condition, results of operations or prospects could be materially and adversely affected. In such cases, the market price of the New Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities.

1. RISKS RELATING TO THE GROUP AND ITS BUSINESS

Competition

The mining industry can be competitive. The Group faces potential competition from other mining companies in connection with the acquisition of mineral properties, as well as for the recruitment and retention of qualified employees. Larger companies, in particular, may have access to greater financial resources, operational experience and technical capabilities than the Group which may give them a competitive advantage.

In addition, actual or potential competitors may be strengthened through the acquisition of additional assets which could adversely affect the Group's ability to acquire suitable additional properties in the future. The Group's success will depend on its ability to develop the Empire Mine and in addition, select and acquire exploration and development rights on properties and there can be no assurance that the Group will continue to be able to compete successfully with its rivals.

Dependence on key personnel

The Group has a small management team and the loss of a key individual could have an adverse effect on the future of the Group's business or cause delay in the plans of the Group.

The Group's future success will also depend in large part upon its ability to attract and retain appropriate personnel. There can be no assurance that the Group will be successful in attracting and retaining such personnel and an inability to do so could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

Workforce and labour risks

Certain of the Group's operations may be carried out under potentially hazardous conditions. Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be uninsurable or beyond the Group's control.

The Group may be unable to source personnel and equipment to meet its objectives, which could affect the Group's development schedule and financial position.

The Group's operations may be affected by labour-related problems in the future, such as union demands and litigation for pay rises and increased benefits. There can be no assurance that work stoppages or other

labour-related developments (including the introduction of new labour regulations in Idaho) will not adversely affect the results of operations or the financial condition of the Group.

Relationship with ExGen

Although the Company will have operational control of the Empire Mine, ExGen will continue to own a 20 per cent. interest in Konnex. Pursuant to the Consolidated Option Agreement, a Shareholders' Agreement will be entered into after Admission, to protect the Company's interest. As at the date of this Document, the Company owns 80 per cent. of Konnex, which is a controlling interest. A good relationship between the Company and ExGen is important and any breakdown in the relationship between the parties could adversely affect the results of operations or the financial condition of the Group.

Reliance on strategic relationships

In conducting its business, the Group will rely on continuing existing strategic relationships and forming new ones with other entities in the mining industry and also certain regulatory and governmental departments. While the Group has no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed.

Environmental, health and safety and other regulatory standards regulation

The Group's operations are, and will going forward be, subject to various laws and regulations relating to the protection of the environment (including regular environmental impact assessments and the obtaining of appropriate permits or approvals by relevant environmental authorities).

The Group is also required to comply with applicable health and safety and other regulatory standards. Environmental legislation in particular can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Although the Directors intend that the Group will operate in accordance with the highest standards of environmental practice and comply in all material respects with applicable environmental laws and regulations, full compliance may not always be ensured.

Any failure to comply with relevant environmental, health and safety and other regulatory standards may subject the Group to extensive liability and fines and/or penalties and have an adverse effect on the business, results of operations, or prospects of the Group. In particular, a violation of health and safety laws relating to a mine, or other plant or a failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, or other plant, a loss of the right to mine or to use other plant, or the imposition of costly compliance procedures. If health and safety authorities require the Group to shut down all or a portion of a mine, or other plant or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on the Group's results of operations or financial condition. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. Any changes to, or increases in the current level of regulation or legal requirements may have a material adverse effect upon the Group in terms of additional compliance costs.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive.

Although the Board believes that the Group will be in compliance in all material respects with applicable environmental laws and regulations and will hold all necessary approvals and permits under those laws and regulations by the time operations commence, there are certain risks inherent in the Group's activities and those which it anticipates undertaking in the future, such as, but not limited to, risks of accidental spills, leakages or other unforeseen circumstances, that could subject the Group to potential liability. The Company therefore cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results from operations.

Government regulation and political risk

The Group operates in a 'first world' jurisdiction and operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Group believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Group or its properties, which could have a material adverse impact on the Group's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Group cannot assure whether any necessary permits will be obtained on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Group from proceeding with any future exploration or development of its properties.

Operating risks

The activities of the Group are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses.

Should any of these risks and hazards affect the Group's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to produce mineral resources from the Group's properties, require the Group to write-down the carrying value of one or more mineral projects, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability; any and all of which may have a material adverse effect on the Group.

Uninsured hazards

The Group may be subject to substantial liability claims due to the inherently hazardous nature of its activities or for acts and omissions of contractors, sub-contractors or operators. Any indemnities the Group may receive from such parties may be limited or may be difficult to enforce if such contractors or sub-contractors or operators lack adequate resources.

The Group can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks of insufficient insurance coverage. The Group is also subject to the risk of unavailability, increased premiums or deductibles, reduced cover and additional or expanded exclusions in connection with its insurance policies and those of operators of assets it does not itself operate.

Weather conditions

It may not be possible to fully insure against adverse weather conditions and should such events occur liabilities may arise which could reduce or eliminate any future profitability, result in increasing costs or the loss of the Group's assets and a decline in the value of the Company's securities.

Exploration and development risks

Mineral exploration and development involves a high degree of risk. Although the Empire Mine is a brown-field past producing copper mine, success in increasing mineral resources and reserves is the result of a number of factors, including the level of geological and technical expertise, the quality of land available for exploration and other factors. It may take several years of drilling and development until production is possible during which time the economic feasibility of production may change. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of copper or other minerals produced, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of

mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material. As a result of these uncertainties, there can be no assurance that mineral exploration and development of the Empire Mine will result in profitable commercial operations.

Additional requirements for capital

Substantial additional funding will be required if the Company is to be successful pursuing its ultimate strategy. No assurances can be given that the Company will be able to raise the additional finance that it may require for its anticipated future operations. Copper, gold and silver prices, environmental rehabilitation, or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, and geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional funding will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, incur financial penalties or reduce or terminate its operations.

Volatility of prices of copper

The market prices of copper, like gold and silver, are volatile and are affected by numerous factors which are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in copper prices could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Group.

Mineral reserves and resources are estimates only

Although the Company has a JORC compliant resource, there is no certainty that the mineral resources, or any mineral reserve, will be mined and processed. Until a deposit is actually mined and processed, the quantity of mineral resources and reserves, and grades, must be considered as estimates only. In addition, the value of mineral resources and any mineral reserve will depend upon, amongst other things, metal prices and currency exchange rates. Any material change in quantity of mineral resources, or any mineral reserve, or grade, may affect the economic viability of any future mines. Any material reductions in the estimates or mineral resources, or mineral reserves, or the Company's ability to extract any ore, could have a material adverse effect on the Company's future results of operation and financial condition.

Resource estimates are estimates of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the Group's resources could affect the Company's development and mining plans.

Stage of development

Although the Empire Mine has produced in the past, the Group's operations are at a relatively early stage of development and future success will depend on the Group's ability to manage the Empire Mine and to take advantage of further opportunities that may arise, and on future copper prices. In particular, the Group's success is dependent upon the Directors' ability to implement the Group's strategy and to further develop the Empire Mine deposit by commencing and maintaining production at the site.

Whilst the Directors are optimistic about the Group's prospects and its ability to reach the production stage, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The Group will not generate income until it has successfully achieved the commercial production stage.

There can be no guarantee that the Group can or will be able develop past the current stage of the Empire Mine Project.

The Group will complete the various stages of development necessary in order to achieve its strategy in the timeframe pre-determined by the Company or at all. If the Group experiences significant time delays, materially changes its strategy or if the Group's envisioned costs exceed original budgets, any of these factors may have a material adverse effect on the Group's business, results of operations and activities, financial condition and prospects.

Title matters

The Group holds its interests in the Empire Mine through its ownership of 80 per cent. of Konnex, which itself owns leases over the Mining Claims from Mackay and Honolulu, which are the ultimate owners of the Mining claims. Whilst the Directors have checked the leases, if deficient, the Group's ownership of the Empire Mine could be challenged.

Whilst the Group is satisfied that it has taken reasonable measures to ensure an unencumbered right to explore its claims areas in Idaho, the Mining claims may be subject to undetected defects. If a defect does exist, it is possible that the Group may lose all or part of its interest in one or more of the Mining claims to which the defect relates and its exploration of the licence areas and prospects of commercial production may accordingly be adversely affected.

Whilst the Group has no reason to believe that the existence and extent of any of its licences are in doubt, title to the mineral reserves could be subject to potential litigation by third parties claiming an interest in them.

The failure to comply with all applicable laws and regulations, including failure to pay taxes, meet minimum expenditure requirements or carry out and report assessment work may invalidate title to mineral rights held by the Group.

Estimates in financial statements

Preparation of consolidated financial statements will require the Group to use estimates and assumptions. Accounting for estimates will require the Group to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Group could be required to write down the value of certain assets. On an ongoing basis, the Group will re-evaluate its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Changes in capital and operating costs

Changes in the Group's capital costs and operating costs are likely to have an impact on its profitability. The Group's main planned production expenses include mining costs, transport costs, treatment costs and other overheads. Changes in costs of the Group's mining and processing operations can occur as a result of unforeseen events and could result in changes in profitability or resource estimates, including rendering certain mineral reserves uneconomic to mine. Many of these changes may be beyond the Group's control.

External contractors and sub-contractors

When the world mining industry is buoyant there is increased competition for the services of suitably qualified and/or experienced sub-contractors, such as mining and drilling contractors, assay laboratories, metallurgical test work facilities and other providers of engineering, project management and mineral processing services.

As a result, the Group may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced sub-contractors. The loss or diminution in the services of suitably qualified and/or experienced sub-contractors or an inability to source or retain necessary sub-contractors or their failure to properly perform their services could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers currently or in the future used by the Group in its activities. Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Group. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the results of operations or the financial condition of the Group.

Transportation delays

Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Group's operations, financial condition and results of operations. Any such issues arising in respect of the supporting infrastructure or on the Group's site could materially and adversely affect the Group's results of operations or financial condition. Furthermore, any failure or unavailability of the Group's operational infrastructure (for example, through equipment failure or disruption to its transportation arrangements) could adversely affect the production.

Sovereign risks

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in the US, the UK or elsewhere. These risks and uncertainties include, but are not limited to: inflation; labour unrest; risk of war or civil unrest; expropriation and nationalisation; renegotiations or nullification of existing concessions, permits and contracts; illegal mining; changes in taxation policy; restrictions on foreign exchange and repatriation; terrorist activities; extreme fluctuations in currency exchange rates and changing political conditions, currency controls and government regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Risks associated with the need to maintain an effective system of internal controls

The Group's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Currency risk

A significant portion of the Group's expenses incurred in connection with the Empire Mine will be in US dollars. As a result, fluctuations in currency exchange rates could have a material adverse effect on the financial condition, results of operation or cash flow of the Group. The Group intends to convert sufficient proceeds of the Placing and Subscription into US dollars to cover operational expenses for the first year.

2. RISKS RELATED TO IDAHO

Economic, political and regulatory risks

The Group conducts its activities in Idaho. The Group has therefore received the cooperation and support for its operations from officials representing Idaho State government, Custer County Council, and Mackay City government. The future support of Idaho state and local governments cannot be guaranteed.

There can be no assurance that future political and economic conditions in Idaho will not result in its Government adopting different policies in relation to foreign development and ownership over rights to exploit Mineral Reserves. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income, return of capital and other areas, each of which may affect both the Group's ability to undertake operations and development activities in respect of the manner currently contemplated, as well as its ability to continue to explore in, and produce from, those properties in respect of which it has obtained exploration and production rights to date.

The political climate in Idaho is currently stable and generally held to offer a favourable outlook for foreign investments. However, there is no guarantee that it will remain so in the future and changes in the government, regulatory and legislative regimes cannot be ruled out.

Mineral rights and licences in Idaho

The Group is subject to both state and federal law. The Group has secured licences which are required for its current project, the Empire Mine. Government concessions, approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. These rights, concessions and any others acquired in the future, are subject to requirements, including certain financial commitments which, if not fulfilled, could result in the suspension or ultimate forfeiture of the relevant rights, concessions or licences. The Group must also comply with existing standards, laws and regulations that may result in the Group incurring greater costs and/or suffering delays, depending on the nature of the activity to be permitted and the permitting authority.

Failure by the Group to acquire and retain the necessary mining and environmental concessions, licences and permits or government consent, revocation of an existing concession or permit, failure to renew a concession, licence or permit or failure to obtain a concession, licence or permit that is required to move from one stage of the industry cycle to another could have a material adverse effect on the Group's financial performance and may lead to a reduction in the carrying value of assets and may jeopardise the viability of the projects. Where the Group fails to comply with its work programme, expenditure commitments including the minimum expenditure requirements outlined in the relevant legislation or other

obligations in respect of any such concessions, licences or permits, then the said concession, licence or permit may be lost, forfeited or not renewed by the grantor, or the relevant surface area may be reduced.

Changes in Idaho mining law

Idaho's State Legislature meets annually between January and March. There are no pending proposals to substantively change Idaho mining laws and, so far as the Directors are aware, no changes are expected in the near future. Idaho's State Legislature has a Natural Resources Interim Committee that studies mineral laws in between legislative sessions and, so far as the Directors are aware, it has no current plans or proposals to study substantive changes in Idaho's mining laws. However, there is no guarantee that these conditions will remain so in the future and changes in the government, regulatory and legislative regimes cannot be ruled out.

Future applications

Present exploration activity may be conducted under existing leasehold rights and pursuant to notices of intent filed with national regulatory authorities. Rights of entry to government owned land are subject to modest annual fees that are paid currently until 2018 and subject to renewal at that time. Nonpayment can result in forfeiture of the right of entry. Rights of entry on private land are secured by long-term leases under which rental payments are being made. Nonpayment of rent may result in loss of the right to enter and use the private land. Future mineral development and extraction will be subject to compliance with regulatory authorities controlling mining operations and environmental impacts, and permits will need to be secured and issued at that time. The duration of those permits will be determined at the time of future issuance.

3. LEGAL AND TAX RISKS

Litigation

Legal proceedings may arise from time to time in the course of the Group's business. While the Group currently has no outstanding litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation since there have been a number of cases where the rights and privileges of natural resource companies have been the subject of litigation and the mining industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. The Directors cannot guarantee that litigation may not be brought against the Group in the future from time to time or that it may not be subject to any other form of litigation. Any defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Group's financial position, results of operations or prospects.

Taxation risks

This Company is subject to BVI tax legislation, practice and concession and interpretation thereof, and any change in the Group's tax status or the tax applicable to a holding of Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. It should be noted that the information contained in Part VII of this Document relating to the taxation of the Group and its investors is based upon current tax law and practice which is subject to legislative change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Changes in the tax laws of countries that are applicable to the Group, in particular the BVI, Canada, the US and the UK, or any other subordinate legislation or the practice of any relevant taxation authority could have a material adverse effect on the Group. An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult their own tax advisers.

The Company is resident outside the UK for tax purposes. Tax residency is a matter of fact and whilst the Company intends to take legitimate practical steps to ensure that the Company will continue to be managed and controlled from outside the UK, it is nevertheless possible for HM Revenue & Customs in the UK to determine that they regard the Company as resident in the UK for tax purposes. If HM Revenue & Customs were to succeed in arguing that the Company was resident in the UK for tax purposes, it would be taxed accordingly.

Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

Bribery

The Group has adopted a formal Anti-Corruption and Bribery Policy which complies with the UK Bribery Act 2010 and which applies to all staff, consultants and contractors that work with the Group across its operations. The policy seeks to ensure that the Group operates in an ethical and transparent manner in all business dealings and that the Company has a mechanism for staff to alert management should any issues or incidents occur. The Group will continue to review its anti-corruption procedures to ensure that they are sufficiently robust to prevent corruption and to mitigate the risk of any member of the Group committing an offence under applicable bribery legislation. There can be no guarantee that the employees of the Group or its other associates will abide by these procedures and as such the Group, its Directors and employees of the Group could be exposed to criticism or prosecution under the UK's Bribery Act 2010 or similar legislation in other jurisdictions.

BVI company law risks

The Company is incorporated under the Act. The rights of Shareholders are governed by BVI law and the Company's Articles. The rights of shareholders under BVI law differ in certain respects from the rights of shareholders of companies incorporated in the UK. The differences between BVI company law and UK company law include (but are not limited to):

- The Company may give financial assistance to any person in connection with the acquisition of its own shares pursuant to the Act;
- There are statutory pre-emption rights under section 46 of the BVI Companies Act which only apply if a company incorporates expressly such provisions into its memorandum and articles of association. The Company has elected to include provisions on pre-emption rights similar to those obtained in section 46 of the Act into its Articles.;
- Under the Act, shareholders are not obliged to disclose their interests in a company in the same way as shareholders of public companies incorporated in the United Kingdom are required to do. In particular, the Transparency Obligations Directive (Disclosure and Transparency Rules) Instrument 2006 introduced by the FCA does not apply.

The Company's Articles incorporate certain provisions which require shareholders to disclose their interests in terms similar to the DTRs to ensure compliance with AIM Rule 17.

Enforcement of foreign judgements

Uncertainty exists as to whether courts in the BVI will enforce judgements obtained in other jurisdictions against the Company and/or the Directors or Officers under the securities laws of those jurisdictions or entertain actions in BVI against the Company or the Directors or Officers under the securities laws of other jurisdictions.

4. RISKS RELATED TO SHARES

General risks of investing in shares traded on AIM

Shares traded on AIM are perceived to involve a higher degree of risk and be less liquid than shares in companies whose shares are listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. It is possible that an active trading market may not develop and continue upon completion of the Placing and Subscription. Even if an active trading market develops, the market price for the Shares may fall below the Issue Price. As a result of fluctuations in the market price of the Shares, investors may not be able to sell their Shares at or above the Issue Price, or at all. Investors may therefore realise less than, or lose all of, their investment.

In addition, AIM is a less regulated market than the Official List. For example, there are fewer circumstances in which the Company would be required to seek Shareholder approval for transactions and the requirements for disclosure of the financial history of any asset holding companies that are acquired may be lower. Investors may suffer actual or perceived prejudice to the extent the Company takes advantage of the increased flexibility it is allowed through an AIM listing.

The Company is principally aiming to achieve capital growth and, therefore, Shares may not be suitable as a short-term investment. The share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Shares may be difficult to sell at a particular price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company. There can be no guarantee that the

value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

Share price volatility

The market price of the Shares may be subject to wide fluctuations in response to a range of events. Factors that may cause the market price of the Shares to vary include, but are not limited to:

- variations in operating results;
- macro-economic conditions;
- foreign currency exchange fluctuations relating to the denominations in which the Company conducts business and holds cash reserves;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Shares;
- sales of the Shares by the Directors or Shareholders; and
- adoption or modification of regulations, policies, procedures or programmes applicable to the Group's business.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Shares might also decline in reaction to events that affect other companies in the industry, even if these events do not directly affect the Group. Each of these factors, among others, could harm the value of an investment in the Shares. In the past, following periods of volatility in the market, securities litigation has often been instituted against companies. Such litigation, if instituted against the Group, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect the business, operating results and financial condition of the Group.

Exposure to economic cycle

Market conditions may affect the value of the Group's share price regardless of operating performance. The Group could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation, terrorist attacks or current exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Group could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate.

Market perception

Market perception of smaller mining and exploration companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by issue of further Shares.

Future issues or sales of the Shares could cause the share price to decline

If the Company issues equity securities in the future or if Shareholders sell a substantial number of the Shares in the public market after Admission, or if there is a perception that these sales or issuances might occur, the market price of the Shares could decline.

The Company may issue Shares, or other securities, from time to time. In the event any such acquisition or investment is significant, the number of Shares, or the number or aggregate principal amount, as the case may be, of other securities that the Company may issue may in turn be significant, causing further downward pressure on the Company's share price.

The Board will have broad discretion over the use and investment of the net proceeds from the Placing and Subscription, and Shareholders will be relying on the judgment of the Board regarding the application of these net proceeds.

Dilution of shareholders' interests as a result of additional equity fundraising

The Group is likely to need to raise additional funds in the future to finance, amongst other things, development of the Empire Mine, additional drilling, working capital and expansion of the business. If

additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pre-emptive basis to existing shareholders, the percentage ownership of the existing shareholders may be reduced. Furthermore, the issue of additional Shares may be on more favourable terms than the New Shares.

No takeover protection under the City Code

The Company is not subject to the provisions of the City Code and although the Shares will be admitted to trading on AIM, the Company will not be subject to takeover regulation in the UK. The Company's Articles incorporate certain provisions which require shareholders to disclose their interests in terms similar to the DTRs to ensure compliance with AIM rule 17. These provisions are enforceable by the Company (acting through the Directors) against Shareholders. However, the Company would need to take any action to enforce such provisions in the courts of the BVI and there is no guarantee that such action would be successful. In addition, any such actions may be both costly and time consuming.

PART IV

COMPETENT PERSON'S REPORT

AN INDEPENDENT COMPETENT PERSON'S REPORT ON THE EMPIRE MINE, IDAHO, USA

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Client Feedback

We merit all comments received from our clients, take pride in providing an excellent service and place value on our ability to correct error. Should you wish to comment on any aspect of the service that an individual staff member has provided, or else the company as a whole, please feedback a reply to the email address clientfeedback@srkexploration.com, or if appropriate write in confidence to our Managing Director at the address above.

AN INDEPENDENT COMPETENT PERSON'S REPORT ON THE EMPIRE MINE, IDAHO, USA – EXECUTIVE SUMMARY

1 EXECUTIVE SUMMARY

Phoenix Global Mining Limited ("PGM") is a private resource company incorporated in the British Virgin Islands. PGM hold 80% of the Empire Mine Project through a series of agreements with ExGen Resources Inc.

The Empire Mine is located in the Alder Creek Mining District in Custer County, central Idaho, approximately 5.5 km southwest of the town of Mackay and consists of 55 contiguous mining claims that are divided in to the Honolulu Copper group and the Mackay group. The project is accessible from Mackay, via a well-maintained, 5.5 km long (3.3 miles), all-weather gravel road.

SRK Exploration Services (SRK ES) conducted a five-day site visit to the Empire Mine in March 2017. During this time SRK ES reviewed the local geology, historical working and the historical core stored in Mackay. SRK ES did not conduct any verification sampling.

The Alder Creek Mining District lies to the east of the Idaho Batholith and north of the Snake River Basalt Plain, within the Cordilleran thrust belt at the northern edge of the Basin and Range structural province.

On a local scale the Alder Creek Mining District is underlain by sedimentary rocks which have been intruded by granites of Eocene age and overlain by Eocene volcanics and volcaniclastics. The contact between the carbonate rocks and the granitic intrusives has locally been metasomatised to garnet-diopside skarn.

The Empire Mine Project encloses a north-trending contact zone between a number of these Eocene granitic complexes and the White Knob Limestone. This contact zone includes a garnet-pyroxene-magnetite skarn developed in both carbonate and intrusive rocks. This skarn has been affected by an important later epithermal event along pre-existing structures which has led to a copper upgrading and the input of gold and silver mineralisation along distinct cross cutting gossanous, clay-altered, iron oxide breccia zones.

The deposit hosts the polymetallic mineralisation along a 150 m wide sinuous belt extending for more than 2500 m along the limestone - porphyry contact and has sharp contacts that dip steeply eastward.

Historical results and mining records suggest that mineralisation at Empire may exhibit depth zonation with copper giving way to zinc and finally tungsten mineralisation. All of the mineralised intercepts are in endoskarn, exoskarn and skarn-hosted breccias. The mineralisation intersected is oxidised from surface to a vertical depth of approximately 120 m, with sulphide mineralisation dominating below that depth. The transition zone between oxide and sulphide extends over several dozens of metres. The near-surface oxide mineralisation is interpreted to remain open along strike. The higher grade sulphide zone which underlies the oxide zone is open in all directions, and remains virtually unexplored.

The deepest oxide mineralised intersect grades 1.38% Cu, 6.52 g/t Au and 36.3 g/t Ag, over 3 m in oxidised skarn and gossanous veining at a depth of 126 m from surface, but 360 m from the uppermost reaches of mineralisation.

The highest grade mineralisation occurs as a poorly defined, steeply dipping, 5 m to 15 m

thick, copper-gold-silver-zinc zone located within and below the large body of skarn-hosted disseminated copper mineralisation.

The scale of the processes of skarn development, and associated hydrothermal deposits, is characteristic of a large 3.5 km long by 40 – 150 m wide skarn system flanking a poorly understood parent intrusive body measuring 3,500 m in N – S extent and some 250 – 500 m in width (Maund, 2016). The Empire Mine remains largely unexplored as a result of exploration being largely focused on a shallow copper oxide resource.

The project has a protracted mining and exploration history. First discovered in 1884, small scale mining quickly commenced and continued in some form through to the 1970s. The Empire Mine produced a total of 809,500 tonnes with a recovery of 3.44% Cu, 1.56 g/t Au and 49.5g/t Ag from underground workings during the period 1901 to 1971 (Farwell & Full, 1942 and USGS Bull 2064-I 1995). Ore derived from level 1000 also provided some significant tungsten grades highlighting the potential that Empire could access tungsten ore at depth. Grab samples taken by the USBM have been as high as 4.3% WO3, (Farwell & Full, 1942 and Maund, 2015).

By the end of underground operations, the mineralisation was accessible on at least six of the main nine production levels and was reported by the US Bureau of Mines to be in overall good ground (geotechnical) condition.

Surface mining activities, based on 1972 drilling results, lead to the operation of the Atlantic-Pacific (AP) Pit between 1974 and 1977.

Since the closure of the underground mines, exploration has focused on the shallow oxide mineralisation, mostly within the AP Pit area, that could be exploited by further surface open pit mining methods.

Exploration between 1962 and 1975 was conducted by several companies in the AP Pit area resulting in 143 drillholes, although only 9 were assayed for gold. In 1975 a further 10 holes were completed by Exxon.

In 1995 to 1997 Cambior Exploration USA Inc drilled 47 drillholes for 7350m and conducted some preliminary metallurgical text work. The Cambior work resulted in a resource being defined using a 0.15% Cu cut-off, (CoG), of 18 Mt (short tons) at 0.49% Cu, 0.19% Zn, 13.5 g/t Ag and 0.48 g/t Au, with an additional 9 Mt of material grading 0.29% Cu and 0.31% Zn with no precious metal values. Cambior also conducted a reserve estimate from these numbers that defined 15.5Mt (14Mt metric) at 0.64% Cu, 0.25% Zn, 0.41 g/t Au and 13.2 g/t Ag.

In 2001-2004 Sierra Mining and Engineering LLC conducted a preliminary mine engineering study.

In 2004 to 2006 Trio Gold Corporation completed a 10-hole, 700 m, reverse-circulation (“RC”) and PQ-core drill programme in the AP Pit area. The drill programme was successful in improving the thickness of mineralisation to at least 67 m, and in confirming the grades of copper, gold and silver in the AP Pit area. This core and other bulk sample material were sent for testing at Kappes, Cassiday & Associates Inc. (“KCA”) in Reno, Nevada.

In 2006 Journey Resources Corporation drilled 33 drillholes. This programme was successful in confirming the grades and widespread distribution of copper, gold and silver in the AP Pit area. The programme also confirmed Trio’s 2004 findings.

Highlights from this 2006 drilling programme include; 77 m at 0.65% Cu and 25 g/t Ag; 53 m

at 1.37% Cu and 30 g/t Ag, (including 9 m of 4.64% Cu and 127 g/t Ag); 98 m at 0.49% Cu; and 9 m grading 5.72 g/t Au (including 1.5 m at 26.4 g/t Au) (van Angeren, 2007).

Journey developed a new resource in 2007 at a 0.15% Cu CoG of 12Mt at 0.38% acid soluble Cu for 99.8Mlbs contained Cu.

In 2011 Musgrove Mineral Corporation completed 4348 m of RC drilling from 24 drillholes.

Finally, in 2013, Boxxer Gold Corporation initiated follow-up work on Trio's 2005 metallurgical testing by extracting four bulk samples from four test pits representing the four different mineralised rock types encountered in the AP Pit area.

In total, 24,663m have been drilled on site to date from 287 drillholes at an estimated cost in excess of US$7M in today's terms.

While all this exploration was primarily focused on the surface copper oxide mineralisation amenable to SX-EW cathode copper recovery, much of the data also provided insight into the enriched secondary sulphide copper zone (supergene zone) and the primary copper sulphide zone. Of the holes drilled to date, several have intersected this sulphide material. These intersection range from 1.2% Cu to 11.4% Cu and range from surface or near surface intersections to deeper +100m depth intersections. The exact location of the oxide/sulphide boundary across the Empire Mine Project is currently unknown and will require further investigation in future exploration.

A series of sample Quality Assurance and Quality Control programmes have been used during this exploration to help validate these results. This has included the insertion of blanks duplicates and Certified Reference Materials (CRMs or standards) as well as re-assaying with different assay techniques and check assaying at umpire laboratories.

While SRK ES consider that these programmes have been less detailed and stringent than is normally accepted for a modern resource development project, the results have, by in large, illustrated adequate levels of precision and accuracy from the sampling and assaying.

SRK ES has reviewed the associated metallurgical testwork from Empire. The testwork programmes show good potential for the recovery by acid leaching of those copper mineral amenable to such extraction, i.e. copper oxides and carbonates, and secondary copper minerals. Primary copper minerals such as chalcopyrite and bornite would not be recovered under these conditions.

The testwork results were conducted at varying crush and grind sizes, and the results indicate that copper recoveries would be maximised by leaching pulverised material. The testwork indicates that the higher recover achievable from ground material would probably compensate for the additional process cost to grind the material.

Gold and silver recovery has been investigated only on pulverised material. Recoveries have been variable, although in most cases the head grades have been low. SRK ES believe that recovering gold and silver from pulverised ore through a copper tank leach circuit would be a more viable option than attempting to recover gold and silver from a spent copper heap leach.

Zinc and tungsten recoveries have not been specifically investigated.

No testwork has yet been conducted to assess the extraction of copper in sulphide form.

PGM recognise the preliminary nature of these metallurgical testworks and have scheduled additional studies ahead of a PFS on the AP Pit copper oxide material.

In April 2017 SRK ES and SRK Consulting North America (SRK) produced a new Mineral Resource estimate for the Empire Mine Project following careful collation, validation and verification of all historical data conducted by PGM and overseen by SRK ES.

This estimate used a total of 255 drillholes for 24,470m of drilling across 9 lithologies. Mineralisation was constrained within a 0.1% Cu grade shell and a four pass Ordinary Kriging estimate was conducted using variogram parameters defined for the three main areas (South, Central and North) with results hosted within a 6x6x6 metre block model.

Tonnages were estimate with the use of 99 density measurements collated from historical data and from a new data collected by PGM under SRK's guidance.

The final estimate was constrained within an optimised open pit resulting in a JORC 2012 compliant Mineral Resource estimate, reported to a CoG of 0.17% Total Cu, as detailed in Table 1-1.

Table 1-1 SRK 2017 Mineral Resource Statement

In-Pit Mineral Resource Statement, Empire Oxide Copper Deposit, Custer County, Idaho, U.S.A. (0.17 % Total Copper Cutoff), SRK Consulting (U.S.) Inc., April 8th, 2017

Material	Mass	Total Copper Grade	Total Copper Contained Metal	
	(kt)	(%)	(kt)	(lbs 000's)
Measured	2,121	0.59	12.6	27,737
Indicated	5,142	0.53	27.2	59,917
Measured & Indicated	**7,263**	**0.55**	**39.8**	**87,654**
Inferred	5,546	0.51	28.5	62,767

Source: SRK 2017

• Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into a Mineral Reserves estimate;

Resources stated as contained within a potentially economically minable open pit. Pit optimization was based on an assumed copper price of US$3.25/lb, oxide material recovery of 61% for Cu, a mining cost of US$1.80t, an ore processing and G&A cost of US$7.00/t, a 2.5% royalty, and a pit slope of 45 degrees;

Resources are reported in thousands of metric tonnes (kt):

Resources are reported using a 0.17 % Cutoff Grade on estimated total copper; and,

Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.

SRK have also defined a significant amount for further mineralisation that does not fall into the current optimised open pit and currently exists as an Exploration Target. This material is current constrained outside of the optimised pit due to the 61% recovery based on limited metallurgical test work, or insufficient data to provide continuity of grade.

Comparisons to historical estimates have to be considered with care as they are not direct comparisons due to the varying approaches and proposed mineral processing routes and therefore their corresponding costs and recoveries, employed over the life of the project.

However, the 2017 estimate correlates well with the 2007 Journey estimate but has involved a higher degree of validation and verification of the input data. Further, the modelled extent and grade of mineralisation remains very similar to those in the 1997 estimate, the differences are simply in the way this mineralisation has been reported.

PGM wish to continue reviewing the near surface copper oxide potential across Empire as well as understanding and developing a resource across the supergene enriched and sulphide copper potential.

To realise this potential, PGM, have developed a 10 month programme with two months contingency that begins with a programme of verification and infill drilling of the AP Pit near surface oxide mineralisation. This will culminate in a Pre-feasibility Study (PFS) on the AP Pit oxide resource. In tandem with this work, underground exploration will begin to evaluate the potential for a possible sulphide mineral resource.

The AP Pit and underground exploration programmes have US$240k and US$520k respectively scheduled for additional drilling to verify historic drilling data and provide additional assay results.

PGM have budgeted US$ 1,425,000 for the AP Pit oxide exploration and PFS programme and US$ 806,000 for evaluation of the deeper sulphide mineralisation potential below the AP oxide resource. The budget for the total work programme, including all equipment and administrative costs, comes in at US$ 3,567,500.

SRK ES has reviewed and discussed this programme with PGM and are satisfied that sufficient detail has been used in its design. The budgets are realistic and based on viable quotes and defendable assumptions. Further, SRK ES is of the opinion that this programme is merited, well scheduled and capable of reaching its aims of increasing the confidence in the AP Pit Mineral Resource and outlining the ongoing development requirements of the Empire Mine Project.

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AN INDEPENDENT COMPETENT PERSON'S REPORT ON THE EMPIRE MINE, IDAHO, USA

FILE REF: Empire_Mine_CPR_V11.doc

1 INTRODUCTION

1.1 Background

SRK Exploration Services Limited ("SRK ES") is an associate company of the international group holding company, SRK Consulting (Global) Limited (the "SRK Group"). SRK ES has been requested by Phoenix Global Mining Limited ("PGM", hereinafter also referred to as the "Company" or the "Client") to produce a Competent Person's Report ("CPR") on the Empire Mine Project in the State of Idaho, United States of America ("USA").

This CPR is to be included in the "Admission Document" in the support of a listing application on to the Alternative Investment Market ("AIM") section of the London Stock Exchange ("LSE").

1.2 Requirement, Structure and Compliance

This CPR has been prepared in accordance with the AIM Rules for Companies and specifically the ''Note for Mining and Oil & Gas Companies June 2009". SRK ES accepts responsibility for the CPR and confirms that, to the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in the CPR is in accordance with the facts and contains no omission likely to affect its import for the purpose of paragraphs 1.1 and 1.2 of Annex I and paragraph 1.1 and 1.2 of Annex III of the AIM Rules for Companies.

SRK ES has elected to report all exploration results discussed here in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition).

This CPR has accordingly been structured on a discipline basis with key technical sections covering: the exploration/mining assets, geology, mineralisation, exploration history and results, exploration targets and the exploration plan and development strategy to be employed by the Company. All entries, including text, tables and other data, are quoted assuming 100% ownership by the Company.

This CPR has been prepared under the direction of the Competent Persons (the "CPs", see Section 1.6) as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code), who assume overall professional responsibility for the geological statements as presented herein. The Consent Form for each CP is presented at the end of this report. The CPR however is published by SRK ES, the commissioned entity, and accordingly SRK ES assumes responsibility for the CPR.

1.3 Effective Date and Base Technical Information Data

The effective date (the "Effective Date") of this CPR is deemed to be 15 June 2016, and is co-incident with future cash-flow projections as they relate to the Development Strategy and Exploration Programme incorporated herein. To the knowledge of SRK ES, and as informed by the Company, there has been no material change in respect of the Exploration Licences since the Base Information Date ("BID"). The Development Strategy and Exploration Programme are dependent upon the following:

- technical information as generated by the Company in accordance with its annual planning process defined as the Base Information Date ("BID"), which is 23 March 2017; and
- appropriate adjustments made by SRK ES to technical information provided by the Company.

1.4 Verification, Validation and Reliance

This CPR is dependent upon technical, financial and legal input. In respect of the technical information as provided by the Company and taken in good faith by SRK ES, and other than where expressly stated, any figures provided have not been independently verified by means of re-calculation. SRK ES has however, conducted a review and assessment of all material technical issues likely to influence the Exploration Assets, which included the following:

- an inspection visit to the Assets of the Company on 13 March to 17 March 2017;
- a public domain data review;
- discussion and questioning following access to key project and head office personnel;
- interviews with the Directors and representatives of the Company in relation to the Company and the Exploration Assets; and
- an examination of historical information and results made available by the Company in respect of the Exploration Assets.

Where fundamental base data have been provided (geological information, assay information, exploration programmes) for the purposes of review, SRK ES has performed all necessary validation and verification procedures deemed appropriate in order to place an appropriate level of reliance on such information.

To the knowledge of SRK ES, as informed by the Company, there has been no material change in respect of the Exploration Assets since 23 March 2017.

1.4.1 Technical Reliance

SRK ES places reliance on the Company and its technical representatives that all technical information provided to SRK ES, as at the BID 23 March 2017, is accurate.

1.4.2 Financial Reliance

In consideration of all financial aspects relating to the Exploration Assets, SRK ES has placed reliance on the Company that the following information for the exploration licences are appropriate as of 23 March 2017:

- operating expenditures as included in the Company's Development Strategy and Exploration Programme;
- capital expenditures as included in the Company's Development Strategy and Exploration Programme; and
- all statutory and regulatory payments as may be necessary to execute the Development Strategy and Exploration Programme.

The financial information referred to above has been prepared under the direction of Richard Wilkins (the Chief Financial Officer of the Company) on behalf of the Board of Directors of the Company.

1.4.3 Legal Reliance

In consideration of all legal aspects relating to the Licences, SRK ES has placed reliance on the representations by the Company that the following are correct as of 23 March 2017 and remain correct until the date of the Admission Document:

- that, save as disclosed in the Admission Document, the Directors of the Company are not aware of any legal proceedings that may have any influence on the rights to explore for minerals;
- that the legal owners of all mineral and surface rights have been verified; and
- that, save as expressly mentioned in the Risk Factors of the main body of the Admission Document, no significant legal issue exists which would affect the likely viability of the exploration and production licences as reported herein.

The legal representatives of the Company are Tupper, Jonsson & Yeadon in Vancouver, Canada.

1.4.4 Reliance on Information

SRK ES' opinions must be considered as a whole; selecting portions of the analysis or factors associated with it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in the CPR. The preparation of a CPR is a complex process and does not lend itself to partial analysis or summary.

SRK ES' opinion in respect of the Exploration Programme is effective of 15 June 2017 and is based on information provided by the Company throughout the course of SRK ES' investigations, which in turn reflect various technical-economic conditions prevailing at the date of this report. Further, SRK ES has no obligation or undertaking to advise any person of any change in circumstances which comes to its attention after the date of this CPR or to review, revise or update the CPR or opinion.

1.5 Declaration and Consent

1.5.1 Declaration

SRK ES will receive a fee for the preparation of this report in accordance with normal professional consulting practice. This fee is not contingent on the outcome of the Admission and SRK ES will receive no other benefit for the preparation of this report.

Neither SRK ES, the Competent Persons, nor any directors of SRK ES have, at the date of this report, nor have had within the previous two years, any shareholding in the Company, the Exploration Assets or advisors of the Company. Consequently, SRK ES, the Competent Persons and the directors of SRK ES consider themselves to be independent of the Company.

In this CPR, SRK ES provides assurances to the Board of Directors of the Company that the Mineral Resources potential and Exploration Programme for the Exploration Assets as provided to SRK ES by the Company, and reviewed and, where appropriate, modified by SRK ES, are reasonable, given the information currently available.

This CPR includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK ES does not consider them to be material.

1.5.2 Consent

SRK ES has given and has not withdrawn its written consent to the inclusion of the CPR set out in "Part III: Competent Persons' Report" of the Admission Document and references to its report and its name in the form and context in which they are respectively included in the Admission Document. SRK ES has authorised the contents of its report and context in which they are respectively included and has authorised the contents of its report for the purposes of paragraph 23.1 of Annex I to the AIM Rules.

Subject to the foregoing, neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of SRK ES as to the form and context in which it appears.

The Consent Forms for each individual CP author of this report are presented at the end of this report.

1.6 Qualification of Consultants

The SRK Group, of which SRK ES is a subsidiary, comprises more than 1400 staff, offering expertise in a wide range of geological disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgment issues. The SRK Group has a demonstrated track record in undertaking independent assessments of Exploration assets, resources and reserves, project evaluations and audits, CPR's, Mineral Experts Reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs. SRK ES also has specific experience in commissions of this nature.

This CPR has been prepared based on a technical review by a team of seven consultants sourced from SRK ES, (Table 1-1), and led by the Project Manager, James Gilbertson, a Principal Geologist and Managing Director of SRK ES, Fellow of the Geological Society of London and a Chartered Geologist.

James Gilbertson is the Managing Director and Principal Geologist of SRK ES. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Mr Gilbertson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Gilbertson is independent of the Company, has not received, nor expects to receive, any interest, directly or indirectly, in the Project being reported on or securities of PGM.

Table 1-1 SRK ES Project Team

Name	Position	Responsibility
James Gilbertson	Managing Director and Principal Consultant (Geology)	Site Visit, CP
Jay Pennington	Principal Consultant (Geology)	Mineral Resource Estimate
John Willis	Principal Consultant (Metallurgy)	Metallurgy Review
Justin Smith	Senior Consultant (Mining Engineer)	Mineral Resource Estimate
Harri Rees	Consultant (Geology)	Data Review, Reporting
Daniel Marsh	Consultant (Geology)	Data Review, Reporting
Gareth O'Donovan	Corporate Consultant (Geology)	Senior Review

2 PHOENIX GLOBAL MINING LIMITED

This section provides a summary description of the Company and its Directors and Officers.

2.1 Company Description

Phoenix Global Mining Limited ("PGM") is a private resource company incorporated in the British Virgin Islands on 19 September 2013 under company number 1791533. Its registered office is at Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

PGM is focused on the evaluation and development of mineral properties on an international scale, and the search for world-class deposits having significant market value upside.

To that effect, PGM has an agreement to acquire 80% of a past-producing high-grade copper, gold, silver and tungsten property in Idaho, USA, the 'Empire Mine Project'. PGM's experienced and knowledgeable core of mining engineers, geologists, and entrepreneurs form a team of highly qualified individuals. Over the years, company management has acquired valuable expertise in developing gold, silver, copper, lead and zinc deposits around the world. With this experience in hand PGM has set its corporate mission as follows:

- Complete a Pre-Feasibility Study on an open pit from the near surface oxide resources;
- Carry out an aggressive exploration programme at the Empire Mine to determine the total property potential;
- Evaluate the potential of by-products such as tungsten, cobalt and molybdenum at the Empire Mine Project; and
- Continue to search for properties that will provide near-term cash flow.

2.2 Directors and Officers of the Company

Marcus Edwards-Jones MA. | Chairman | Marcus is Managing Director (and co-founder) of Lloyd Edwards-Jones S.A.S, a Paris and Dubai-based finance boutique specialising in selling equities to institutional clients and advising and introducing resources companies to an extensive client base in the UK, Europe, Asia and the Middle East. Prior to founding Lloyd Edwards-Jones S.A.S, Marcus held senior positions with Julius Baer, and was head of UK/Continental European equity sales at Credit Lyonnais Securities in London. Marcus has significant experience in worldwide institutional capital raisings for UK, Australian and Canadian listed and unlisted companies predominately in the mining and resources sectors. Until recently he was a nonexecutive director of AIM listed Noricum Gold Ltd. Marcus graduated from Oxford University with an MA in Ancient and Modern History.

Dennis Thomas ACSM. FIMMM. FGS EurIng C.Eng. | CEO | Dennis is a graduate of Camborne School of Mines. After working in mine production in Europe, Africa and Asia, he established a mining recruitment consultancy based in the UK. Since the mid-1980s, he has specialised in identifying new mining business opportunities around the world worthy of potential investment by carrying out assessments and feasibility studies, negotiating lease agreements, contractual arrangements, establishing new companies, and directing the start-up and development of new projects. He has served as CEO and Executive and Non-Executive Director for several UK, North American, Australian and Far East mining companies

and is a Non-Executive Director of ExGen Resources Inc.

Richard Wilkins MA. FCA. | CFO | Richard is a graduate of Pembroke College, Oxford University and a Fellow of the Institute of Chartered Accountants in England and Wales. After qualifying as a chartered accountant with Coopers & Lybrand he worked in their London and Cairo offices until moving into private business. He has considerable experience in emerging markets and the natural resources sector having been a founding director of the Zeravshan Gold Co. (Nelson Gold Group - TSX) in Tajikistan in 1994 and a founding shareholder and director of the Oxus Gold Group, which operated in Central Asia from 1996 to 2015 and was listed on the AIM market. Richard sits on the Advisory Board of Imeon Logistics Group.

Roger Turner ACSM. MSc. MIMMM. C.Eng. | Director and CTO | Roger is a graduate mining engineer from Camborne School of Mines with a Masters Degree in economic geology from Leicester University. He has over 45 years' experience in mining operations around the world. After graduating he worked in engineering and mine management in Canada following which he joined RTZ Technical Services in London. He then ran his own mining consulting practice during which time he was on the Governing Council of the Institution of Mining and Metallurgy. He was the Chief Executive Officer ("CEO") of Nelson Gold Group and was responsible for its TSX listing, financing, construction and commissioning of the Jilau gold mine in Tajikistan. He was one of the two founders of Oxus Gold Plc and was the CEO. Roger was responsible for listing Oxus on AIM in 2002. He was the Chairman of Minco Plc and CEO of Ovoca Gold Plc between 2003 and 2010, both of which are listed on AIM and, until recently, was a Director of Angelsey Mining Plc listed on the main London Stock Exchange.

Andre Cohen, B.Ec. MA, M.Phil. | Director | Andre is CEO (and founder) of Coherent Financial Solutions, a UK based advisory company providing strategic and financing advice to transportation and infrastructure clients. Prior to this, he held senior positions with West LB, where he was Head of Transportation Finance, TNT Ltd, where he was Finance Director, Europe, and Citicorp in London and Australia in investment banking. He has advised on significant debt fund raisings and investment in infrastructure assets for a number of international companies as well as being a non-executive director for a number of companies, listed and private. Andre is a graduate of Sydney and Yale Universities in Economics.

Ryan McDermott, BSc. | Empire Project Manager | Konnex CEO | Ryan graduated from Idaho State University with a Bachelor of Science degree in Geology and has over 30 years' experience in mining and mineral exploration for base and precious metals. During his career, he has held various senior positions in the industry including Director of Mining Operations in Idaho and Montana; General Manager; Senior Project Manager in Western USA and in Alaska. He has worked for SECOR International, Inc; Kinross Gold Corp; Plexus/Sovereign Expl; Kleinfelder West, Inc. Recently he was responsible for permitting a new mine into production in Idaho for GHRMC. He joined Konnex in March 2017.

3 MINING ASSETS

3.1 Ownership

The Empire Mine Project is covered by 55-leased mining claims. 53 of these claims are held 100% by Konnex Resources Inc, ("Konnex"), while two patented mining claims in the Honolulu Copper Group (Blue Jay No. 1 and Blue Jay No. 2) are held 50%; the remaining 50% rests with the original claimant. The ownership of the Empire Mine Project through these 55 leases within the Honolulu Copper Corp and Mackay LLC groups, is illustrated in Figure 3-1.

The ownership of Konnex and the Empire Project, is outlined in four agreements between ExGen Resources Inc ("ExGen") and PGM, the Konnex Option dated 15 July 2015, the Supplemental Option Agreement dated 9 November 2016, the Supplemental Option Agreement No.2 dated 21 April 2017andtheSupplementalOptionAgreementNo.3 dated13April2017.

These agreements outline that ExGen and its wholly-owned subsidiary Konnex, a special purpose company holding the Empire licences, have signed an option agreement which allows PGM to acquire 80% of Konnex, upon the following terms and conditions:

- US$150,000 paid to ExGen in cash (paid) plus 11.3 million Phoenix shares (issued);
- US$1,000,000 to be paid into the Konnex bank account by the earlier of IPO or 30 June 2017, to be spent on the Empire Mine Project;
- US$100,000 to be paid to ExGen annually and on each anniversary thereafter until completion of a bankable feasibility study on the Empire Mine Project;
- Phoenix to spend a minimum of US$500,000 annually on the Empire Mine Project;
- ExGen to retain a 20% carried interest until the production of a a bankable feasibility study - ExGen then participates or dilutes;
- 2.5% net smelter return royalty to ExGen from commercial production.

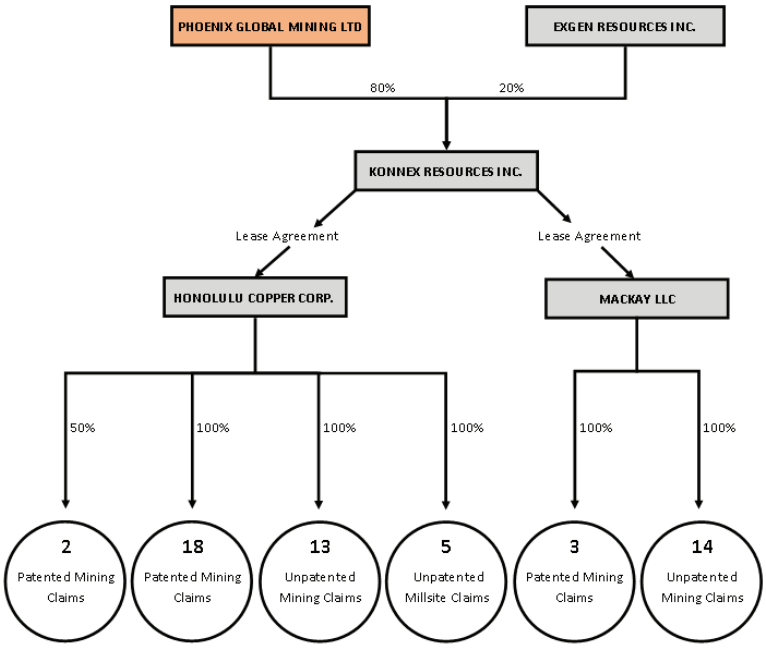


Figure 3-1 Schematic Diagram of PGM's Interest in the Empire Mine Project

3.2 Mining Title

The Empire Mine is located in the Alder Creek Mining District in Custer County, central Idaho, approximately 5.5 km southwest of the town of Mackay (Figure 3-3). Mackay is on Highway US-93 approximately 140 km west of Idaho Falls. The approximate centre of the property is at 43°53'N latitude and 113°40'W longitude.

The Empire Mine Project consists of 55 contiguous mining claims that are divided in to the Honolulu Copper group and the Mackay group. The Honolulu Copper Group comprise 13 unpatented mining claims (mineral only ownership), 18 patented mining claims (land and mineral ownership) and 5 unpatented mill site claims. The Mackay LLC Group comprise 14 unpatented mining claims and 3 patented mining claims (Figure 3-1). Together these claims cover an area of 3.315km^2 (331.5 hectares or 819.1 acres). The title to these claims remains with the original claimant, namely Honolulu Copper Company and Mackay LLC, though agreements are in place to lease mining rights from the claimants by Konnex, as detailed in Section 3.1.

The Empire Mine Project land package includes portions of the following geographical divisions defined by the BLM:

Sections 1, Township 6 North, Range 23 East;

Sections 2, Township 6 North, Range 23 East;

Sections 35, Township 7 North, Range 23 East;

Sections 36, Township 7 North, Range 23 East;

Sections 31, Township 7 North, Range 24 East;

Sections 33, Township 7 North, Range 24 East.

The patented mining claims in the project area will have been surveyed by a licensed mineral surveyor as part of the patenting process. It is not known if any of the unpatented claims have been surveyed, however it is believed that they were located according to accepted

industry standards at the time of their location.

SRK ES understands that all maintenance fees for all patented and unpatented mining claims are paid up and valid as of the BID of this report. SRK ES however has not conducted full legal due diligence on the claim maintenance payments.

Further details of the mineral tenure regulation may be found in Section 3.5.2.

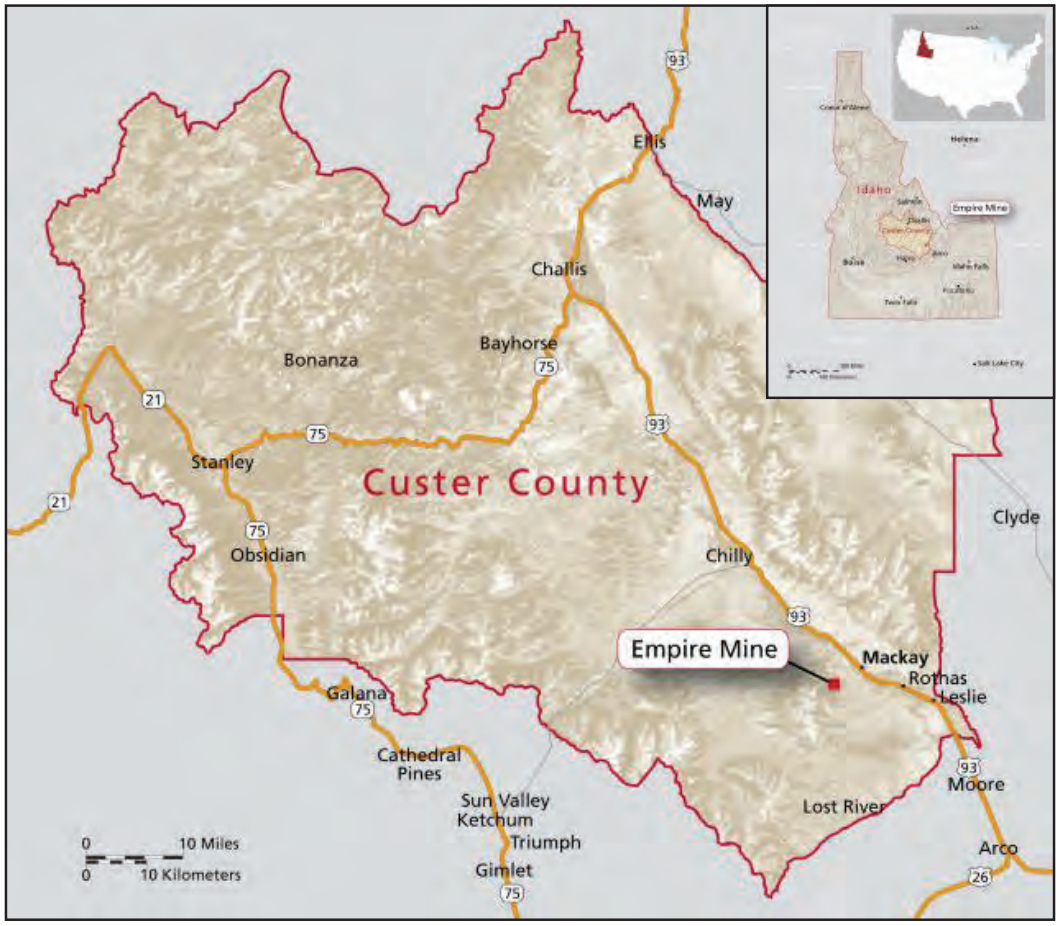


Figure 3-2 Location of the Empire Mine Project, Idaho, USA (PGM, 2017)

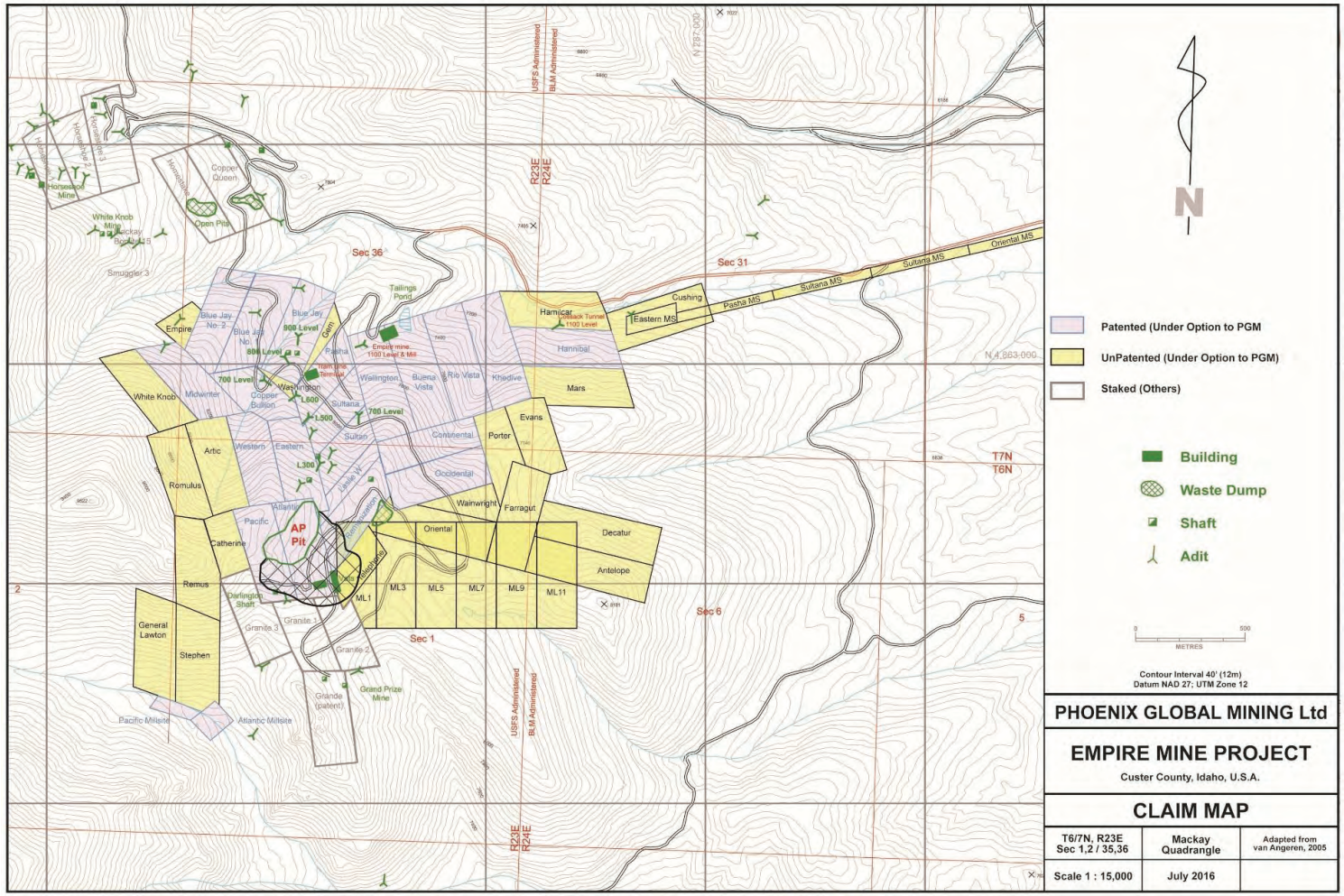


Figure 3-3 Map of the Patented and Unpatented Mining Claims Controlled by PGM (PGM, 2016)

Note: other staked claims (in white) are not included as part of the Empire Mine Project.

Table 3-1 PGM Unpatented Mining Claims

HONOLULU COPPER GROUP. - UNPATENTED MINING CLAIMS

Claim Name	BLM IMC Serial #	Claim Type	Date Filed With BLM (MM.DD.YYYY)
Antelope	IMC196738	Lode	09/02/2008
Cushing	IMC196739	Lode	09/02/2008
Decatur	IMC196748	Lode	09/02/2008
Empire	IMC196743	Lode	09/02/2008
Evans	IMC196742	Lode	09/02/2008
Farragut	IMC196741	Lode	09/02/2008
Gem	IMC196737	Lode	09/02/2008
General Lawton	IMC198237	Lode	12/09/2008
Hamilcar	IMC196740	Lode	09/02/2008
Mars	IMC196747	Lode	09/02/2008
Porter	IMC196746	Lode	09/02/2008
Wainwright	IMC196744	Lode	09/02/2008
Washington	IMC196745	Lode	09/02/2008

MACKAY LLC GROUP. - UNPATENTED MINING CLAIMS

Claim Name	BLM IMC Serial #	Claim Type	Date Filed With BLM (MM.DD.YYYY)
White Knob	174816	Lode	12/21/94
Telephone	174817	Lode	12/21/94
Oriental	174818	Lode	12/21/94
Catherine	174819	Lode	12/21/94
Remus	174820	Lode	12/21/94
Romulus	174821	Lode	12/21/94
Stephen	174822	Lode	12/21/94
Artic	174901	Lode	02/01/95
ML 1	200218	Lode	01/27/10
ML 3	200219	Lode	01/27/10
ML 5	200220	Lode	01/27/10
ML 7	200221	Lode	01/27/10
ML 9	200222	Lode	01/27/10
ML 11	200223	Lode	01/27/10

HONOLULU COPPER GROUP. - UNPATENTED MILLSITE CLAIMS

Claim Name	BLM IMC Serial #	Claim Type	Date Filed With BLM (MM.DD.YYYY)
Eastern M.S.	198241	Mill Site	10/13/2008
Pasha M.S.	198240	Mill Site	10/13/2008
Sultana M.S.	198239	Mill Site	10/13/2008
Sultan M.S.	198238	Mill Site	10/13/2008
Oriental M.S.	198242	Mill Site	10/13/2008

Table 3-2 PGM Patented Mining Claims

HONOLULU COPPER GROUP (HCC) - PATENTED MINING CLAIMS

Claim Name	Claim Type	U.S. Mineral Survey #	Patent #	Patent Date (MM.DD.YYYY)
Blue Jay	Lode	2855	729417	01/22/1920
Blue Jay No. 1 (50% interest)*	Lode	2842	809603	06/10/1921
Blue Jay No. 2 (50% interest)*	Lode	2842	809603	06/10/1921
Buena Vista	Lode	1887	443615	11/19/1914
Continental	Lode	1887	443615	11/19/1914
Copper Bullion	Lode	1272A	30112	11/16/1897
Eastern	Lode	1272A	30112	11/19/1914
Hannibal	Lode	1887	443615	11/19/1914
Khedive	Lode	1887	443615	11/19/1914
Leslie W.	Lode	1887	443615	11/19/1914
Midwinter	Lode	1272A	30112	11/16/1897
Occidental	Lode	1887	443615	11/19/1914
Pasha	Lode	1887	443615	11/19/1914
Remonitisation	Lode	1887	443615	11/19/1914
Rio Vista	Lode	1887	443615	11/19/1914
Sultan	Lode	1887	443615	11/19/1914
Sultana	Lode	1887	443615	11/19/1914
Wellington	Lode	1887	443615	11/19/1914
Atlantic Millsite**	Mill Site	1272B	30112	11/16/1897
Pacific Millsite**	Mill Site	1272B	30112	11/16/1897

MACKAY LLC GROUP (MLLC) - PATENTED MINING CLAIMS

Claim Name	Claim Type	U.S. Mineral Survey #	Patent #	Patent Date (MM.DD.YYYY)
Atlantic	Lode	1272A	30112	11/16/1897
Pacific	Lode	1272A	30112	11/16/1897
Western	Lode	1272A	30112	11/16/1897

*The remaining 50% interest in the Blue Jay No. 1 and Blue Jay No. 2 claims rests with the original claimant, Mr J. C. Patterson.

**Although named Atlantic Millsite and Pacific Millsite, these claims are mining claims, therefore conferring mineral rights, not mill site claims as described in Section 3.5.2.

3.3 Location, Access and Infrastructure

The Empire Mine Project is accessible from Mackay, Idaho, via a well-maintained, 5.5 km long (3.3 miles), all-weather gravel road (Figure 3-2). Access throughout the claims, including to old workings and drill pads, is by four-wheel-drive vehicle along further gravel roads and tracks.

Mackay is a small town with a population of approximately 550, and is located 7 km to the northeast of the project area. Custer County covers an area of 12,787km^2 and has a population of 4368 (2010 census) and was named for the General Custer Mine near Challis where gold was discovered in 1876. Mackay provides housing, services and basic amenities to support the employees of mines in the area. There are sufficient skilled and unskilled workers in and around the towns of Mackay and Challis (80km to the northwest) to supply the project.

Supplies may also be obtained from Idaho Falls (150km) which is serviced by a regional airport, rail and major highways.

3.4 Physiography, Climate and Environment

3.4.1 Physiography

The Empire Mine Project is located on the north-eastern edge of the White Knob Mountains which reach an elevation of 3437 m, although the project lies between 1900 m to 2770 m above mean sea level ("amsl"). The terrain across the project is relatively steep as it sits on the eastern flank of Mackay Peak, with numerous ridges and gulleys requiring many switchback bends in access tracks.

The area is covered by a mixture of sparse forests, particularly on northern aspects, and open grassland.

3.4.2 Climate

The region has a semi-arid climate with annual average maximum temperatures ranging from -1.8°C in January to 27.9°C in July; average minimum temperatures of -13.7°C in January to 9.1°C in July; and rainfall between 11 mm and 37 mm in February and June respectively (measured in Mackay, http://www.usclimatedata.com/). Total annual rainfall amounts to 247 mm and approximately 70 cm of snowfall over the winter months.

3.4.3 Environment

There are no known environmental liabilities on the property.

Permitting for patented claims is limited to sending a letter and map to the Idaho Department of Lands that indicates where drilling and road construction will be taking place.

The unpatented claims require reclamation bonds filed with the Federal Bureau of Land Management and/or US Forest Service.

SRK ES has been told, but not seen, that a permit is maintained for use of water from a creek in the project area for drilling purposes.

Permitting issues related to development and mining activities will be covered in future disclosures upon completion of the recommended exploration/pre-feasibility programme and when those advanced activities are being planned.

3.5 Mining Industry in Idaho

In 2013, the value of nonfuel mineral production in the State of Idaho increased to $997 million, 1.3% of the total U.S. nonfuel mineral production, ranking it 25th in the country. In 2013, on a per capita basis, nonfuel mineral production in Idaho had a value of $618 compared with the national average of $238.

In 2013, on the basis of production quantity, the State of Idaho was second in the production of industrial garnet, feldspar, and phosphate rock out of two, seven, and four producing States, respectively. It was third in the production of lead, molybdenum and silver, out of three, seven and 11, producing States, respectively. The State was fourth in the production of zinc out of four producing States.

The Coeur d'Alene District in northern Idaho, also known as the Silver Valley, is one of the world's largest silver producing districts, with a cumulative production of over 1.23 billion troy ounces (38.26 million kg) of silver and substantial associated lead, zinc, copper, and antimony since mining started in 1884. (2012, Gillerman and Bennett).

South-eastern Idaho hosts the Idaho Phosphate District, which makes Idaho one of the largest phosphate producers in the USA. Phosphate mining and processing into higher quality

products takes place across Caribou and Bear Lake Counties.

Figure 3-4 shows the distribution of active mining and exploration projects across the State of Idaho in 2012 as published by the Idaho Geological Survey (2012, Gillerman and Bennett).

3.5.1 Mining and Exploration Companies

Due to the small size of mining claims in the United States and the minimal cost and work requirements for annual maintenance of claims, there are a significant number of exploration and mining operations across the state of Idaho. Some of the larger companies operating these mines and advanced exploration projects are listed here, but this should not be taken as a comprehensive list or accurate description of the deposits or status of each company. A focus is placed on companies operating on metalliferous deposits of reasonable size, rather than all small-scale mining operations and deposits.

- The eCobalt Solutions Idaho Cobalt Project is located near the town of Salmon in Lehmi County, Idaho. This advanced project is in the mine construction phase and awaits the release of a Bankable Feasibility Study in early 2017 to produce cobalt products for the rechargeable battery sector. The sedimentary exhalative (SEDEX) type deposit contains a reported combined Measured and Indicated Mineral Resource of 3.48 Mt at 0.55% Co, 0.75% Cu and 0.48 g/t Au.
- Hecla Mining Company owns and operates the deep underground Lucky Friday Mine at Mullan, Shoshone County, in northern Idaho. The deposit is typical of the Coeur d'Alene Mining District, comprising stratabound and vein-type Ag-Cu, Ag-Zn-Pb-Cu(-Au) mineralisation. The mine produced 3 Moz of silver in 2015 and development of #4 shaft will allow exploitation of high grade material at greater depths beginning in 2018.
- Silver Predator are exploring for similar deposits across their Copper King (Sonora Silver) Project immediately adjacent to the Hecla Mining Company Lucky Friday Project.
- U.S. Silver & Gold Inc., operated the associated complex, which included the nearby Coeur Mine and Caladay Property. Numerous cost saving measures were implemented in 2012. The Hangar Flats, Yellow Pine and West End deposits were the site of past mining activity exploiting gold-silver-antimony mineralisation related to deep-seated intrusions and associated hydrothermal processes at variable depth/pressure. A Prefeasibility Study was published in 2014 and a new phase of drilling was scheduled for September 2016.
- The Thompson Creek Mine, owned by Thompson Creek Metals Company Inc., is a primary, surface molybdenum mine and mill located approximately 35 miles southwest of the town of Challis in Idaho's Custer County. The mine opened in 1983, though has been on care and maintenance since 2014. An agreement was reached in July 2016 for Centerra Gold Inc. to acquire Thompson Creek Metals Company Inc.
- Midas Gold Inc. is proceeding with the gold-antimony Stibnite Gold Project, 14km from Yellow Pine, Valley County, Idaho. Three separate mineralised bodies within the property combine to give a total Indicated Resource of 104.5 Mt at 1.6g/t Au, 2.65 g/t Ag and 0.07% Sb and total Inferred Resource of 25Mt at 1.32 g/t Au, 2.15 g/t Ag and 0.05% Sb.

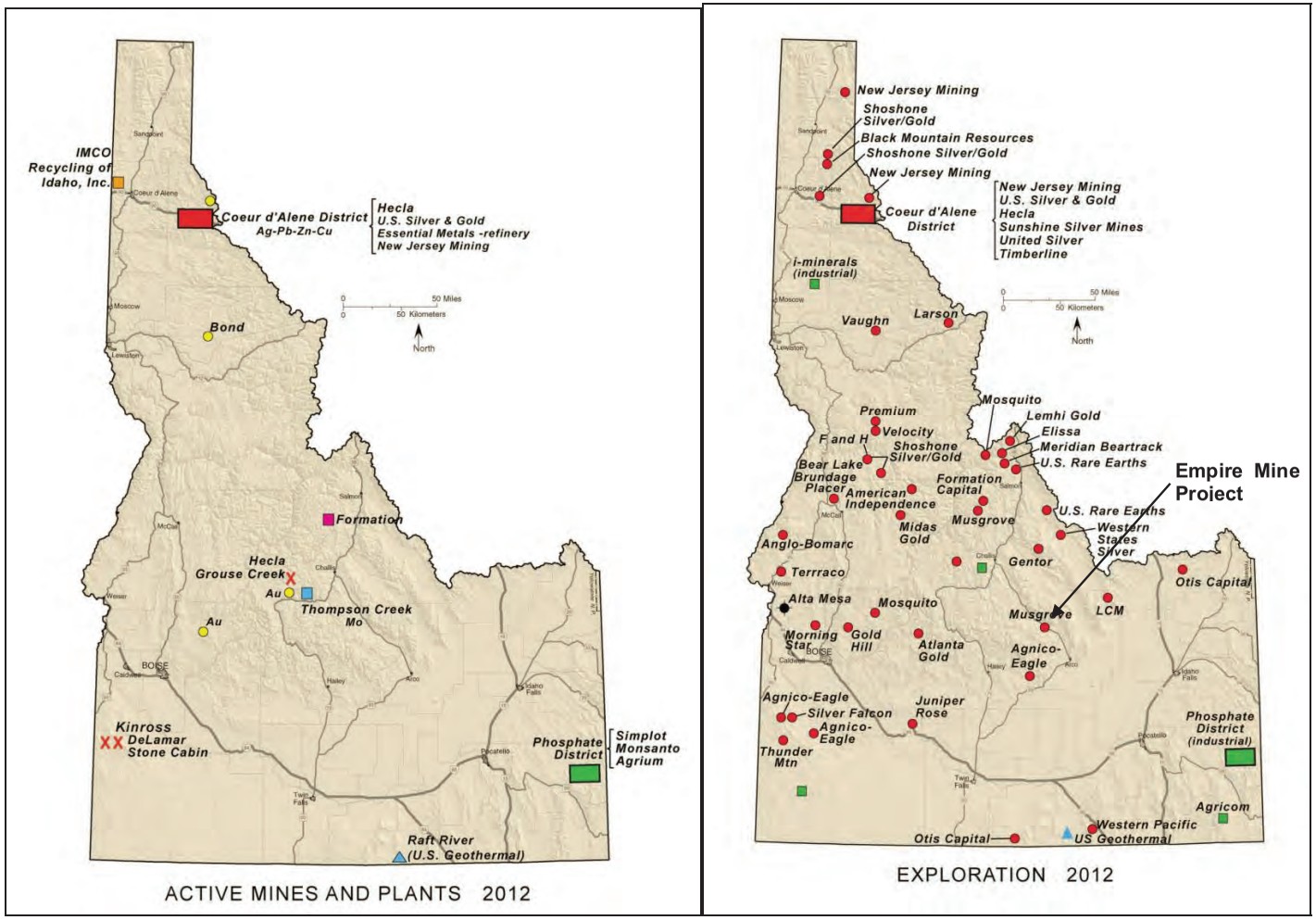


Figure 3-4 **Location of the Mining Industry in Idaho. A) Mines and Mineral Processing Plants, B) Exploration Projects (2012, Gillerman and Bennett)**

- Atlanta Gold Inc. is advancing the Au-Ag Atlanta Gold Project above the town of Atlanta, Elmore County, Idaho.
- Thunder Mountain Gold Inc. has multiple properties in Idaho including the flagship South Mountain Mine, Owyhee County, in the southwest Idaho. Gold mineralisation is being targeted in a breccia independent of the main polymetallic sulphide skarn mineralisation to the north. In 2009 a NI 43-101 compliant Mineral Resource Estimate was released that included Indicated Resources of 895,451 t at 1.24 g/t Au, 103 g/t Ag, 0.79% Cu, 0.25% Pb and 4.22% Zn, and Inferred Resources of 2.5 Mt at 0.3 g/t Au, 24 g/t Ag, 0.61% Cu, 0.09% Pb and 0.91% Zn.
- Otis Gold Corp has several properties in Idaho, but the most advanced is the Kilgore Gold Project in Clark County some 100 km north of Idaho Falls. The project targets a volcanic hosted epithermal hot spring type deposit for which a NI 43-101 compliant indicated mineral resource of 27.3Mt at 0.59 g/t Au and an inferred resource of 20.2 Mt at 0.46 g/t Au was announced in 2012.
- In the southeast of Idaho a number of companies are exploiting significant phosphate deposits around the town of Soda Springs. These include Mosanto, Agrium Inc., J.R. Simplot Company.

3.5.2 Permitting

Federal mining legislation is governed by the General Mining Act of 1872 that authorises and regulates prospecting and mining for “valuable deposits”. It defines a “mining claim” as the right to explore for and extract minerals from an area of Federal land. Claims may be acquired by any citizen of the United States over the age of 18, a corporation, and non-citizens (aliens) who have declared their intention to become a citizen. The law is enforced by the BLM and fully described through the Code of Federal Regulations, Title 43 CFR.

There are two types of claim that have been staked at the Empire Mine Project;

Lode (Mining Claim)

“A classic vein, ledge, or other rock in place between definite walls. A lode claim is located by metes and bounds. The maximum length is 1,500 feet by 600 feet” (457.2m by 182.9m, equal to 8.36 hectares).

Mill Site (Claim)

“Public lands which are non-mineral in character. Mill Sites may be located in connection with a placer or lode claim for mining and milling purposes or as an independent/custom mill site that is independent of a mining claim. Mill Sites are located by metes and bounds or legal subdivision and are up to 5 acres in size.”

Initially claims are granted as unpatented. An unpatented mining claims confers all rights to the minerals on the claim and is an interest in real property that may be left to an heir, sold, leased, borrowed against or lived upon (under certain conditions). The claimant may use surface and its resources for the purpose of mineral exploration and mining. The ground and surface resources remain Federal property, however access must be granted to the Claimant. Claims are valid in perpetuity as long as property is worked each year and the annual Maintenance Fees are paid. The annual fee for claimants is US$155 per claim. An annual filing must also be made in the County in which the claim is registered that the BLM requirements have been met and there is intent to hold the claim for future mining use. All

minerals exploited can be disposed of by the Claimant as they wish and no royalties are due to the government.

Prior to 1994 claimants could patent their claim which conferred surface rights to the claimant so that the surface land could be used for any purpose. A Congress-imposed moratorium has meant that no new patents have been issued since October 1994.

Subsequent amendments to the General Mining Act of 1872 include the Multiple Mineral Use Act of 1954 and the Federal Land Policy and Management Act of 1976. Regulations to this last Act effectively replace many of the 1872 Mining Law provisions and require mining reclamation, financial guarantees for reclamation to the Federal government, mining claim occupation permits and detailed Mining Plans of Operations to be submitted to the governing agencies before disturbing the surface.

Permitting Specific to Empire and its Development

Approximately 90% of the Empire Mine deposit is located on patented lands. The remainder of the deposit trends on public lands administered by the US Forestry Service (USFS) and to a lesser extent the Bureau of Land Management (BLM), US Department of the Interior.

Primary environmental audits were conducted by Gochnour and Associates of Denver, Colorado and by RTR Resources Management, Inc. of Boise, Idaho. These audits identified no obvious fatal permitting problem in relation to the Empire Mine. On 2 November 2000, the BLM, USFS, and State of Idaho met with property representatives with the objective of identifying specific criteria required to meet regulatory approval to mine. The agency representative outlined basic criteria for permitting on private land, as well as, on the public land claimed by the mine. A basic permitting procedure was determined by the owner as result of this meeting.

Permitting criteria on private lands was discussed with the Idaho Department of Lands (“IDL”) personnel who supplied appropriate laws, regulations, and applications with respect to permitting the Empire Mine. The IDL, Bureau of Minerals administers rules and regulation governing mining operations in Idaho. These rules apply to all surface mining operations conducted with the State, regardless of land ownership. To conduct future operation PGM is required to submit an application, a map or maps of the proposed mining operation and mineral control map of appropriate scale for boundary identification. This permitting requirement is estimated to cost US$5,000. A reclamation plan must be submitted in map and narrative form which shows the surface profile before and after mining, all roads to be reclaimed, and a plan for re-vegetation of affected land including the estimated cost of reclamation. This permitting requirement is estimated to cost US$100,000. PGM would have to submit a water management plan which identifies and assesses the foreseeable site specific non-point sources of water quality impacts upon adjacent surface waters. This permitting requirement is estimated to cost US$150,000. Total cost of submittals to the IDL is estimated to be US$150,000 and a contingency of US$50,000 is needed to enable PGM’s reaction to public concerns, for a total initial submittal cost of US$450,000.

The project access route crosses federally managed land and will require a Right of Way (ROW) Grant from the Bureau of Land Management and the US Forest Service. The ROW application process may require an Environmental Assessment, National Environmental Policy Act (NEPA) preparation to evaluate the project’s impact on local resources. The ROW and Environmental Assessment may cost the project US$ 15,000 to US$ 30,000.

A small fraction of land, two 2.5 acre triangular areas of federal land are within the project

area patented land. These areas may be avoided, or a trade with the US Forest Service may mitigate issues. Mitigation costs or trade cost could range between US$ 20,000 and US$ 50,000 depending on trade conditions

The total permitting cost will also include local building permits and compliance with the Idaho Fire Marshall's office, air quality permitting, water quality permitting and other incidental permits as required by the federal, state and local government authorities. These permits will likely cost US$ 10,000 to US$ 20,000. The total project permitting should range between US$ 75,000 and US$ 115,000 for permit preparation and submittal.

3.6 Taxation

SRK understands that Federal Corporate income tax ranges at between 34-35% with a state income tax that is capped at 7.1%.

There is a further 1% Idaho Mine Licence Tax chargeable upon the net value of ore extracted and royalties received from mining.

4 SRK ES SITE VISIT

4.1 Empire Mine

A technical site visit of the Empire Mine Project was conducted by James Gilbertson, Managing Director and Principal Exploration Geologist with SRK ES between 13 and 17 March 2017. Mr Gilbertson was accompanied by Jay Pennington, Principal Consultant and Justin Smith, Senior Consultant, both of SRK North America, on 13 and 14 March 2017.

The SRK team visited the project site, (Figure 4-1 and Figure 4-2), company offices and core storage facility, (Figure 4-3) in Mackay with Dennis Thomas, Ryan McDermott and Phil van Angeren of PGM.

Due to heavy snow fall only the lower reaches, including the Cossack tunnel (1600 level), of the project site were visited. This however allowed SRK ES to view the historical mining site, the access route to the mine from Mackay, the physiography and the hosting geology.

Figure 4-1 Empire Mine Project Site

A – the view looking west to the project site from Mackay

B – the main access road from Mackay showing remnants of the old aerial tramway to the mine.

Figure 4-2 The Cossack Tunnel Historical Mine Site

A – Remains of the old mine buildings

B – Entrance to the Cossack Tunnel illustrating good ground conditions.

Mr Gilbertson spend two and a half days reviewing the core, crushed rejects and pulp materials stored at the Mackay core yard and discussing the geology and the project data with the PGM team. Several core and RC drillholes from various drilling campaigns were reviewed to assess the different hosting lithologies and mineralisation styles including endoskarn, exoskarn, magnetite skarn and Fe oxide breccia zones. Tungsten mineralisation was also assessed in these lithologies.

Time was spent with the PGM team to collate all historic drilling data ahead of Mineral

Resource estimation and to discuss and review the future exploration and development plans and budgets.

Figure 4-3 Mackay Core Shed and Logging Facility

5 GEOLOGICAL SETTING AND MINERALISATION

5.1 Introduction

The geology of Idaho and specifically the Idaho-Wyoming Fold/Thrust Belt, is well known and described in many sources, these have been summarised and compiled on the “Digital Geology of Idaho” website, which has been sourced for this report section.

The Idaho-Wyoming Fold/Thrust Belt was formed during the Sevier Orogeny (~120-80 Ma; mid-Jurassic to late-Cretaceous), and later reactivated during the Laramide Orogeny (~70-30 Ma; late Cretaceous to mid-Palaeogene {Eocene}).

The Belt was subsequently affected by "Basin and Range" tectonism. The Basin and Range province is a result of tectonic relaxation (~30-10 Ma). The Sevier Orogeny was the result of steep subduction of the Farallon Plate under the western margin of the American craton, resulting in thin-skinned compression (thrust faulting) of newly-formed crust which had accreted along the edge of the Precambrian craton. Subduction was also accompanied by large amounts of granitic intrusions above the subduction zone (the Idaho Batholith). It is believed that Sevier subduction suddenly sped up ~80-70 Ma, resulting in the Laramide Orogen. Laramide subduction was flat and shallow, with the Farallon plate reaching farther inland than it had during Sevier subduction. This caused major uplift of both the Precambrian craton and overlying crust farther inland than before. As well, Laramide intrusions are smaller than typical subduction-zone batholiths, and are related to deep-seated fault structures such as the Great Falls Tectonic Zone (“GFTZ”).

The Mackay Intrusive Complex (MIC) was intruded ~45-40 Ma during the peak of Laramide deformation. Additionally, MIC and Empire are located within the northern portion of the Basin and Range Province, where it is superimposed on the Idaho-Wyoming Fold/Thrust Belt, and where both tectonic provinces are cross-cut by the southern edge of the GFTZ.

5.2 Regional Geology

The Empire Mine Project is located within the Alder Creek Mining District of central Idaho. This region lies to the east of the Idaho Batholith and north of the Snake River Basalt Plain, within the Cordilleran thrust belt at the northern edge of the Basin and Range structural province (Figure 5-1).

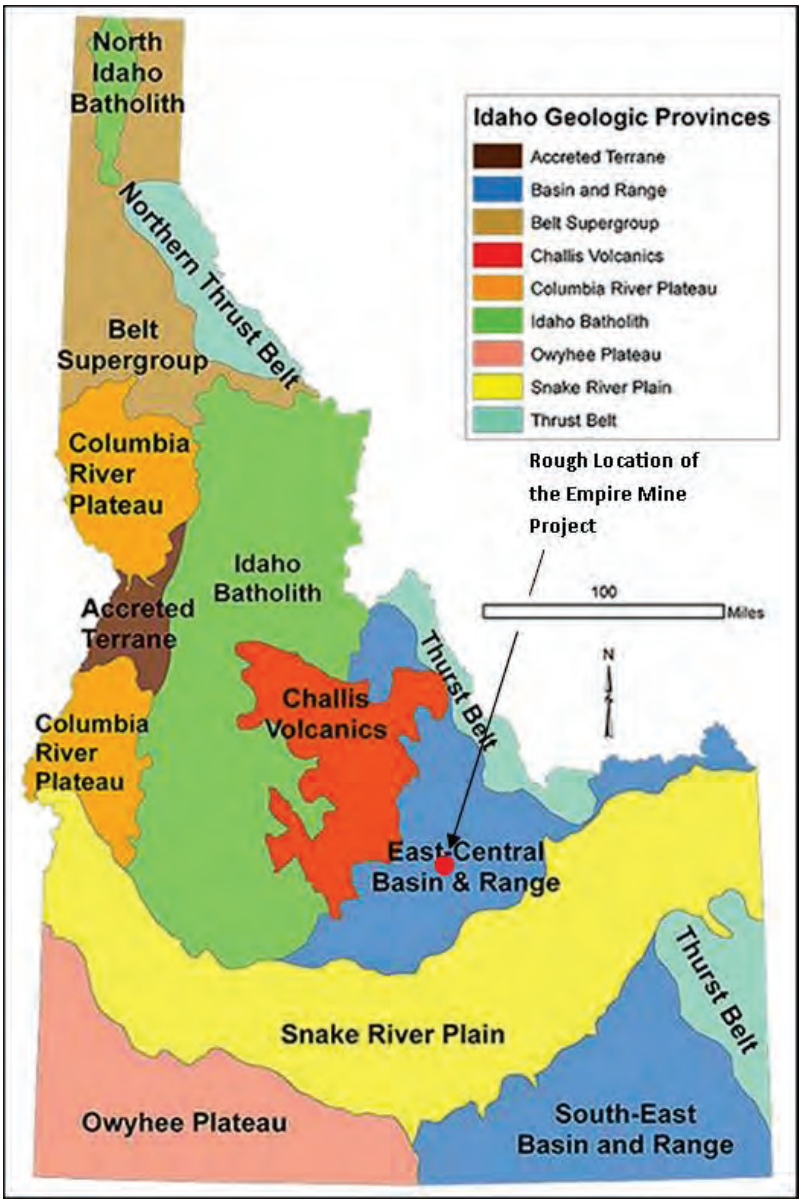


Figure 5-1 Simplified Map of the Main Geological Provinces Across Idaho

(source: http://geology.isu.edu/Digital_Geology_Idaho)

The Idaho Batholith is a Late Cretaceous (110 – 75 Ma) composite mass of granitic plutons covering approximately 35,000 km^2. The intrusive igneous rocks comprise granite, granodiorite and tonalite. There are three lobes separated by geology and geography; the Kaniksu Lobe in the Idaho panhandle, and the Atlanta and Bitterroot lobes in central Idaho.

The Snake River Plain Belt across southern Idaho consists of Idavada Volcanics, Yellowstone Volcanics (rhyolite) and Snake River Basalt with some Quaternary sedimentary rocks. It formed during the Miocene to Holocene (17 Ma - Present) by the movement of the continental crust over a mantle plume or "hot spot".

The Challis Group, represents a flare-up of intrusion, volcanic activity, extensional faulting along northeast-striking faults of the Trans-Challis fault system, and formation of major mineral deposits, in central Idaho during the Eocene (52 – 45 Ma). The group includes intrusive pink granite, eruptions of rhyolite lavas, and andesite and dacite associated with

extensional faulting.

The Northern Thrust Belt is a zone of northwest to southeast-trending thrust faults of Late Cretaceous age, which cut through Mesoproterozoic sedimentary rocks of the Belt Supergroup including sandstone, shale and limestone (1450 – 1400 Ma).

The Basin and Range Province consists of Neoproterozoic to Palaeozoic sediments (700 - 150 Ma) including sandstone, shale and limestone.

The East-Central Basin & Range Province and the Challis Volcanic field have also been strongly influenced by northeast-southwest-trending normal faulting related to the Great Falls Tectonic Zone described below.

5.3 Regional Structural Domains

The state of Idaho is located within and controlled by three distinct structural domains of differing ages, namely in decreasing age order the:

1. Great Falls Tectonic Zone
2. Idaho-Wyoming Fold and Thrust Belt (Cordillera Belt)
3. Basin and Range Province

5.3.1 Great Falls Tectonic Zone

The Great Falls Tectonic Zone is a belt of northeast-trending geological features that can be traced from the Idaho Batholith, across thrust-belt structures, basement and cratonic rocks of central Montana, and into south-western Saskatchewan, Canada (Figure 5-1). It is a continuous zone of northeast-trending high-angle faults and shear zones. The structures have had recurrent and periodic movement from very late in the Palaeoproterozoic Era to the Holocene and have controlled the intrusion and orientation of Late Cretaceous to early Cenozoic dyke swarms. Recurrent fault movement in this zone and strong structural control over igneous intrusion suggest a fundamental tectonic feature that has influenced the tectonic development of the Idaho-Montana area. It has been interpreted as a suture and a shear zone (O'Neill and Lopez, 1985).

There appears to be a spatial relationship between the location and trend of the Great Falls Tectonic Zone with porphyry-skarn mineralisation across Idaho and into Montana. Some of these bodies also seem to be elongated in a roughly north-easterly direction. This may be an artefact of these bodies utilising the pre-existing structural grain.

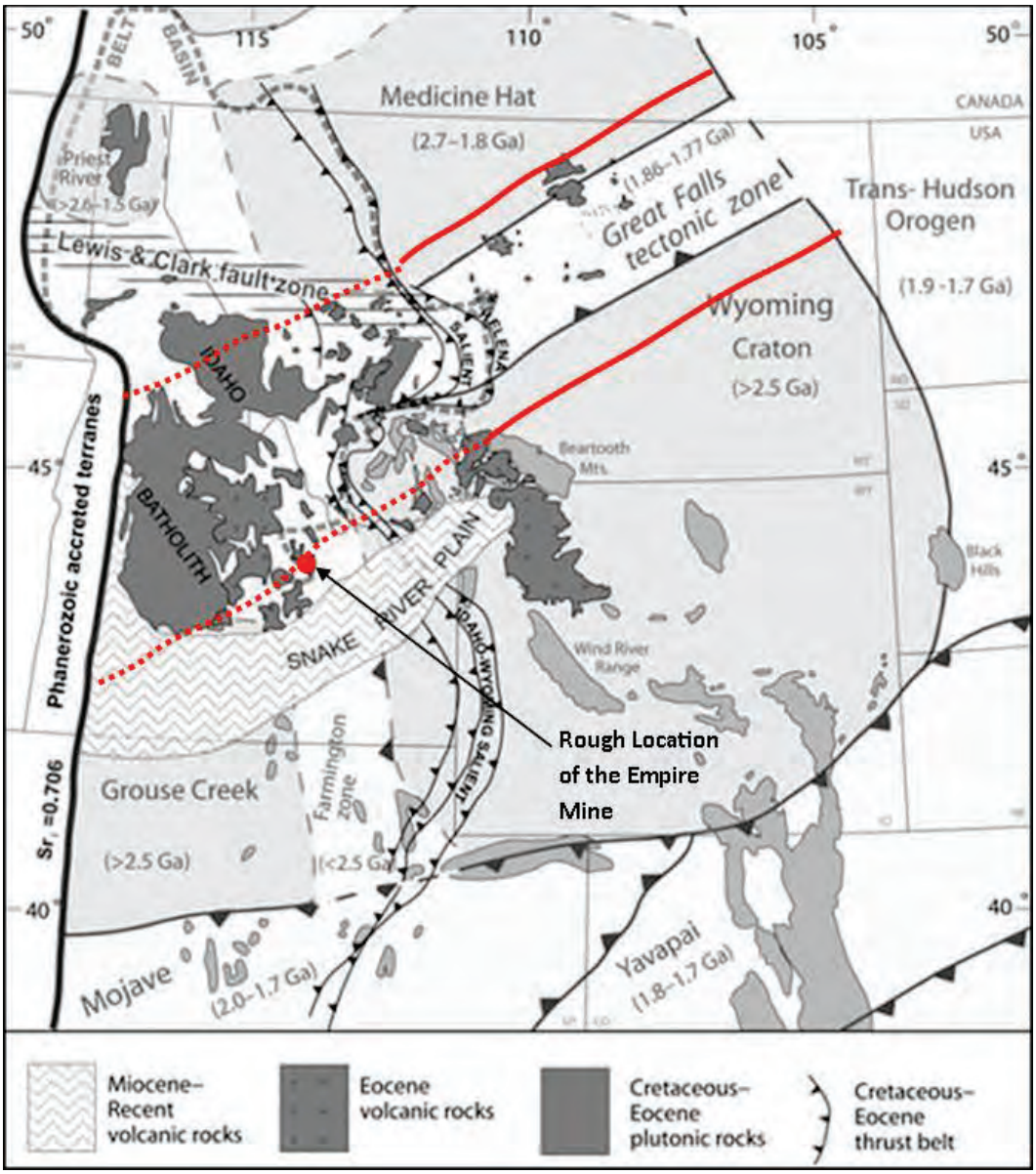


Figure 5-2 Great Falls Tectonic Zone Across North Central United States Illustrating the associated zone of Eocene Intrusions (red) (Source David et al., 2006)

5.3.2 Idaho-Wyoming Fold and Thrust Belt

The Idaho-Wyoming Fold and Thrust Belt is an orogenic belt, formed during the Cretaceous to Palaeocene Sevier Orogeny (~120-80 Ma), that extends from eastern Idaho into western Wyoming, north-central Utah and southwest Montana, Figure 5-3. The thrust belt is covered or cut by the Snake River Plain. As part of the Cordilleran Orogenic Belt, it extends from Alaska to Mexico.

The Cordilleran orogenic belt, which is represented by Sevier and Laramide Orogenies, formed during subduction of the Farallon plate beneath North America, with associated intrusion of batholiths like the Idaho Batholith, over-thickening of crust east of the magmatic belt, and development of a thrust and fold belt within the Palaeozoic passive margin strata to the east.

The thrust faults are considered shallow, or "thin-skinned", meaning they are not very deep,

and that the fault geometry flattens at depth and follows layers of weakness along bedding planes in the Palaeozoic and Proterozoic strata.

In Idaho the thrust faults trend northwest-southeast, similar to the orientation of faults within the Basin and Range Province. In fact, much of the Basin and Range represents extension of the area formerly shortened by thrusting. In several places the Basin and Range normal faults reactivate previous thrust faults.

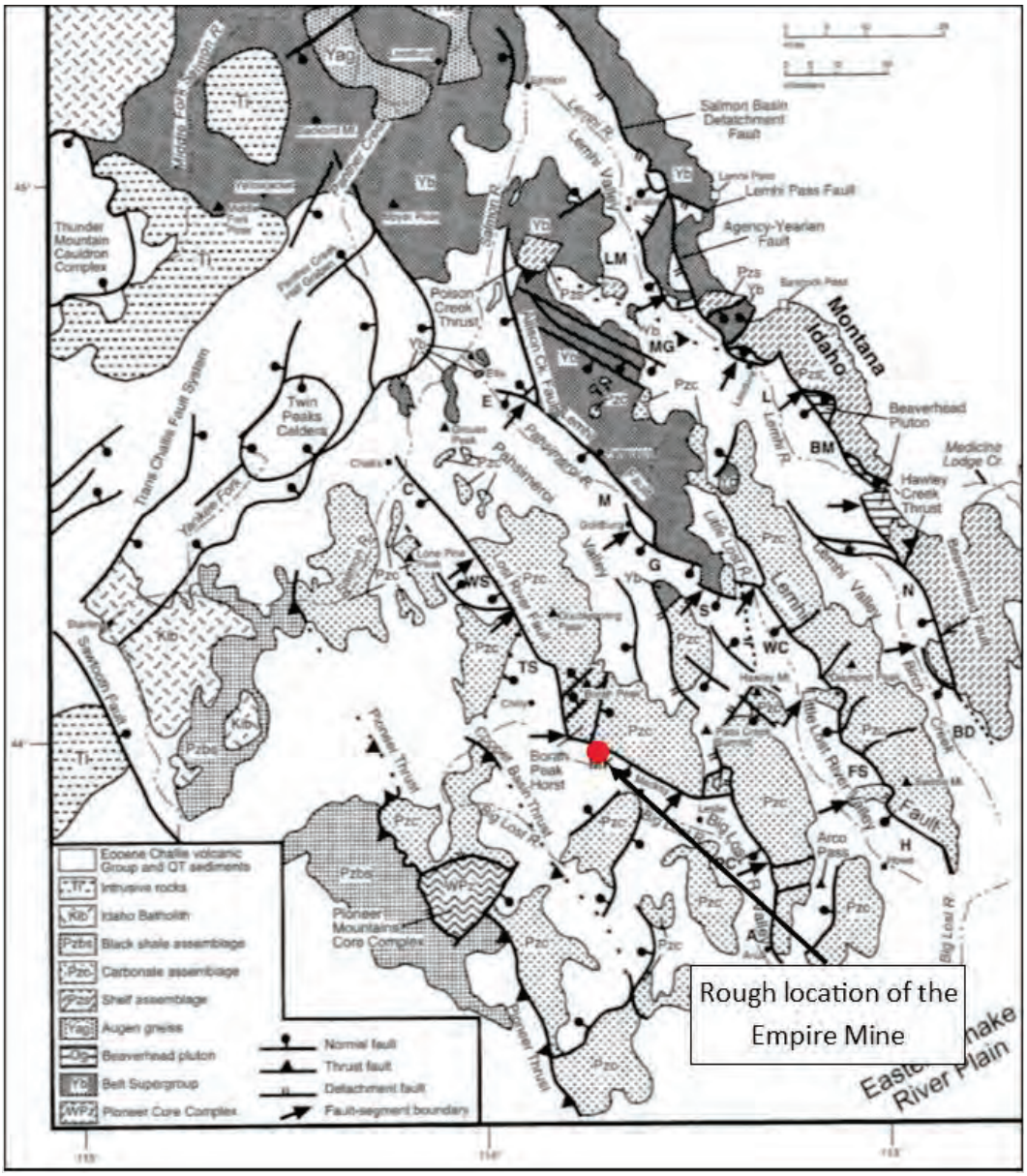


Figure 5-3 Idaho-Wyoming Fold and Thrust Belt Structures Across Central Idaho

(Source http://geology.isu.edu/Digital_Geology_Idaho/Module5/mod5.htm)

5.3.3 Basin and Range

Basin and Range extension began during the Miocene (~17 Ma) near the Northern Nevada Rift and has continued through to the present day, propagating westward toward the Sierra Nevada and eastward into south-eastern Idaho and Wyoming (Figure 5-4). Extension is a result of the termination of the compression during the Cordilleran Orogeny. During the

Cordilleran Orogeny, there was great crustal thickening, and the Basin and Range counteracts that thickening by crustal thinning through extension. The Basin and Range Province in Idaho is cross-cut by the volcanic track of the Snake River Plain (Figure 5-2).

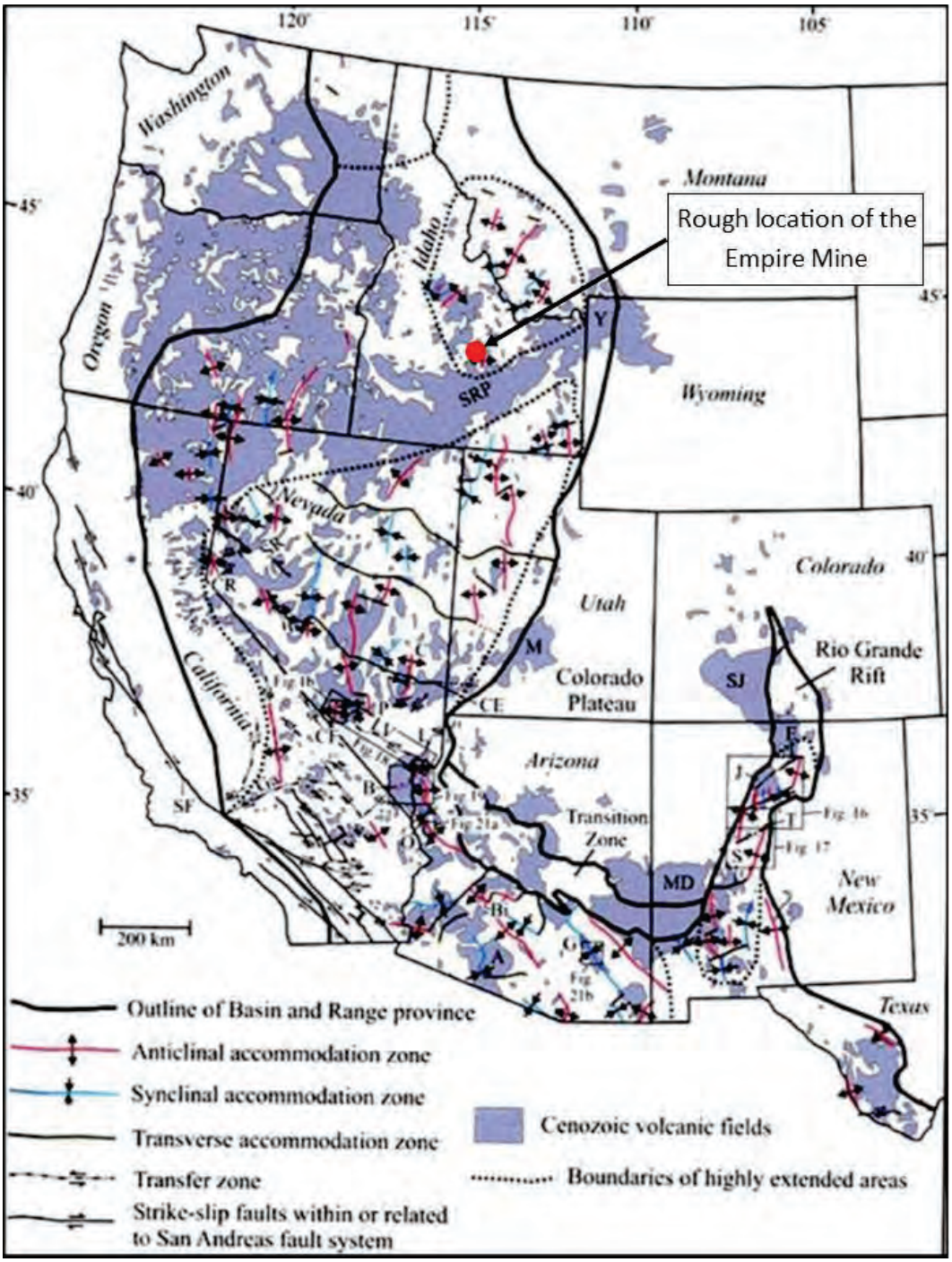


Figure 5-4 Basin and Range Province Major Structural Trends and Volcanic Fields

(Source http://geology.isu.edu/Digital_Geology_Idaho/Module9/mod9.htm)

5.4 Local Geology

The Alder Creek Mining District, within Custer Country (Figure 5-5), in the White Knob Mountains, is underlain by sedimentary rocks of Mississippian age (Ms), which have been

intruded by granites of Eocene age (Tgs) and overlain by Eocene Challis Volcanic Group volcanics and volcaniclastics (Tcv). The intrusives which represent the last phase of the Challis magmatic event (52 – 45 Ma), also include stocks and dykes of dioritic, granitic (aplite) and trachytic composition. The contact between the carbonate rocks and the granitic intrusives has locally been metasomatised to garnet-diopside skarn.

Quaternary sedimentary deposits including alluvial (Qa), moraine and glaciofluvial outwash (Qm), and surficial cover including colluvium, fluvial, alluvial fan, lake and windblown deposits (Qs) are present in the area.

5.4.1 Local Structures

The Alder Creek Mining District is located within the Idaho-Wyoming fold and thrust belt on the edge of the Basin and Range Province, where thrusting occurred from west to east during the Mesozoic. The mining district is in the White Knob thrust plate, which is bounded by the Cretaceous Copper Basin Thrust to the southwest and the Big Lost River Thrust to the northeast (Figure 5-3). Within the White Knob thrust plate, two northeast-striking Eocene faults define the northwest and southeast margins of the White Knob horst (Figure 5-6).

The Mississippian sedimentary rocks are folded with anticlines and synclines generally trending north-northwest, although locally the fold trends vary. The limbs have moderate to steep dips to the northeast and southwest. The uplift of the horst and pluton emplacement were thought to be synchronous, but recently it has been proposed that the uplift may be earlier than the intrusion (Chang and Meinert, 2008).

In addition to the dominant northeast-striking extensional structures including the horst, faults, intrusions and dyke swarms, there are also northwest-striking Neogene faults related to Basin and Range extension. Numerous such faults are found in the Challis Volcanic Group on the northwest and southeast sides of the horst, and a major fault crosses the horst.

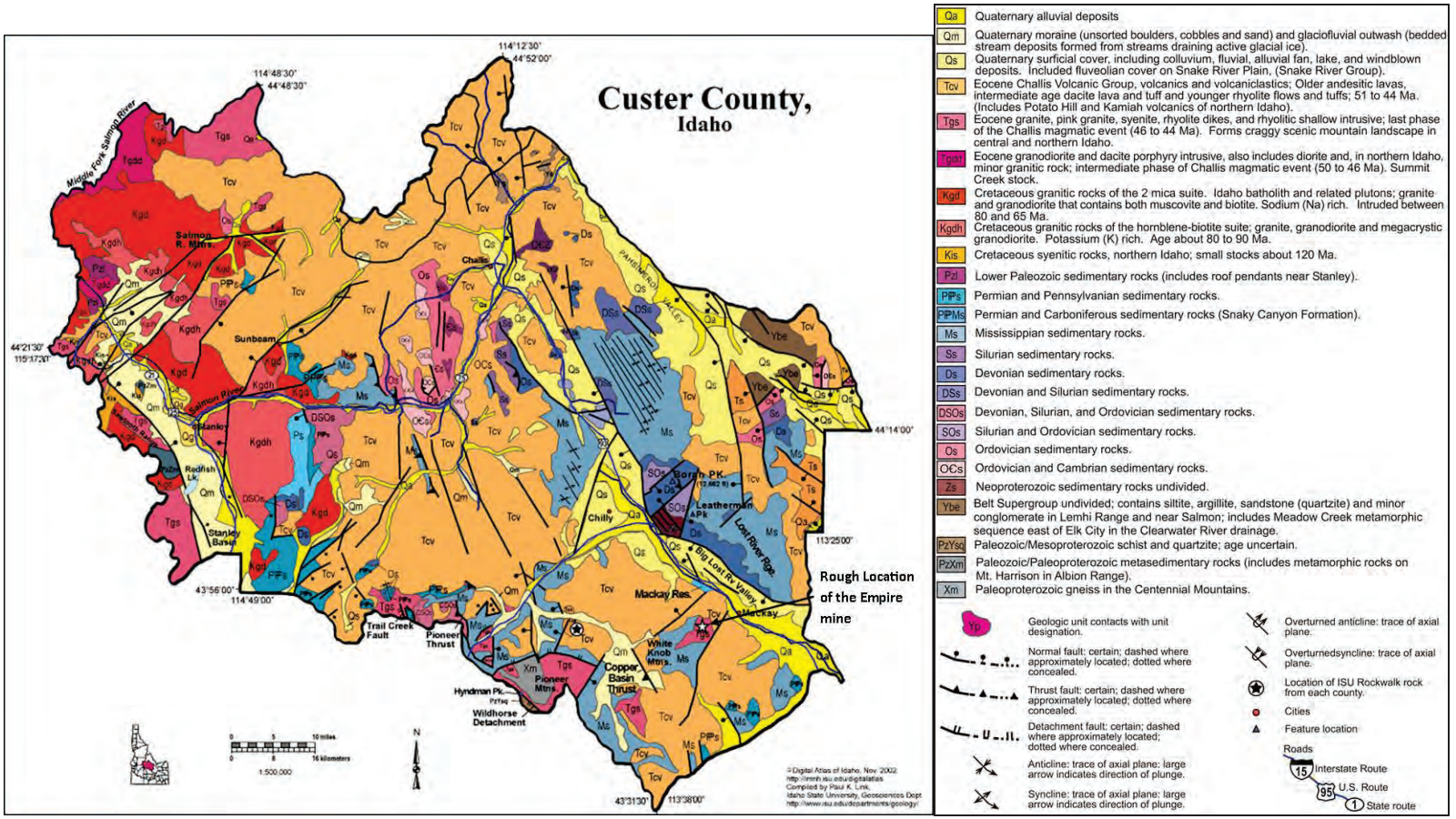


Figure 5-5 Geology of Custer County

(Source: http://imnh.isu.edu/digitalatlas/counties/custer/geomap.htm)

5.5 Deposit Scale Geology

The property encloses a north-trending contact zone between an Eocene granitic complex including the Mackay Granite and Granite Porphyry, and the Upper Mississippian age White Knob Limestone (Figure 5-6 right-hand side).

This contact zone includes a garnet-pyroxene-magnetite skarn developed in both the carbonate and intrusive rocks. The skarn hosts the polymetallic copper mineralisation which characterises the Empire Mine. The intrusive contact is sharp and dips steeply eastward.

The White Knob Limestone consists of a pure, grey, medium-bedded limestone which dips steeply westwards into the Eocene intrusive complex. The carbonate sequence is underlain by, and interfingered with, calcareous siltstone and sandstone belonging to the Lower Mississippian Copper Basin Formation.

The Mackay Granite is the largest intrusive body in the vicinity of the Empire Mine project. The granite is exposed over an area of approximately 30 km² trending roughly northeast, west of the claim block. It is a grey, medium-grained granite which does not host mineralisation. It consists, from early to late, of quartz monzodiorite, granophyre, granite porphyry, porphyritic granite and many dykes.

The Mackay Porphyry occurs only in the project area, and is believed to be directly related to skarn mineralisation. It occurs as a 500 m wide fluorine-rich border phase of the Mackay Granite, traceable for at least 2100 m within and beyond the property. It lies immediately between Mackay Granite and White Knob Limestone, and hosts all the embayments and pendants of the latter. The Mackay Porphyry occurs as a grey/white, very fine grained, leucocratic granite with up to 65% phenocrysts of feldspar and quartz.

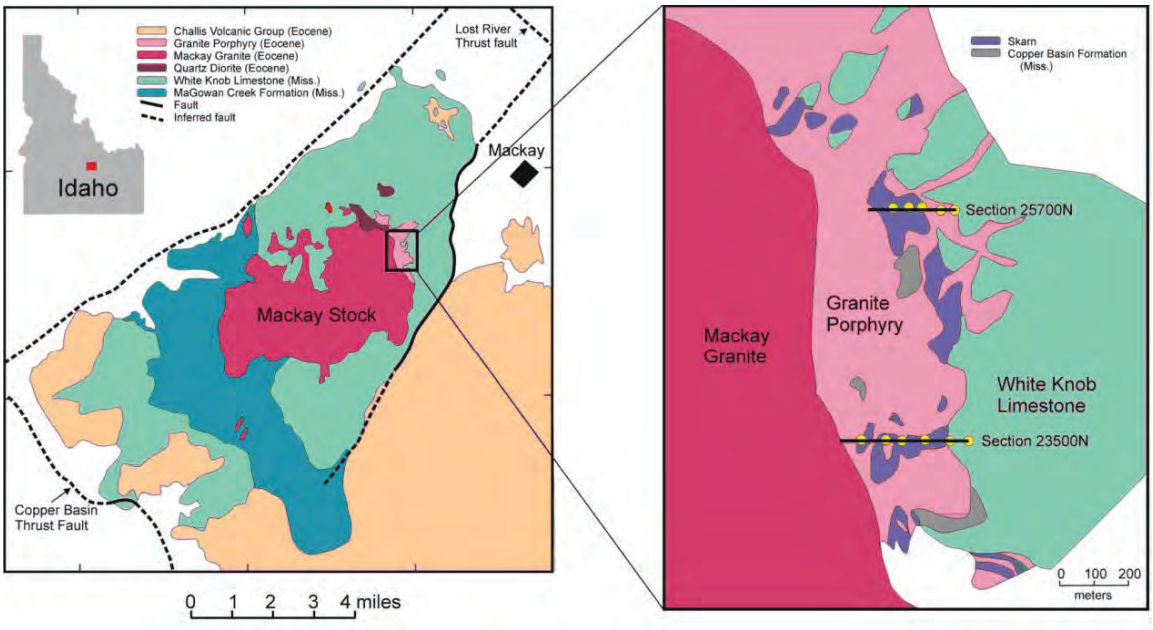


Figure 5-6 Location and Regional Geology of the Empire Mine (Source: Chang and Meinert, 2008)

Skarnification within the Mackay Porphyry was facilitated by its high fluorine content; fluorine, a volatile, indicates that the porphyry was a “wet” intrusion, which would have facilitated fluid and mineral transfer between the intrusive and wallrocks, resulting in calc-silicate

skarnification rather than simple thermal metamorphism (marbleisation) of the limestone. The Mackay Granite, on the other hand, was “dry” (depleted in volatiles), and it did not result in skarnification in the limestone. Indeed, field relationships observed in the Atlantic-Pacific (“AP”) Pit and in core confirm that the Mackay Porphyry was an early, volatile-rich, apophysis of the Mackay Granite, and was later intruded by the granite and its attendant aplite dykes.

Various granodiorite and aplite dykes intrude all other formations and appear to postdate skarn formation. Aplite also forms a seemingly plug-like mass underlying the site at shallow depth. Aplite does not appear to have caused skarn-formation in the White Knob Limestone.

The Empire Mine calc-silicate skarn forms a 150 m wide sinuous belt extending for more than 2500 m along the limestone - porphyry contact from the south end of the property to the White Knob Mine (Figure 5-7). The skarn consists of garnet with significant quantities of diopside, along with subordinate amounts of magnetite, haematite, actinolite, scapolite, wollastonite, epidote, and fluorite.

Well-banded green diopside skarn (exoskarn) is developed in the limestone and siltstone where they form embayments and pendants within the intrusive complex. These pendants are a significant host of low-grade copper mineralisation.

Three types of skarn have been identified, i.e. green exoskarn, brown endoskarn and black magnetite skarn. Brown endoskarn dominates over green exoskarn, which in turn dominates over black magnetite skarn:

i) Green exoskarn (derived from limestone) consists primarily of well-banded diopside-garnet ± laminae of coarse magnetite grains.

ii) Brown endoskarn (derived from porphyry) is massive, sucrosic and garnet-dominant. Most of the garnet is iron-rich brown andradite and translucent-yellow grossularite (Umpleby, 1917).

iii) Magnetite skarn occurs as massive, fine-grained, crudely-bedded magnetite with rare “rip-up” clasts of exoskarn, and less-so as magnetite-cemented breccia with abundant fragments of exoskarn and/or endoskarn.

All three skarn-types contain subordinate amounts of haematite, actinolite, scapolite, wollastonite, epidote and fluorite. Exoskarn typically forms large masses which appear to have “rafted” into the porphyry as pendants and embayments. The inner edges of the larger exoskarn bodies often grade to massive magnetite skarn at their contact with endoskarn or porphyry. This is most evident at the southern edge of the large exoskarn mass which underlies the AP Pit. Remnant bedding can still be traced into the magnetite from the rest of the exoskarn body. The magnetite breccias may represent the pathways which provided access of mineralising hydrothermal fluids into the then developing skarn.

At the outer margin of the skarn is a narrow discontinuous belt of marble separating it from fresh limestone.

The Empire Mine skarn is cut length-wise by several linear bodies of gossanous, clay-altered, iron oxide breccia (FeOx breccia), which may represent post-skarnification faults. These structures are a significant host to copper-gold mineralisation.

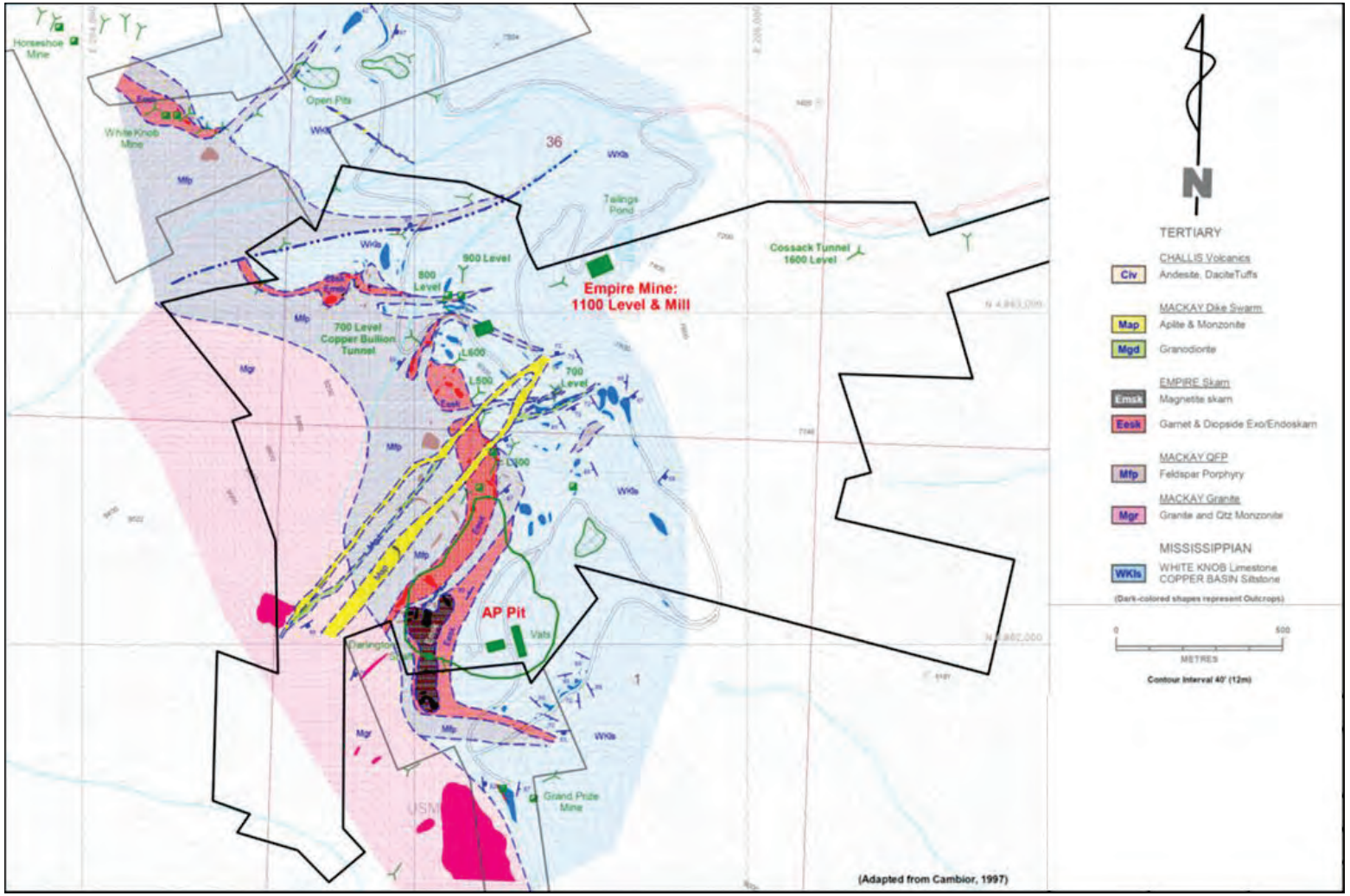


Figure 5-7 Mine Scale Geology of the Empire Mine (Source: Boxxer Gold Corp, 2014)

5.5.1 Mineralisation

Copper-gold-zinc-silver mineralisation at the Empire Mine falls into the skarn-hosted, polymetallic deposit type. In fact, historical results and mining records suggest that skarn mineralisation at Empire may exhibit depth zonation with copper giving way to zinc and finally tungsten mineralisation. The exact process of this zonation is as yet unknown. This skarn has been overprinted by a later epithermal event along pre-existing structures resulting in the gold and silver mineralisation encountered.

Both copper-oxide (carbonates, malachite and azurite) and sulphide (chalcopyrite/chalcocite) mineralisation is developed to varying degrees within exoskarn in rafted limestone fragments and endoskarn in porphyry (Figure 5-8). The copper oxide mineralisation occurs as veinlets, stockworks, and disseminated oxide/sulphides. The sulphides have similar characteristics, but also occur as massive lenses, both copper sulphides and magnetite, along skarn-hosted fault breccias. In both breccia types, the degree of mineralisation appears to be a function of the amount of contained skarn fragments. The copper and iron were apparently introduced into the skarn during the latter stages of the skarnification processes (Chang, 2003). Brittle faulting/shearing and ductile deformation during the skarnification process likely provided the conduits for mineralising fluids. These conduits may be exemplified by magnetite breccia.

At the northern end of the property, mineralised zones dip eastward at about 45° to 90°, somewhat parallel to the limestone-porphyry contact (but cross-cutting the west-dipping limestone), At the southern end, in the vicinity of the AP Pit area, the dip of both exoskarn and mineralisation ranges from 30° to 50° towards the east, suggesting that the skarn body may represent a detached raft of limestone.

Drilling has encountered a skarn-hosted body of disseminated and stockwork copper-oxide mineralisation extending over a strike length of 1200 m, with a thickness of 6 m to 73 m from surface, and a width of up to 130 m. The “width” figure is a function of topography; the skarn is exposed along a steeply-inclined north-trending ridge-crest, with the northern most outcrop being 255 m lower in elevation than the southernmost exposure in the AP Pit (2425 m amsl versus 2680 m amsl). The deepest mineralised intercept is at an altitude of 2319 m amsl (drillhole S039 at the northern end of the skarn body), at a true depth of 126 m from surface, but approximately 360 m below that of the top of the AP Pit (S039 was collared at approximately 2445 m amsl).

All of the mineralised intercepts are in endoskarn, exoskarn and skarn-hosted breccias. The mineralisation intersected is oxidised from surface to a vertical depth of approximately 120 m, with sulphide mineralisation dominating below that depth. The transition zone between oxide and sulphide extends over tens of metres.

The deepest oxide mineralised intersect (drillhole S039) grades 1.38% Cu (of which 0.41 % is Copper Oxide “CuOx” or Acid Soluble Copper (“ASCu””), i.e., a 43 % ASCu:Total Cu ratio), 6.52 g/t Au and 36.3 g/t Ag, over 3 m in oxidised skarn and gossanous veining at a depth of 126 m from surface, but 360 m from the uppermost reaches of mineralisation (top of AP Pit).

The deepest sulphide bearing intercept (drillhole S018, 100 m south of S039) is a 20 m intersection grading 0.89% Cu, (0.15% ASCu, for a 17 % ASCu:Total Cu ratio), 1.19 g/t Au and 12.3 g/t Ag at an altitude of 2353 m amsl, which translates to a true vertical depth of 100 m from surface, but approximately 330 m below the top of the AP Pit.

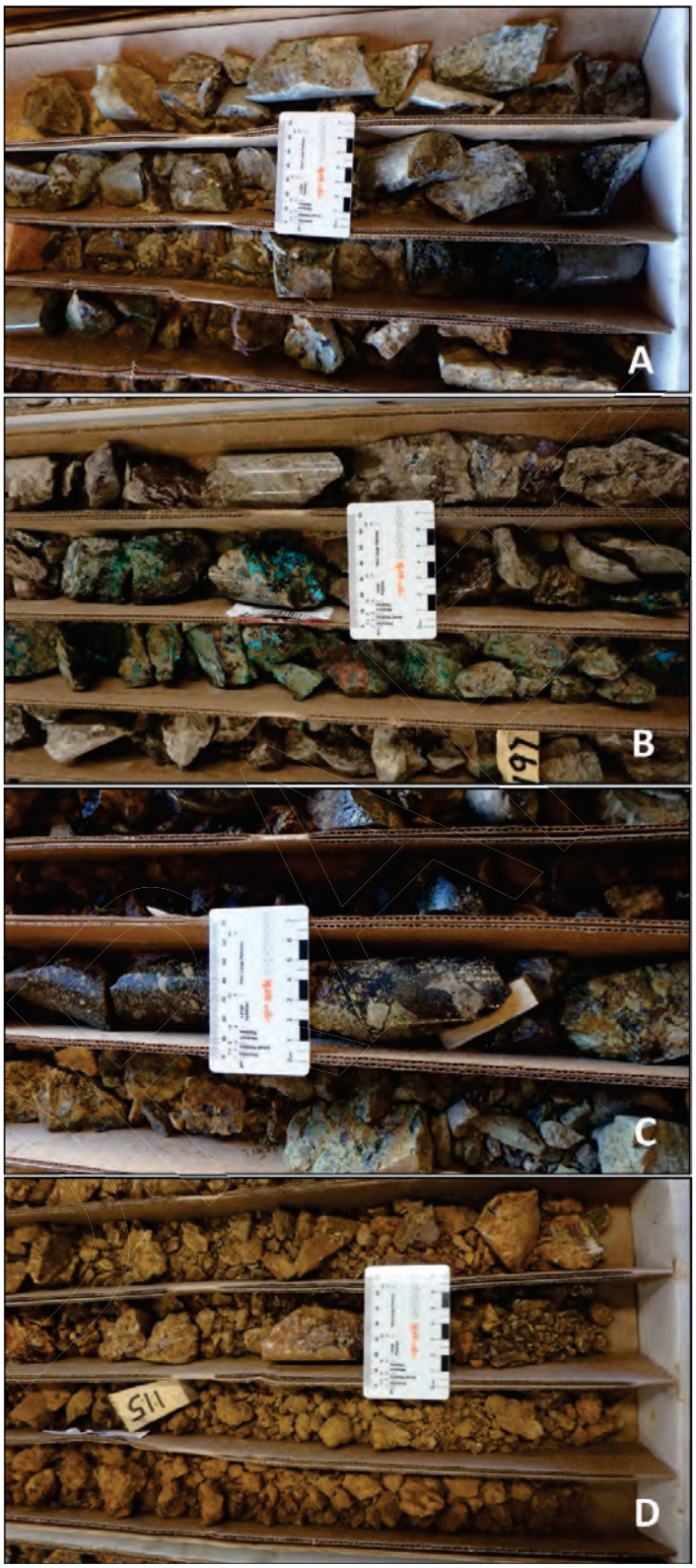


Figure 5-8 Empire Mineralisation Style as Observed in JD05A and JD01

A – Endoskarn in feldspar porphyry – JD05A

B – Endoskarn containing malachite – JD05A

C – Magnetite skarn breccia – JD01

D – Heavily altered Fe oxide breccia zone – JD05A

In comparison, drillhole S012 at the northern end of the AP Pit, cut a 4 m section grading 1.51% Cu (88.8 % ASCu:Total Cu ratio) and 6.03 g/t Au, at a true vertical depth of 118 m (approximately 200 m below the AP Pit top), in strongly oxidised skarn which includes a gossanous vein. Exoskarn in drillhole S012 is also strongly oxidised and mineralised from 60 m to 100 m depth (>0.75% Cu and >1.0 g/t Au).

The Empire Mine skarn is overprinted by a series of north-trending anastomosing faults which are represented by gossanous breccias, veins and stockworks up to several metres in width. Herein termed “FeOx breccias”, these structures consist of intensely clay-altered, chalky and brecciated wallrock (exoskarn, endoskarn and porphyry) cemented by siliceous limonite and goethite (sulphide derived iron-oxide?). Brecciation clearly post-dates skarnification. The breccias appear to have been affected by advanced argillic alteration (clay+pyrite+silica), and have open-space textures, both of which are strong epithermal signatures. These FeOx breccias are auriferous and represent a late stage, epithermal, gold-rich, hydrothermal regime overprinted upon the skarn. The copper in these epithermal structures may have been scavenged, in-part, from the pre-existing skarn.

The highest-grade mineralisation at the Empire Mine occurs as a poorly defined, steeply dipping, locally iron-rich, 5 m to 15 m thick, copper-gold zone located within and below the large body of skarn-hosted disseminated copper mineralisation. Drill core examined by the SRK ES suggests that the skarn in this high-grade zone has been sheared, brecciated and overprinted with iron oxides (FeOx brecciation). This structure may have been active throughout skarn formation, and may have been the major pathway for both the skarn-aged copper mineralisation and the late-stage auriferous mineralisation. In the deeper levels of the mine, this structure contains lenses and veins of copper-bearing massive sulphide. This higher-grade zone forms the bulk of the historical Empire Mine, which has been partially worked for 350 m vertically and 900 m laterally, Figure 5-9.

The near-surface oxide mineralisation is interpreted to remain open along strike. The higher-grade sulphide zone which underlies the oxide zone is open in all directions, and remains virtually unexplored.

Two unexplored mineralised skarn bodies are reported to occur northwest of the main Empire skarn. The first has been traced in outcrop as a 20 m by 50 m wide zone, trending west for approximately 450 m from a point approximately 150 m north of the Empire skarn to the edge of the property (Figure 5-7). Drillhole S028, located halfway between the two skarns, encountered 23 m grading 1.24% Cu (95% ASCu: Total Cu ratio) at a true depth of 25 m, suggesting that the two bodies may be connected and form a single mass. Thus the mineralised Empire skarn may have a strike length of more than 1700 m on the property.

The second skarn occurs at the White Knob Mine, approximately 500 m northwest of the property boundary (Figure 5-7). The White Knob skarn outcrops over a 150 m by 15 m area. SRK has not examined these two skarns.

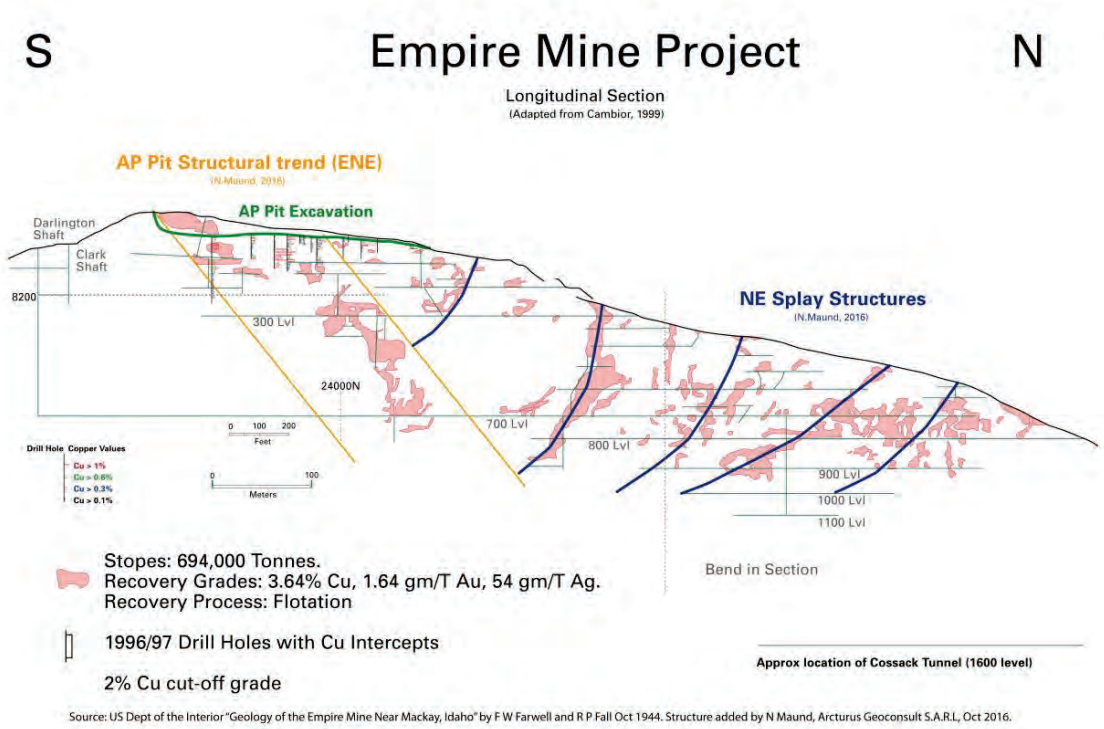


Figure 5-9 Long-Section of the Empire Mine Looking East Illustrating the Interpreted Mineralisation Controlling Structures (Adapted from USBM 1944)

The scale of the processes of skarn development, and associated hydrothermal mineralisation, is characteristic of a large 3.5 km long by 40 – 150 m wide skarn system flanking a poorly understood parent intrusive body measuring 3,500 m in N – S extent and some 250 – 500 m in width (Maund, 2016). The Empire Mine Project remains largely unexplored as a result of previous exploration on being largely focused on a shallow copper oxide resource comprising a 400 m long section of the 3,500 m long skarn body and ignored the supergene and sulphide Cu, Au, Ag, Zn, W mineralisation. Hence, it is believed that work undertaken to date has exploited or explored approximately 5% of the overall deposit, (Maund, 2016).

Tungsten Mineralisation

Historical records indicate that mining concentrates contained appreciable amounts of tungsten mineralisation in the form of sheelite (calcium tungstate – $CaWO_4$). Sheelite mineralisation is evident in a number of the core holes stored by PGM at the Mackay facility (Figure 5-10). Records seem to indicate that this form of mineralisation is more prevalent at depth but as yet there is only limited data available and future exploration programmes are required to fully assess this potential.

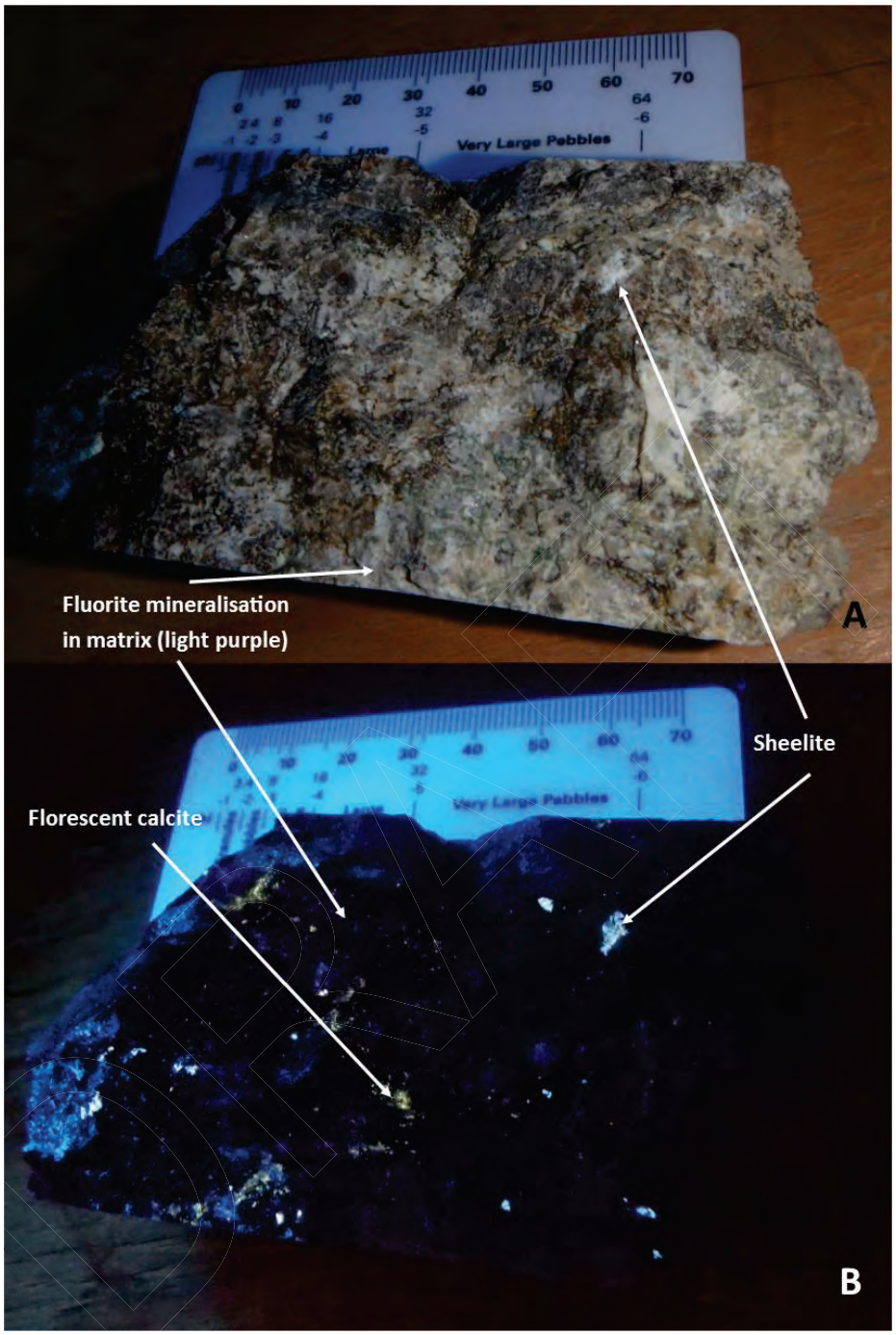


Figure 5-10 Tungsten Mineralisation Observed in JD04 122ft (0.4% W)

A – As seen in natural light

B – As seen under UV light

5.6 Deposit Model

The Empire Mine Project consists of two deposits types. Firstly, a polymetallic skarn with a later stage epithermal overprint that has both upgraded the copper mineralisation and injected new gold and silver mineralisation.

5.6.1 Skarn Deposits

Skarns in the Alder Creek Mining District are economically significant for base and precious metals. The Empire Mine, which has historically been the major mineral producer in the region, is classified as a polymetallic copper-skarn. Several other similar deposits occur in the near vicinity of the Empire Mine, including the White Knob Mine and Copper Basin Mine, located 1.0 km north and 16 km southwest, respectively, of the Empire Mine property.

Other types of deposits in the immediate district include oxidised lead-zinc veins and replacements in limestone, such as the Horseshoe Mine located 1.5 km northwest of the Empire Mine, and Grande Prize, located 400 m south of the AP Pit.

Polymetallic skarn systems can host mineralisation containing a number of metals including Au, Cu, Pb, Zn, Fe, Mo, W, Ag and Sn. The term skarn is used to refer to the metasomatic replacement of carbonate rocks such as limestones by calc-silicate mineral assemblages during contact or regional metamorphism. Mineral deposits associated with skarn assemblages are referred to as skarn deposits and are typically the product of contact metamorphism and metasomatism associated with the intrusion of granite or porphyritic systems into carbonate sediments. The different metals found in skarn deposits are a product of differing compositions, oxidation state and metallogenic affinity of the intrusion that provides the source fluids. The metals observed at the Empire Mine Project are indicative of an intermediate I-type granite source. If the skarn is hosted in limestone such as those within the White Knob limestone, then they are referred to as a calcic exo-skarn as the metasomatic assemblage is hosted external to the Eocene intrusive.

Figure 5-11 modified from Robb (2005) illustrates a typical environment in which polymetallic skarns normally form. When a granite or porphyry stockwork intrudes into a carbonate sedimentary sequence, the fluids associated with the intrusion pass through the contact sediments. This creates prograde hydrothermal alteration of varying intensities as a function of the host sediment composition and reactivity of this with the fluids. In the case of the Empire Mine Project the reactive porous Mississippian age sedimentary sequence form the hosts to the exoskarn mineralisation and are pervasively altered. A distinct zonation is often evident in both alteration suite and tenor of mineralisation with both increasing towards the centre of the intrusive stockwork.

At the Empire Mine Project the Mackay Porphyry Intrusions provide the fluid source with both this (endoskarn) and the reactive porous Mississippian age limestone sequence forming the main hosts to the skarn mineralisation. Skarns tend to exhibit zoned alteration from hematite-magnetite and epidote-garnet-magnetite close to the intrusions centre to more distal epidote-garnet and other alteration products. Mineralisation can also exhibit zonation with copper dominate mineralisation being replaced distally by zinc and then by tungsten and tin. The scheelite mineralisation evident in core and from historical mining suggests that the Empire Mine Project may host tungsten mineralisation at depth.

Skarns are usually podiform, sinuous and/or tabular in shape; their disposition mostly defined by the irregularity of the contact between the intruding and intruded formations. Lobe like inclusions of intruded material (i.e., pendants) are commonly strongly metamorphosed and mineralised.

During the skarnification process, increases in porosity due to recrystallisation and/or stress-induced deformation (brittle and ductile), may result in the creation of loci for deposition of precious/base metal minerals under changing hydrothermal regimes. An example of this is the

hosting of late stage epithermal mineralisation that can often host significant precious metal grade and lead to further brecciation and remobilisation of skarn mineralisation.

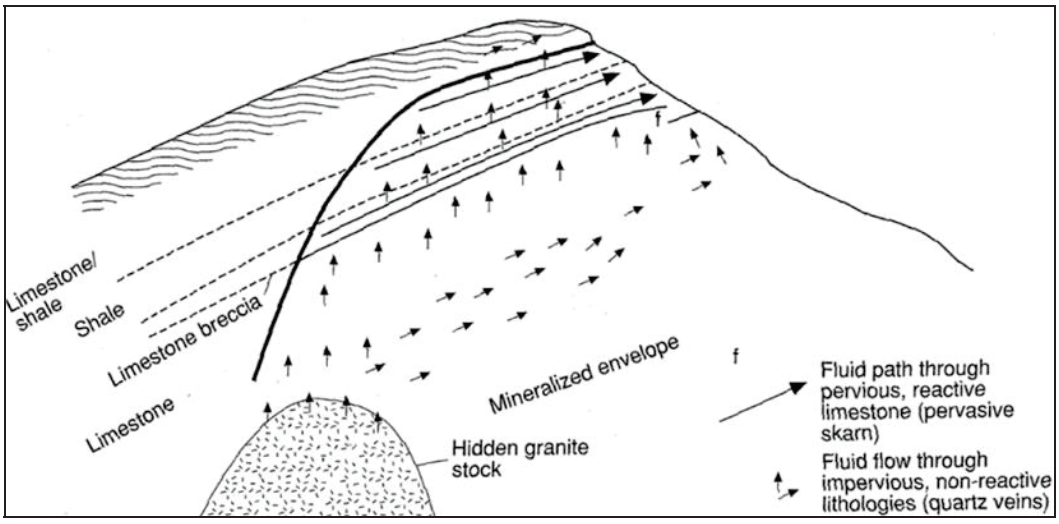


Figure 5-11 Example of Ore-bearing Magmatic-Hydrothermal Fluids Association with a Granitic Stock (Adapted from Robb, 2005)

5.6.2 Epithermal Gold – Low and High Sulphidation

Past observations suggest that the gold and silver mineralisation observed at the Empire Mine project are later stage and may cut across and over printed earlier skarn mineralisation. This mineralisation has been classed as late stage epithermal mineralisation and is associated with continued hydrothermal circulation through the Mackay Porphyry.

Epithermal gold systems are metalliferous sources that can host mineralisation containing a number of metals including gold (Au), lead (Pb), zinc (Zn), silver (Ag), mercury (Hg), antimony (Sb), copper (Cu), selenium (Se) and bismuth (Bi). These systems generally form near surface or at depths less than 1500 m. They occur associated with extrusive or near surface intrusive rocks and often occupy normal fault or joint systems bottoming out at 300-900 m below surface before erosion. The zone's themselves can be observed to be formed of simple veins with some irregular development of mineralisation chambers commonly in pipes or stockworks.

Figure 5-12 modified from Robb (2005) illustrates a typical environment in which low and high sulphidation epithermal gold could occur. For high sulphidation veins acidic fluids from the intrusive porphyry system follow a direct structural discontinuity to surface creating advanced argillic alteration in the wall rock and forming veins, veinlets or breccias. These are generally gold and copper bearing at temperatures of approximately <200°C.

For low sulphidation veins, acidic fluids from the intrusive porphyry system follow a structural discontinuity where they interact with meteoric waters and are neutralised. These neutral fluids then continue to surface creating adularia and sericite alteration of the wall rock before forming veins and veinlets that are gold and silver bearing at temperatures of 100-200°C. Some examples of these gold systems can be observed in the USA at the Cripple Creek deposit in Colorado and the Comstock deposit in Nevada.

While no modern studies have been conducted to define the exact origin of the high grade Au, Ag, and Cu mineralisation within the FeOx breccias, SRK ES suspects that this exists as a late stage structurally controlled explosive high sulphidation epithermal event that brought in

precious metals and remobilised existing copper mineralisation.

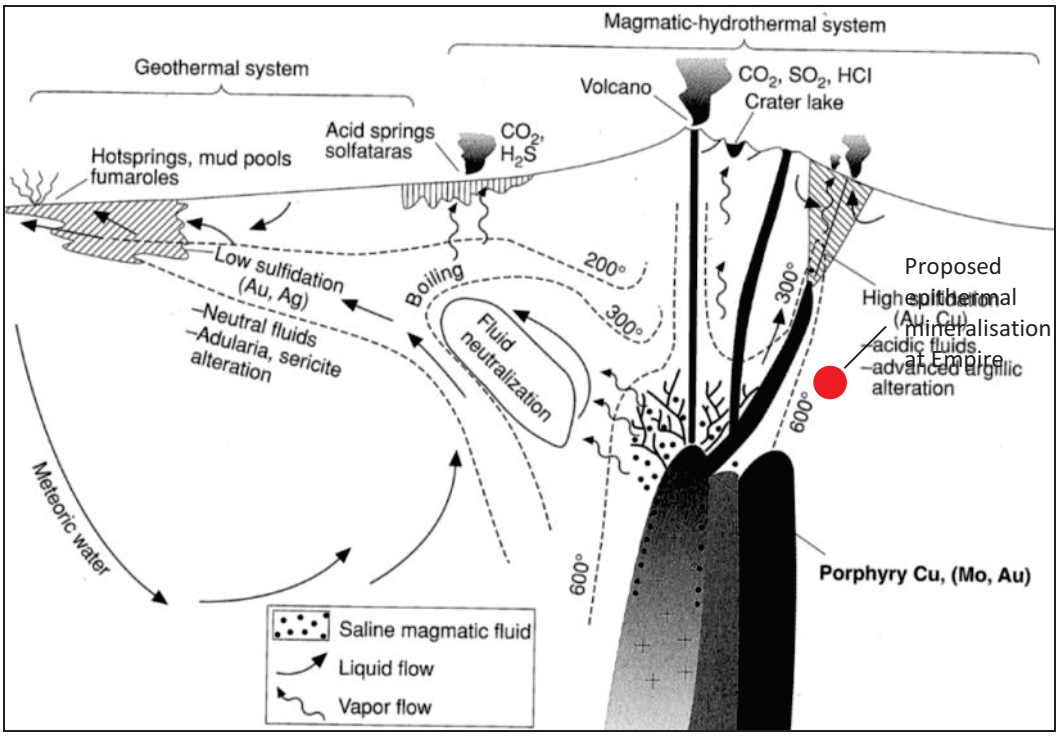


Figure 5-12 Geological Setting and Characteristics of Low and High Sulphidation Epithermal Au-Cu Deposits and Sub-Volcanic Porphyry-Type Cu-Au Deposits (Sourc: Robb, 2005)

Both skarn and epithermal deposits are continuum of deposits styles related to igneous intrusions. Other related deposit types include porphyry copper deposits, which commonly occur adjacent to and below skarn deposits, as do iron-oxide-copper-gold deposits (IOCG). Vein-type copper-lead-zinc deposits are often found in the calcareous formations distal to the skarn mineralisation. Although no porphyry copper or IOCG system has yet been detected at the Empire Mine Project, several high-grade Pb/Zn + Ag veins occur in the White Knob Limestone, well away from the skarn.

6 PROJECT HISTORY AND EXPLORATION DATA

The first copper mineralisation was found on the Empire Mine Property in 1884. Progression to mining was rapid and continued through to the early 1970s after which more modern exploration has been conducted through various project owners.

6.1 Mining

Copper mineralisation was first found in the area in 1884 and the first smelter to process underground ore was established within a couple of years (Umpleby, 1917). It was then in 1901 that two 1215 ton smelters were set up by new owner Wayne Darlington. From 1901 to 1907 there was a succession of mine owners, though due to a number of reasons, none were commercially successful.

In 1907, the Empire Copper Company acquired the property and operated almost continually until 1921 when the Idaho Copper Company took possession and installed a mill and tramway. Milling of low-grade sulphide ore averaging about 2.8% Cu began in 1924, and both concentrates and crude ores were shipping to Salt Lake City smelters until operations ceased in 1930. From 1928 to 1930, the mine was worked by Mackay Metals, Inc. and subsequently went into voluntary receivership in 1931, at which time the patented claims were taken over by Custer County. The lessees produced a small volume of crude ore in 1935-1937. The Mackay Exploration Company took over the property in 1939 under lease and bond agreements with Custer County (Farwell and Full, 1944).

The Empire Mine produced 694,000 tonnes with a recovery of 3.64% Cu, 1.64 g/t Au and 53.8g/t Ag from underground workings during the period 1901 to 1942 (Farwell & Full, 1944). Actual head-grades are unknown, although mine inspector reports indicate that direct-shipments to the smelter averaged 6% Cu (Anonymous, 1911, 1912 and 1923). A further 115,500 tonnes at 2.27% Cu, 1.11 g/t Au and 23.76 g/t Ag were mined intermittently from 1943 to 1971, (USGS Bull 2064-I, 1995).

In 1942, USBM mapped, drilled and sampled the Empire Mine concurrently with the US Geological Survey. Twenty-one underground core holes, (Table 6-1) and nearly 400 samples were taken, which included samples from level 300 under the oxide mineralisation identified on surface, Table 6-2 and Figure 6-1. The mine was surveyed and mapped on at least eight of the nine main levels and a small resource, not reported in compliance with the JORC Code, was delineated for the sulphide mineralisation in an orebody at the northern end of the level 1000 (Farwell and Full, 1944).

Ore derived from level 1000 also provided some significant tungsten grades again highlighting the potential that Empire could access tungsten ore at depth, Table 6-3.

Exact total tonnages of the extracted material have not been recorded beyond the 694 Kt extracted between 1901 and 1942 and 115 kt between 1943 and 1971.

During the USBM's 1942 survey, mineralisation was accessible on at least six of the main nine production levels and was reported by the USBM to be in overall good ground (geotechnical) condition. In all the USBM estimated that over 60,000 ft (18,300m) of development were made into the Empire orebody although only 35,000 ft (10,650m) were accessible at the time. Historically, the main mining method used in the Empire mine was shrinkage stoping.

While further surveying and digitisation is required, collating these USBM survey plans illustrates the extend of underground operations across Empire. Further, while the USBM

sampling contained no quality controls and is not considered extensive, the location of the >0.5% and >1% Cu underground channel samples from 1942, highlights that there maybe three main areas of higher grade. These are; 1) to the south on level 300, possibly in oxide form, also defined in Table 6-2; 2) in the central zone on levels 500-800; and 3) in the north on 900 level, Figure 6-1.

Table 6-1 Underground Drill Hole Intercepts (Source USBM, 1944)

Hole ID	From (m)	To (m)	Intersection	Cu %	Au g/t	Ag g/t	WO_3
B2			4.3	2.6	0.1	19	0.044
B10	0	15.9	15.9	2.9	3.1	32	
B11	0	9.3	9.3	2.1	1.6	24	
B12	0	6.7	6.7	2.0	1.5	24	
B13	0	2.7	2.7	2.5	1.8	28	
B16	0	13.8	13.8	1.6	0.3	22	
B17	0	12.8	12.8	2.1	0.4	22	
B23	0	7.4	7.4	3.1	5.5	43	
B28	0	17.6	17.6	3.1	2.3	44	

Table 6-2 USBM Oxide Copper Sample Results on Level 300 (Source USBM, 1944)

Sample Number	Width (ft)	% Cu	oz Au/short ton	oz Ag/short ton
327	5	3.00	0.005	4.75
328	5	4.59	0.005	3.35
329	5	5.31	0.010	4.00
330	5	1.63	0.005	1.95
331	5	2.10	0.010	2.65
332	5	1.26	0.005	1.80
333	5	1.70	0.005	2.10
334	5	2.00	0.075	0.90
335	5	1.31	0.040	1.45
336	4	4.40	0.015	3.20
337	4	0.74	0.140	2.25
338	3.5	1.15	0.050	2.10
339	3.9	2.82	0.030	2.60
Ave	***60.4***	***2.48***	***0.028***	***2.55***
g/short ton			**0.88**	**79.33**
g/t			**0.97**	**87.44**

Table 6-3 USBM Ore Shipment Grades From Level 1000 (Source USBM, 1944)

	% Cu	oz Au/short ton	oz Ag/short ton	% WO_3
4 samples	3.28	0.240	1.75	4.28
Carload	2.45	0.105	1.35	2.08

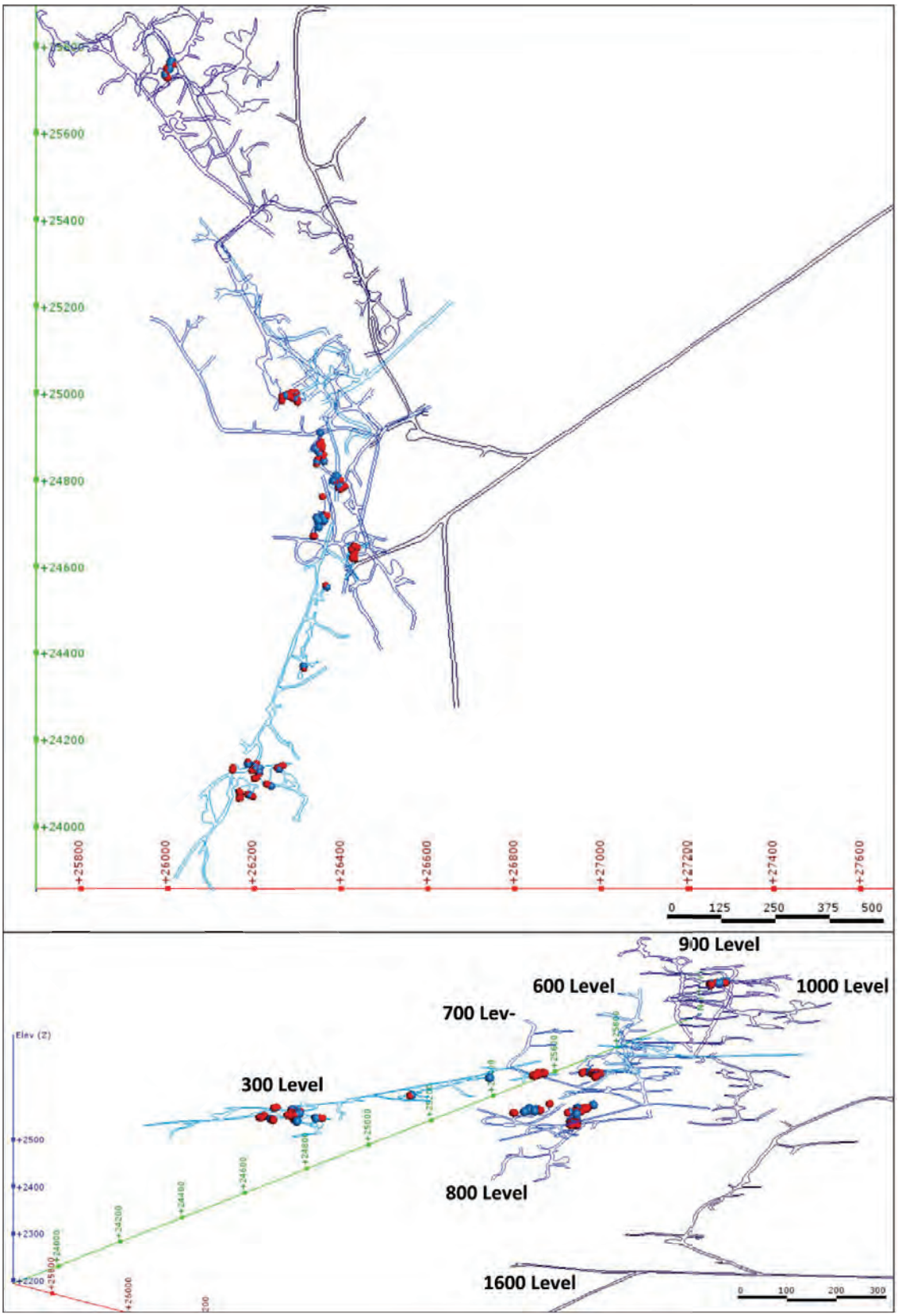


Figure 6-1 Digitised USBM 1942 Underground Plans Illustrating the Extent of Underground Workings on Eight Levels

Red points = USBM samples >1% Cu Blue points = USBM samples >0.5% Cu

Surface mining activities were based on drilling completed by Behre Dolbear in 1972 resulting in the Atlantic-Pacific (AP) Pit being developed in 1974/77 by associates of Honolulu Copper.

The 1100 level was exploited in 1956-58, 1961-64 and 1971-73 by various lease-holders. The ore from the 1100 level was processed by a mill which was constructed in 1961-62. The Empire mill was refurbished in 1972 and was used to process Pb-Zn ore from a different mine from 1972 to around 1975. The mill building was destroyed in 2014.

6.2 Exploration

Since the closure of the underground mines in the 1940s and the AP pit operation in the 1970s, exploration has focused on the shallow oxide mineralisation, mostly within the AP Pit area, that could be exploited by open pit mining methods. Some of the more resent exploration has encountered the supergene and sulphide zones within the mineralisation. These are summarised in Section 6.2.8 below.

6.2.1 1962 to 1975

The first coordinated exploration of the Empire Mine Property took place between 1962 and 1972, when several companies drilled a total of 143 exploration holes in the AP Pit area to better evaluate the shallow oxide mineralisation, Table 6-4. These were drilled by Cleveland Cliffs Iron Co. (CCDH 1-9; 9 coring holes, 1962), New Idria Mines (NI 1-20, 20 reverse circulation holes, 1967), Hile Exploration Co. (H 1-58, 58 reverse circulation holes, 1969), Capital Wire & Cable Co. (CW 1-14, 14 reverse circulation holes, 1970), and US Silver and Mining Corporation (Behre Dolbear: BDH 1-42, 42 reverse circulation holes, 1972). All drillholes were assayed for copper and only nine were assayed for gold (within the NI series).

In 1975, Exxon explored for copper and molybdenum by drilling 10 core holes. By 1975, a total of 153 drillholes, mostly within the near surface oxides of the AP Pit area, had been drilled by various companies on the property.

Table 6-4 Selected Drill Hole Intersections from Surface (New Idria Mines & US Silver & Mining 1967 - 1972)

Hole Number	From (m)	To (m)	Intersection (m)	Cu %	Au g/t	Ag g/t
Hole 35	0.0	12.2	12.2	1.2	-	-
Hole 39	36.6	56.4	19.8	1.4	-	-
NI6	16.8	41.1	24.4	2.1	-	-
NI13	30.5	41.1	10.7	1.6	-	-
BDH2	10.7	27.4	16.8	1.9	-	-
BDH9	10.7	29.0	18.3	1.8	-	-
BDH18	0.0	16.8	16.8	1.4	-	-
BDH20	38.1	44.2	6.1	2.8	-	-
BDH20	51.8	67.1	15.2	1.1	-	-
BDH21	4.6	19.8	15.2	0.9	-	-
BDH21	19.8	29.6	9.8	Void (Stope?)	-	-
BDH21	29.6	47.2	17.7	1.3	-	-

6.2.2 1995 to 1997: Cambior Exploration USA Inc.

The first systematic modern day exploration was conducted by Cambior Exploration USA Inc. (“Cambior”), who explored the property from 1995 to 1997. This exploration entailed data compilation, surface mapping, surface sampling, and ground and airborne magnetic surveys.

Between 1996 to 1997 the company drilled 47 core holes (totalling 7350 m) on approximately 100 m spaced fences along the N-S strike of the deposit, including 21 in the AP Pit area, Table 6-5 and illustrated in Figure 6-2.

Table 6-5 Selected Drill Hole Intersections from Surface (Cambior 1996 - 1997)

Hole Number	From (m)	To (m)	Intersection (m)	Cu %	Au g/t	Ag g/t
S003	2.4	9.8	7.3	1.1	0.1	14.0
	9.8	11.0	1.2	Void (Stope?)		
	11.0	32.0	21.0	1.1	0.7	18.0
S005	54.9	90.8	36.0	1.4	0.6	50.0
	90.8	92.0	1.2	Void (Stope?)		
	92.0	94.8	2.7	1.7	0.1	25.4
S007	47.2	60.0	12.8	1.1	0.3	14.9
	60.0	65.2	5.2	Void (Stope?)		
	65.2	73.8	8.5	2.6	0.6	50.0
S028	30.5	40.4	9.9	1.2	0.3	7.6
	40.4	41.9	1.5	Void (Stope?)		
	41.9	43.3	1.4	1.6	1.8	95.4
	43.3	43.9	0.6	Void (Stope?)		
	43.9	53.0	9.1	1.2	1.7	45.7
S034	82.3	92.7	10.4	1.8	1.5	82.6

Various internal resource estimates were completed in the 1990s by Cambior and by third parties using different parameters. In their 1997 report issued for vending purposes, Cambior stated that *"The present oxide resource estimate, using a 0.15% Cu cut-off, stands at 18 Mt at 0.49% Cu, 0.19% Zn, 13.5 g/t Ag and 0.48 g/t Au, with an additional 9 Mt of material grading 0.29% Cu and 0.31% Zn with no precious metal values".*

Insufficient information is provided to allow SRK ES to determine the conditions under which the figures were estimated. This resource was not reported according to current resource and reserve reporting standards and are not considered to be compliant today.

Cambior also conducted some preliminary metallurgical test work through METCON Research (see Section 8.1).

The low commodity prices of the time and financial commitments elsewhere prompted Cambior to relinquish the project in 1999.

Although Cambior's drilling programme was focused on the near surface oxide copper zone amenable to processing by crush, grind, agitation leach, solvent-extraction/electro-winning ("SX-EW") followed by a gold and silver recovery circuit, it is clear from the drilling completed by 1997 that there is potential additional tonnages/grade (Cu, Au, Ag) within the wallrock material adjacent to the old underground workings in the mixed and sulphide zones. No systematic programme has been carried out to evaluate the potential of these zones using current economic criteria for both open pit and underground mining operations. Subsequent drilling campaigns also focused on the near surface oxide zone.

6.2.3 2001 to 2004: Sierra Mining and Engineering LLC

Sierra Mining and Engineering LLC's ("Sierra") preliminary mine engineering study corroborates Cambior's findings and statements (Golden, 2001). Sierra's assessment was calculated independently from Cambior's database. Golden states that Cambior's near-surface oxide resource is amenable to SX-EW acid leach processing operations, pending

further metallurgical testing. Golden (2001) also opined that sulphide mineralisation, which characterises the deeper workings of the Empire Mine, could be amenable to milling and flotation.

In 2004 Sierra estimated a Mineral Resource for the AP pit and its northern extension, as summarised in Section 9.11.2.

6.2.4 2004 to 2005: Trio Gold Corporation

In December 2004, Trio Gold Corporation ("Trio") completed a 10 hole, 700 m, reverse-circulation ("RC") and PQ-core drill programme in the AP Pit area (Figure 6-2). The salient results of the programme were listed in a report by van Angeren (2005) and are reproduced in Table 6-6 . The programme consisted of nine 11.4 cm diameter RC drillholes (670 m) and one 8.5 cm diameter PQ-core drillhole (29 m). All of Trio's drillholes were vertical.

RC cuttings were sampled at 1.5 m intervals. Two samples, ranging from 900g to 5440g, were bagged from each interval, sample size depending on sample recovery. It is not known how these samples were split. 398 RC samples were sent for assay to American Assay Laboratories (AAL) in Reno and 45 duplicate samples sent to Loring Laboratories Ltd., Calgary.

Due to the nearly flat-lying nature of the AP Pit oxide skarn, thicknesses are considered to be nearly true. The drill programme was successful in confirming the grades of copper, gold and silver in the AP Pit. Grades of up to 13.5 % Cu over 1.5 m, 1.61 % Cu over 59 m and 5.5 g/t Au over 4.6 m were obtained (van Angeren, 2005). Table 6-4 shows total copper content (TCu) as well as the amount of acid-soluble copper (CuOx or ASCu) included in this total.

The drill programme was successful in improving the thickness of mineralisation to at least 67 m, and in confirming the grades of copper, gold and silver in the AP Pit area. Trio's drill programme showed that copper favours exoskarn, whereas gold is more closely associated with limonitic (FeOx) breccias and stockworks. Gold mineralisation appears to post-date the copper event, and seems to have precipitated, along with iron-oxides, in breccias (reactivated faults?).

The PQ-core hole is located at the north end of the AP Pit (TDD04-1, Table 6-4). It was drilled for metallurgical purposes. This core and other bulk sample material were sent for testing at Kappes, Cassiday & Associates Inc. ("KCA") in Reno, Nevada.

On the basis of the 2004 to 2005 results, a 65 drillhole infill drilling programme, along with comprehensive metallurgy, was planned for the Empire Mine project for 2005 to 2006 (van Angeren, 2005). The new drill locations were planned to test mineralisation below existing drilling and to test the precious metals content within the known copper orebody as well as extend precious metals testing to greater depth.

Table 6-6 Notable intersection from Empire Mine 2004 Drill Results - Trio (van Angeren, 2005)

Hole #	UTM E (m)	UTM N (m)	Elevation (m)	Total Depth (m)	From (m)	To (m)	Width (m)	TCu %	ASCu %	Au g/t	Ag g/t
TDD04-1	285199	4862344	2621	29.6	17.7	29.6*	11.9	4.23	4.04	1.45	66.2
(PQ-core)					28.1	29.6	1.5	13.54	12.86	3.35	119.0
TRC04-1	285160	4862153	2615	76.2	0.0	50.3	50.3	0.65	0.60	-	13.6
including					0.0	27.4	27.4	0.97	0.92	-	15.0
					42.7	76.2	33.5	-	-	1.02	-
TRC04-2	285173	4862232	2620	97.5	0.0	16.8	16.8	0.76	0.66	-	44.7
					6.1	12.2	6.1	1.33	1.16	-	78.3
TRC04-3	285045	4862158	2642	115.8	0.0	67.1	67.1	0.40	0.23	-	-
including					0.0	29.0	29.0	0.53	0.34	-	-
including					29.0	67.1	38.1	0.32	0.15	1.90	-
including					57.9	62.5	4.6	0.24	-	5.49	-
TRC04-4	285107	4862238	2637	19.8	3.0	19.8	16.8	0.46	0.26	-	16.3
including					16.8	19.8	3.0	1.56	0.94	0.37	52.3
TRC04-5	285117	4862214	2634	91.4	24.4	35.1	10.7	0.80	0.35	-	13.6
					56.4	91.4	35.0	0.19	0.05	1.19	-
including					57.9	65.5	7.6	0.66	0.15	1.93	-
TRC04-6	285090	4862250	2646	59.4	0.0	59.4	59.4	1.61	1.17	-	42.5
including					0.0	13.7	13.7	3.29	2.58	-	94.0
TRC04-7	285060	4862197	2644	15.2	0.0	15.2	15.2	0.31	0.11	-	-
TRC04-8	285193	4862152	2611	91.4	0.0	7.6	7.6	0.56	0.20	-	11.4
TRC04-9	285175	4862180	2614	103.6	0.0	53.3	53.3	0.15	0.12	-	-
including					12.2	22.9	10.7	0.25	0.22	-	-
Bulk	285160	4862153	-	-	-	-	-	0.80	0.79	-	11.0

* This interval includes 6.1 m of void space (underground workings). A grade of 1.00% Cu or Zn represents 20 lb/ton, 10 kg/tonne

6.2.5 2006: Journey Resources Corporation

In 2006, Journey Resources Corporation ("Journey") drilled 33 of the 65 holes which had been proposed by Trio. All the drillholes were in the AP Pit area focussing on oxide mineralisation, with the balance planned for 2007. The 33 holes totalled 4035 m and consisted of five NQ core and 28 RC, with two of the RC drillholes lost (Figure 6-2). Summary significant results from this drilling were reported by Anderson (2007) and are reproduced here in Table 6-7, Table 6-8. All drillholes were inclined at -45° towards the west; true thicknesses are considered to be approximately 75% of drilled values.

Journey's drill programme was successful in confirming the grades and widespread distribution of copper, gold and silver in the AP Pit area. The programme also confirmed Trio's 2004 findings.

Highlights from the 2006 drilling programme include: 77 m at 0.65 % Cu and 25 g/t Ag, 53 m at 1.37 % Cu and 30 g/t Ag, (including 9 m of 4.64 % Cu and 127 g/t Ag), 98 m at 0.49 % Cu and 9 m grading 5.72 g/t Au (including 1.5 m at 26.4 g/t Au) (van Angeren, 2007).

In April 2007 Anderson Resource Associates Inc., produced a technical report on the Empire mine for Trio and Journey. This included a mineral resource and mineral reserve estimate for the oxide portion of the Empire Mine deposit. Details of this can be found in Section 9.11.3.

The planned next phase of exploration, to complete the remaining 32 drillholes of the 65-drillhole schedule, was conducted by Musgrove in 2011.

Table 6-7 Empire Mine 2006 Core Drilling Summary of Significant Results - Journey (Anderson, 2007)

Hole	UTM E (m)	UTM N (m)	Elevation (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	TCu %	ASCu %	Au g/t	Ag g/t
JDD01	285167	4862125	2616	129.5	11.3	27.7	16.4	0.85	0.66		26.1
					66.1	73.2	7.1	0.23		3.33	
JDD02	285269	4862410	2596	164.6	79.2	96.0	16.8	0.26	0.15		12.4
					91.4	96.0	4.6			1.38	
JDD03	285200	4862420	2614	87.5	12.2	25.9	13.7	1.35	1.08	1.85	48.6
JDD04	285184	4862321	2626	91.4	12.8	75.3	62.5	0.31	0.25		26.0
					12.8	25.9	13.1	0.56	0.45		31.4
					39.6	45.7	6.1	1.04	0.98		80.8
JDD05*	285221	4862317	2622	57.9	44.2	57.9	13.7	0.39	0.16		26.1
JDD05a	285221	4862317	2622	107.3	20.1	96.6	76.5	0.65	0.55	+stope	25.3
					20.1	96.6	59.4	0.84	0.70	-stope	24.0

* Hole lost in stope

Table 6-8 Empire Mine 2006 Reverse Circulation Drilling Summary of Significant Results - Journey (Anderson, 2007)

Hole	UTM E (m)	UTM N (m)	Elevation(m)	Total Depth (m)	From (m)	To (m)	Interval (m)	TCu %	ASCu %	Au g/t	Ag g/t
JRC01	285004	4862005	2648	134.1	0.0	4.6	4.6	0.15			
					9.1	18.3	9.2			1.93	
JRC02	285065	4861995	2642	30.5	13.7	30.5	16.8	0.50	0.15		
JRC02a	285068	4861993	2642	134.1	13.7	59.4	45.7	0.65	0.18		10.0
					25.9	38.1	12.2			0.86	
JRC03	285041	4862008	2644	21.3	10.7	21.3	10.6	0.84	0.23		14.2
JRC03a	285046	4862008	2644	33.5	7.6	27.4	19.8	0.69	0.14		11.7
JRC04	285055	4861951	2634	121.9	3.0	35.1	32.1	0.48	0.12		
JRC05	284980	4862051	2663	115.8	0.0	12.2	12.2	0.46	0.07		11.3
JRC06	284978	4862080	2676	134.1	0.0	32.0	32.0	0.44	0.18	0.38	
					15.2	25.9	10.7	0.69	0.25	0.48	18.4
JRC07	284970	4862134	2689	137.2	0.0	16.8	16.8	0.11	0.02		
JRC08	284987	4862166	2686	106.7	NSV						
JRC09	285019	4862079	2669	121.9	0.0	27.4	27.4	0.16	0.06	0.50	

Hole	UTM E (m)	UTM N (m)	Elevation(m)	Total Depth (m)	From (m)	To (m)	Interval (m)	TCu %	ASCu %	Au g/t	Ag g/t
JRC10	285066	4862080	2652	24.4	NS						
JRC10a	285061	4862099	2652	146.3	0.0	22.9	22.9	0.48	0.26	0.30	20.7
					13.7	48.8	35.1			0.74	
JRC11	285106	4862009	2635	143.3	18.3	71.6	53.3	1.37	0.77		29.7
					24.4	33.5	9.1	4.64	3.25		126.6
JRC12	285016	4862038	2660	112.8	38.1	65.2	27.1	0.22	0.04		
					50.3	56.4	6.1			0.57	
JRC13	285111	4862036	2640	131.1	41.1	51.8	10.7	0.16	0.02		
JRC14	285106	4862080	2634	161.5	0.0	24.4	24.4	0.76	0.34	0.52	14.8
					15.2	22.9	7.7	1.45	0.60	1.52	28.2
JRC15	285147	4861994	2628	152.4	7.6	105.2	97.6	0.49	0.27		12.7
					18.3	45.7	27.4	1.24	0.83		30.4
					25.9	35.1	9.2	2.28	1.61		58.5
JRC16a	285101	4861943	2625	152.4	0.0	77.7	77.7	0.30	0.17		
					12.2	24.4	12.2	0.59	0.49		
JRC17	285162	4861944	2626	15.2	NS						
JRC18	285195	4861995	2618	182.9	111.3	126.5	15.2	0.23	0.03		
JRC19	285182	4862034	2619	160.0	71.6	99.1	27.5	0.25	0.07		
JRC20	285162	4862080	2619	167.6	10.7	48.8	38.1	0.62	0.37		17.7
JRC21	285197	4862079	2617	45.7	NS						
JRC22	285151	4862173	2625	140.2	0.0	44.2	44.2	0.56	0.46		
					33.5	73.2	39.7			0.34	
JRC23	285108	4862175	2630	121.9	0.0	35.1	35.1	0.31	0.25		
					44.2	93.0	48.8	0.34	0.16	0.85	
					47.2	56.4	9.2	0.47	0.22	2.93	
					51.8	54.9	3.1	0.52	0.19	7.15	
JRC24	285172	4862221	2626	79.2	1.5	19.8	18.3	0.88	0.74		56.2
					54.9	68.6	13.7	0.37	0.30		25.9
JRC25	285160	4862277	2634	39.6	12.2	25.9	13.7	0.59	0.51		15.7
					35.9	39.6	3.7			0.55	

Hole	UTM E (m)	UTM N (m)	Elevation(m)	Total Depth (m)	From (m)	To (m)	Interval (m)	TCu %	ASCu %	Au g/t	Ag g/t
JRC26	285070	4862178	2649	131.1	0.0	76.2	76.2	0.44	0.24		
					62.5	74.7	12.2	0.62	0.33	1.16	
JRC27	285101	4862228	2647	140.2	4.6	53.3	48.7	0.34	0.21	1.39	12.0
					32.0	41.1	9.1	0.26	0.19	5.72	
					33.5	35.1	1.6			26.40	
JRC28	285109	4862280	2653	57.9	0.0	3.0	3.0	0.57	0.20		16.1

Note: NSV = no significant values

NS = No samples, abandoned hole

6.2.6 2011: Musgrove Minerals Corporation

Musgrove completed 4348 m of RC drilling in 24 drillholes in 2011 (van Angeren, 2014). Seventeen drillholes were in the northern half of the skarn deposit Table 6-9 and illustrated in Figure 6-2. This area has seen the most intense historical underground development. The other seven drillholes were in the AP Pit area. All drillholes were inclined at -50° towards the west. True thicknesses of the mineralised zones are variable and unknown, but are considered to be up to 75% of drilled intervals.

Highlights of the 2011 campaign completed by Musgrove were reported by van Angeren (2014) and are reproduced here in Table 6-9 and Figure 6-2 include:

- 6.1 m at 1.32% Cu, 1.13 g/t Au and 21.3 g/t Ag (EM11-08);
- 48.7 m at 0.54% Cu (EM11-15);
- 4.6 m at 1.84% Cu, 33.8 g/t Ag and 0.51% Zn (EM11-16);
- 35 m at 0.69% Cu and 0.73% Zn (EM11-17); and
- 27.4 m grading 1.35% Cu, 1.34 g/t Au, 80.3 g/t Ag and 0.81% Zn (surrounding an approximately 5 m wide open stope (EM11-23; AP Pit).

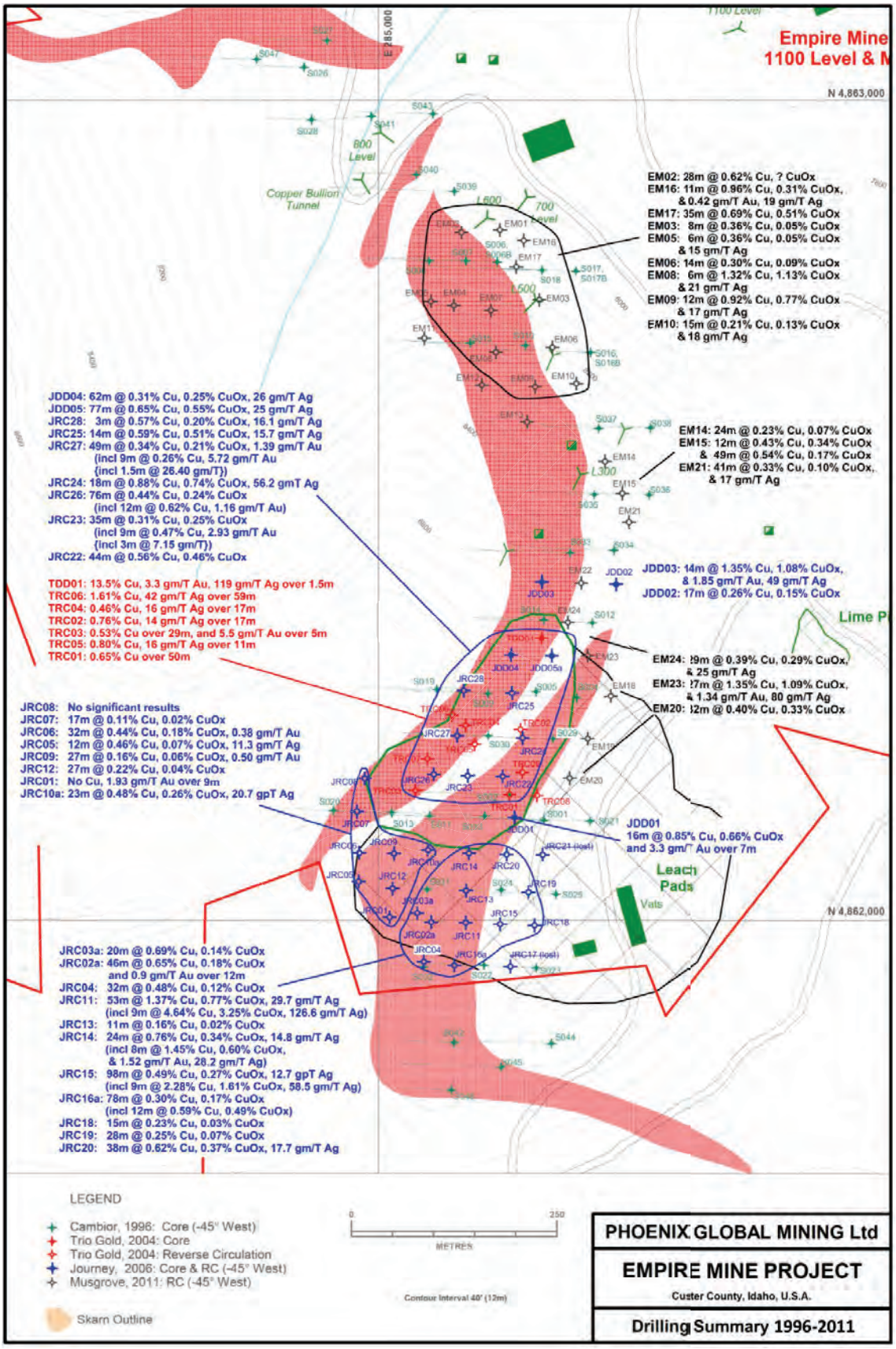


Figure 6-2 Empire Mine Drilling Locations Summary 1996 to 2011 (PGM, 2016)

Table 6-9 Empire Mine Project 2011 Summary Reverse Circulation Drilling Results - Musgrove (van Angeren, 2014)

Hole	UTM E (m)	UTM N (m)	Elevation (m)	Total Depth (m)	From (m)	To (m)	Width (m)	TCu %	ASCu %	Au g/t	Ag g/t
EM11-01	285148	4862842	2452	278.9	27.4	38.1	10.7	-	-	0.76	-
				Including	27.4	28.9	1.5	-	-	2.23	-
					93.0	102.1	9.1	0.47	NS	-	-
EM11-02	285101	4862839	2463	257.6	47.2	50.3	3.1	-	-	-	-
					61.0	71.6	10.6	0.32	NS	-	-
					85.3	112.8	27.5	0.62	NS	-	-
					149.4	157.0	7.6	-	-	-	-
EM11-03	285196	4862757	2475	106.7	99.0	106.7	7.7	0.36	0.05	-	-
EM11-04	285092	4862750	2499	167.6	146.3	149.4	3.1	0.14	0.07	-	-
					157.0	167.6	10.6	-	-	-	-
EM11-05	285064	4862755	2502	175.3	120.4	126.5	6.1	0.36	0.05	-	15.1
				Including	120.4	121.9	1.5	0.32	0.16	-	39.7
					163.1	173.7	10.6	-	-	-	-
EM11-06	285212	4862699	2499	175.3	48.8	54.9	6.1	0.27	0.13	-	16.5
					115.8	129.5	13.7	0.30	0.09	-	-
				Including	115.8	118.9	3.1	0.44	0.16	0.65	-
EM11-07	285137	4862744	2494	181.4	12.2	13.7	1.5	0.93	0.76	0.42	14.9
					42.7	47.2	4.5	0.32	0.28	-	-
EM11-08	285143	4862693	2511	163.1	12.2	18.3	6.1	1.32	1.13	-	21.3
				Including	13.7	16.8	3.1	2.14	1.78	-	34.9
					93.0	99.1	6.1	-	-	-	-
EM11-09	285191	4862651	2516	141.7	13.7	19.8	6.1	0.33	0.26	-	-
				Stope?	19.8	38.1	18.3	NS	NS	NS	NS
					38.1	50.3	12.2	0.92	0.77	-	17.4
EM11-10	285241	4862655	2505	147.8	29.0	44.2	15.2	0.21	0.13	-	17.9
				Including	29.0	38.1	9.1	0.28	0.17	-	23.8
					61.0	62.5	1.5	0.81	0.51	-	19.7
EM11-11	285056	4862710	2522	30.1			NSV				
EM11-12	285126	4862653	2533	190.5			NSV				

Hole	UTM E (m)	UTM N (m)	Elevation (m)	Total Depth (m)	From (m)	To (m)	Width (m)	TCu %	ASCu %	Au g/t	Ag g/t
EM11-13	285181	4862608	2537	160.0	0.0	9.1	9.1	0.13	0.11	-	-
					45.7	65.5	19.8	0.29	0.23	-	-
EM11-14	285276	4862560	2537	138.7	18.3	24.4	6.1	0.35	0.30	-	-
					89.9	114.3	24.4	0.23	0.07	-	-
					108.2	120.4	12.2	-	-	0.32	-
					125.0	137.2	12.2	-	-	0.61	-
EM11-15	285297	4862521	2545	182.9	65.5	77.7	12.2	0.43	0.34	-	-
				Including	68.5	71.6	3.1	0.98	0.87	0.36	-
					99.1	147.8	48.7	0.54	0.17	-	-
				Including	103.6	126.5	22.9	0.69	0.19	0.60	9.7
				Including	106.7	112.8	12.2	0.28	0.05	1.22	-
EM11-16	285177	4862829	2449	126.5	27.4	33.5	6.1	0.65	0.52	-	31.5
					45.7	50.3	4.6	0.18	0.08	1.06	-
					61.0	71.7	10.7	0.96	0.31	0.42	18.6
				Including	67.1	71.7	4.6	1.84	0.67	0.76	33.8
EM11-17	285168	4862797	2464	123.4	27.4	32.0	4.6	0.20	0.10	-	28.7
					54.9	89.9	35.0	0.69	0.51	-	9.3
				Including	62.5	77.7	15.2	1.19	0.89	-	14.4
EM11-18	285283	4862273	2585	265.2			NSV				
EM11-19	285255	4862221	2586	266.7	187.4	192.0	4.6	0.69	0.31	1.56	34.0
EM11-20	285233	4862173	2590	205.7	29.0	38.1	9.1	0.49	0.42	-	10.0
					48.8	80.8	32.0	0.40	0.33	-	-
				Including	73.2	80.8	6.8	0.61	0.52	-	-
					123.4	128.0	4.6	-	-	0.49	-
EM11-21	285305	4862486	2556	233.2	22.9	64.0	41.1	0.33	0.10	-	16.6
					93.0	97.5	4.5	-	-	0.62	-
EM11-22	285247	4862412	2597	182.9	138.7	146.3	7.6	0.57	0.50	0.61	10.7
					169.2	172.2	3.0	0.50	0.35	0.50	11.7
EM11-23	285255	4862322	2602	198.1	30.5	61.0	30.5	0.16	0.10	-	-
				Including	32.0	41.1	9.1	0.25	0.16	0.62	-

Hole	UTM E (m)	UTM N (m)	Elevation (m)	Total Depth (m)	From (m)	To (m)	Width (m)	TCu %	ASCu %	Au g/t	Ag g/t
					65.5	70.1	4.6	0.35	0.31	-	-
					85.3	97.5	12.2	1.54	1.12	1.15	46.9
				Stope?	97.5	102.1	4.6	NS	NS	NS	NS
					102.1	117.3	15.2	1.20	1.07	1.50	107.1
					129.5	132.6	3.1	1.47	1.25	1.35	59.3
EM11-24	285231	4862364	2606	248.4	53.3	82.3	29.0	0.39	0.29	0.31	24.8
				Including	61.0	67.1	6.1	0.58	0.42	0.29	30.9
					70.1	74.7	4.6	0.74	0.53	0.81	41.5

*NSV – No Significant Values

6.2.7 2013: Boxxer Gold Corporation

Finally, in 2013, Boxxer Gold Corporation ("Boxxer") initiated follow-up work on Trio's 2005 metallurgical testing by extracting four bulk samples from four test pits representing the four different mineralised rock types encountered in the AP Pit. This work is summarized in Section 8.3,

6.2.8 Summary Sulphide Results

Historically all exploration activity has focused on the near surface oxide zone (the AP Pit) amenable to heap leaching and SX-EW cathode copper recovery. No systematic exploration programme has been carried out on the underlying enriched secondary sulphide copper zone (Supergene Zone) and the primary copper sulphide zone. While PGM aim to continue research into the copper oxide zone and its economic potential, their primary aim is to realise the supergene and sulphide zone potential across Empire.

Of the holes drilled to-date several have intersected this deeper sulphide or mixed zone. Table 6-10 highlights these sulphide/mixed drilling intercepts. These intersections range from 1.2% Cu to 11.4% Cu and range from surface or near surface intersections (holes TRC04-06 and JDD03) to deeper +100m depth intersections such as in hole EM11-23.

Table 6-10 Drillhole Intersections Below the Oxide Zone – Sulphide (Mixed) Mineralisation

Hole #	From (m)	To (m)	Intersection (m)	Cu %	Au g/t	Ag g/t
S006B	52.4	56.4	4	6.8	1.5	99
S006B	120.1	122.8	2.7	2.5	4.4	68
S007	50	54.6	4.6	5.1	1	69
S007	65.2	73.8	8.6	2.6	0.6	48
S007	121.9	123.7	1.8	1.4	0.5	162
S010	42.7	44.2	1.5	4.5	0.4	32
S012	77.7	80.8	3.1	1.5	0.3	113
S012	99.4	103.9	4.5	1.8	1.9	103
S012	129.8	133.5	3.7	1.6	1.7	36
S016B	124.4	125.9	1.5	11.4	5.4	129
SO28	30.5	53.0	22.5	1.3	1.3	1.0
TRC04-06	0.0	12.2	12.2	3.7	0.3	105
TRC04-06	25.9	59.4	33.5	1.4	0.1	34
JDD03	12.2	25.9	13.7	1.4	1.9	49
JRC11	24.4	33.5	9.1	4.6		127
JRC15	25.9	35.1	9.2	2.3		59
EM11-02	12.2	16.8	4.6	1.7	0.1	26
EN11-16	67.1	70.3	3.2	2.2	0.9	45
EM11-23	86.9	94.5	7.6	2.1	1.7	60
EM11-23	103.6	115.8	12.2	1.2	1.6	96
EM11-23	129.5	131.1	1.6	2.4	2.3	97

The exact location of the oxide/sulphide boundary across Empire is currently unknown and will require investigation in future exploration. It is likely to be a diffuse and interfingered contact between oxide, supergene and primary sulphides. SRK ES notes that from the US Bureau of Mines 1942 underground channel sampling, it appears that samples on the 300 Level were "cut in oxide" while no such comments were made on deeper levels. This therefore suggest that this boundary is likely somewhere below the 300 level but may roughly

parallel topography.

There is also evidence that these lower regions host economic grade tungsten that while never systematically assayed for, individual grab samples taken by the USBM have been as high as 4.3% WO_3, (Farwell & Full, 1944).

6.2.9 SRK ES Comments on Historical Exploration

The exploration conducted across the Empire mine has been managed by at least six different groups since the 1990s. This has led to some consistency issues within the data in the way it has been recorded, stored and interpreted. Further, some manual transcription errors from the original assay certificates into the historical databases have been observed. PGM have recognised this and have compiled the data in such a way to combat this issue and plan to continue this process to include re-logging and sampling of historical core and RC chips.

Despite this, from SRK ES's review of these data on site, the vast bulk of this historical exploration has been conducted in a professional manner with valid interpretations made and SRK ES has confidence in these historical data going forward and into the Mineral Resource Estimate (Section 7).

SRK have made some further recommendations as to the approach and procedures used during further exploration and development drilling and sampling which PGM have incorporated into their future schedules.

7 QUALITY ASSURANCE AND QUALITY CONTROL PROGRAMME

7.1 Introduction

There have been four main drilling programmes that have feed into the Mineral Resource estimate for the Empire project. Quality Assurance and Quality Control (QA/QC) sample data from these programmes is summarised in this section. A more detailed account of the sampling and assaying procedures is provided in van Angeren, 2014.

Table 7-1 Summary of Sample QA/QC Data from the Empire Mine Project

Programme	No. QA/QC Sample Results	%age of Total	Description
Cambior (1995-1997)	103	2.60% (total 3919)	Standard
	37-104	0.9 to 2.7%	Duplicate (different sets of duplicates assayed)
Trio Gold (2004)	38	8.50% (total 446)	Check Assay at second (umpire) laboratory
Journey (2006)	2364	100% (total 2364)	Comparison between two assay methods (Fire Assay vs ICP)
	162	6.90%	Duplicate (repeat assays carried out in 2011)
Musgrove (2011)	45	1.60% (total 2843)	Duplicates (assumed to be RC field duplicates)
	47	1.70%	Blank
	88	3.10%	Standard

7.2 Cambior (1995-1997)

While the Cambior data is incomplete in is QAQC descriptions, it is known that this programme involved the insert of Certified Reference Materials (CRMs) or standards and re-runs. Samples that contained standard material have been identified in the sample stream, but the identity of the standard chosen was not provided in the data set. Records show that Cambior produced five in-house CRMs (S1-S5) with various target grades and conducted a Round Robin assaying exercise (six laboratories for gold only), Table 7-2. However, from reviewing the 103 CRMs inserted, their multi-element characteristics suggest that seven CRMs were used. SRK ES have assigned the original S1 to S5 identifier to five of the seven groups identified. The other two groups are assumed to be unknown standards and have been identified as STD6 and STD7 Figure 7-1. STD6 and STD7 have only been used 6 and 4 times respectively and as such have not been reported on here.

Table 7-2 Cambior CRM Grades, Target vs Actual

Standard	Round Robin	Actual Grade	Target Grade	Average Assay	Target Grade
	g/t Au	g/t Au	g/t Au	% Cu	% Cu
S1	0.99	**0.93**	1.04	0.12	0.09
S2	0.64	**0.63**	0.53	0.87	1.16
S3	0.53	**0.5**	0.39	0.55	0.4
S4	1.14	**1.17**	0.72	1.13	0.79
S5	0.66	**0.64**	0.59	0.52	0.75

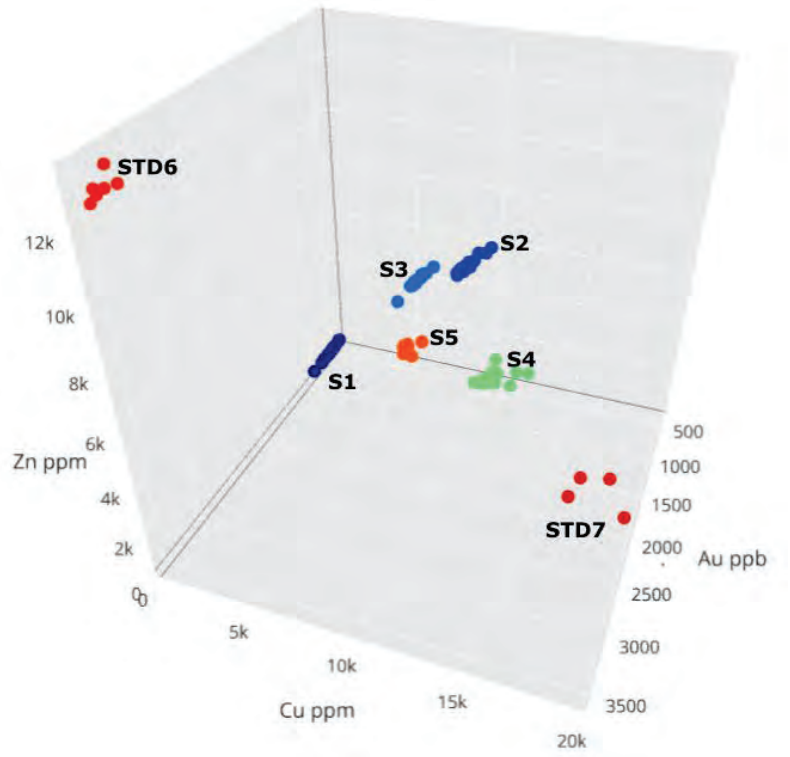


Figure 7-1 Multi-element Characteristics of the Seven Identified CRMs within the Cambior Sample Data

7.2.1 CRM Plots – Au

The Cambior standards performed well for gold with only a few samples potting more than three standard deviations away from the round robin results, Figure 7-2.

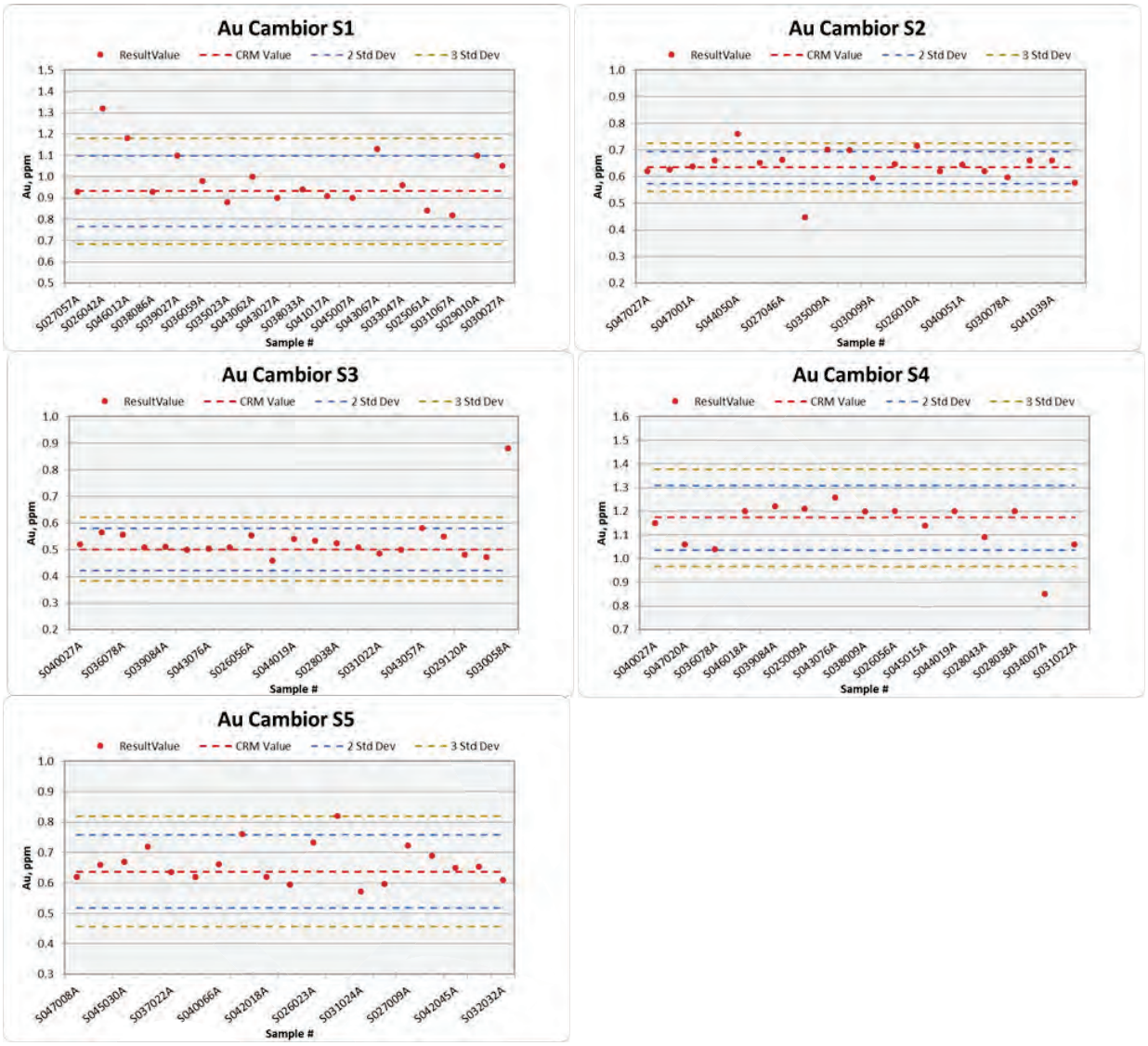


Figure 7-2 Cambior CRM Results - Au

7.2.2 Standard Plots – Cu

No external copper round-robin grades exist within the historical data. The following plots compare individual assay results against the average grade and standard deviation of the population for each standard.

Generally, the results show relatively low level of variance but as no certified mean exists the accuracy of the copper grades has not been effectively tested, Figure 7-3.

Figure 7-3 Cambior CRM Results – Cu

Note: Certified Cu results are not known.

7.2.3 Duplicates

A number of pulp samples were duplicated by Cambior during the 1995-97 programme. The results of these are illustrated in Figure 7-4 A and B. Cambior ran further re-assays of these duplicates using different techniques, Figure 7-4 C and D.

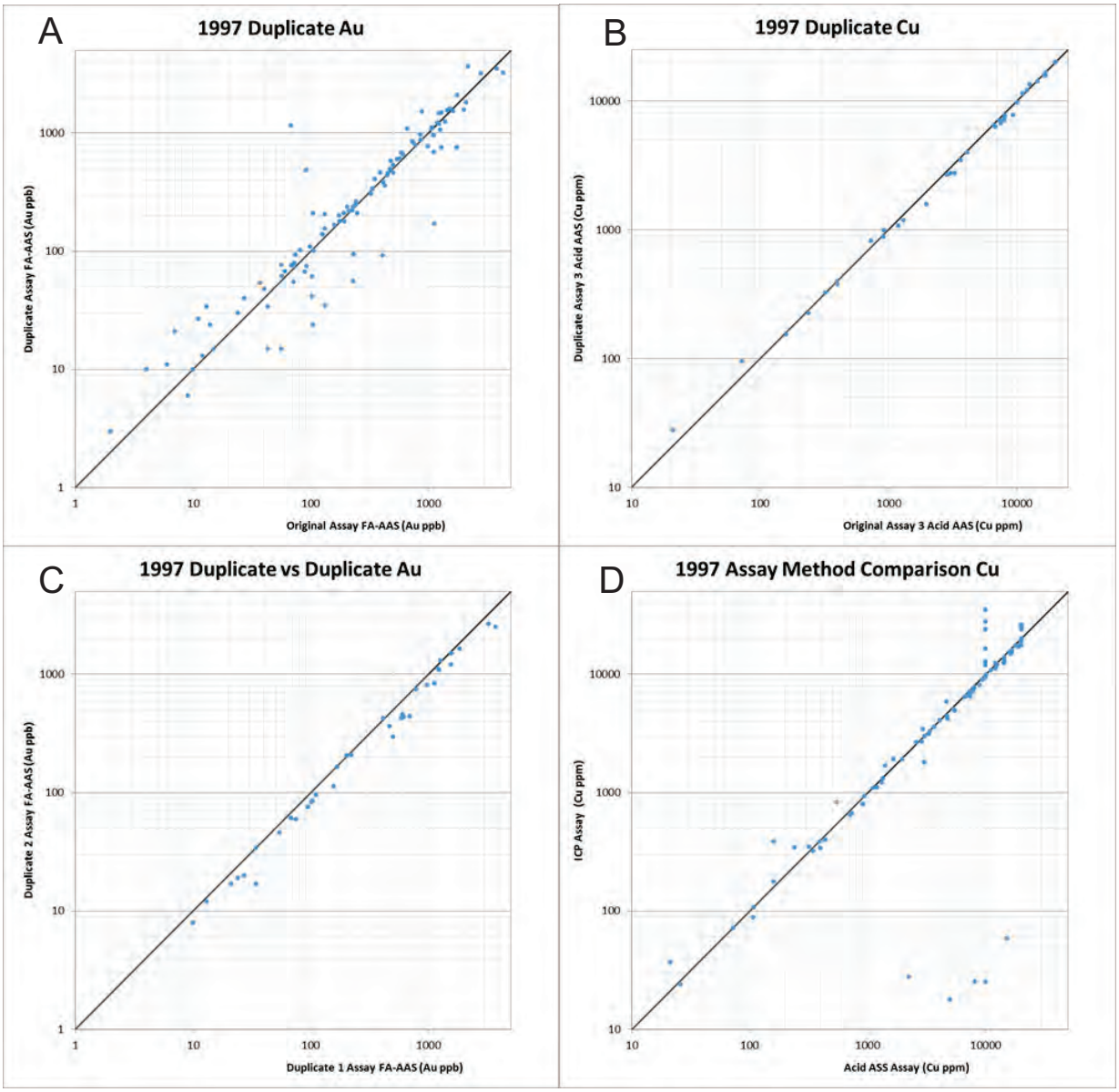


Figure 7-4 Cambior Duplicate Results

A – 104 samples duplicated by Au by FA-AAS. The correlation is moderate, 74% of the samples returned Au results within 20% of each other.

B – 37 samples duplicated for Cu by a three-acid digest and AAS finish. Good correlation throughout.

C – 37 of the first set of duplicates were duplicated again for Au by FA-AAS. A good correlation is seen throughout.

D – 89 samples were re-run for Cu by a different assay technique (original assay was ICP, duplicate sample by an acid digest with AAS finish).

The majority of these duplicates correlate well bar a small population from hole S028 (this hole was assayed by a two acid digest technique rather than the three acid digest used in all the other samples).

7.3 Trio Gold (2004)

This programme involved re-assays (check assays) of samples at a 2nd laboratory using a different assay procedure. No blanks or standards were inserted.

American Assay Laboratories of Reno, Nevada (AAL) and Loring Laboratories Ltd. (Loring) of Calgary, Alberta were used for these samples. AAL ran a multi-acid digestion, 69-element, ICP analysis on all samples (providing total-copper values), with an acid-soluble assay (AS) for copper and zinc via sulphuric acid digestion. Gold was assayed separately, by fire assay with atomic absorption finish. Samples containing total Cu and Zn values above 10,000 ppm were also analysed by atomic absorption.

Loring completed a multi-acid digestion, 32-element, ICP analysis on all of their samples. Gold was assayed separately, by fire assay with atomic absorption finish. Loring also analysed for copper and zinc above 10,000 ppm by atomic absorption (van Angeren, 2014).

The main findings from this programme were:

- Both assay laboratories correlated well across the various elements;
- Loring laboratory returned higher assays for low level Au samples (less than 0.1-0.3 g/t Au)
- A small number of samples do not correlate, especially some of the higher grade Ag results and lower grade Au, possibly due to miss numbering.

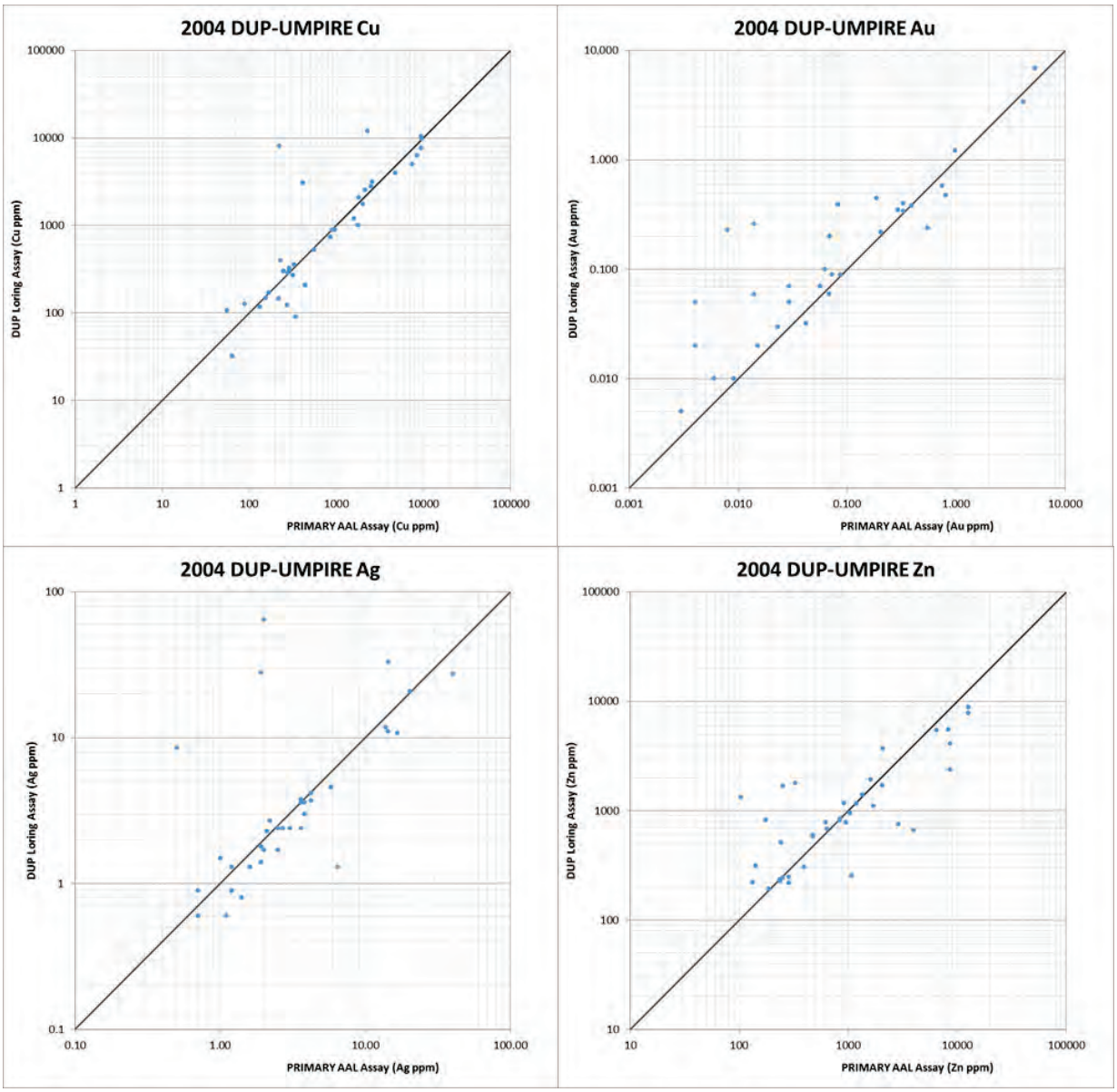


Figure 7-5 Trio Gold Check Assay Results

7.4 Journey (2006)

This programme involved samples assayed with different techniques as way of a duplicate/check assay but no blanks or standards were inserted. Samples were assayed at ALS Chemex Laboratories of Reno, Nevada (ALS). ALS ran a two-acid digestion, 41-element ICP analysis on all samples (providing total-copper values). Acid-soluble assays (AS) for copper and zinc greater than 10,000 ppm were conducted via sulphuric acid digestion. All samples were further analysed for total copper and zinc by atomic absorption. Gold and silver were assayed separately by fire assay with atomic absorption finish (van Angeren, 2014). There was also a check assay programme conducted on these data by Musgrove in 2011.

7.4.1 Fire vs ICP assays

A total of 2364 samples were assayed for Cu and Zn by ME-ICP41 and again by AA62. The fire assay technique has a higher lower detection limit (for both Cu and Zn) versus the ICP

method (100 ppm lowest fire assay verses 4-16 ppm lowest ICP assay).

The Cu results correlates well with the ICP returning slightly higher results overall. The Zn results correlate well, above 0.3%, but the fire assay technique is not considered suitable below these concentrations.

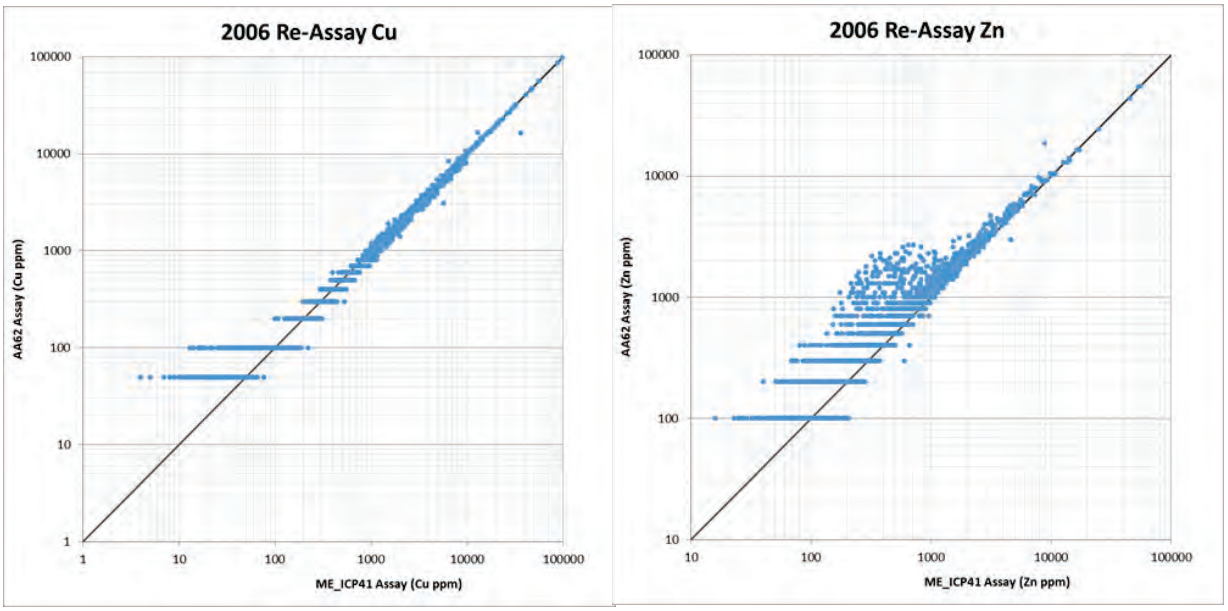


Figure 7-6 Journey Check Assay Results

7.4.2 Re-Assay in 2011

162 samples were re-assayed in 2011 by Musgrove. Samples were assayed by ICP-4D for Cu, Zn and Ag and FA30 for Au. Original 2006 assays were conducted by ME-ICP41 for Cu and Zn and Au by fire assay with atomic absorption finish (11 samples removed from Cu data set as they were over the 1% 2011 assay upper detection limit). The samples are believed to be from the RC reject bags rather than pulps (van Angeren, per. com. 2017).

Overall the Au does not correlate well but there is a lack of data above 0.3 g/t Au to fully evaluate this. Ag repeats broadly correlate with the 2006 data returning higher assays on average. Finally, the Cu and Zn assays correlate well bar a number of isolated outliers, these are considered to exist as sample switches.

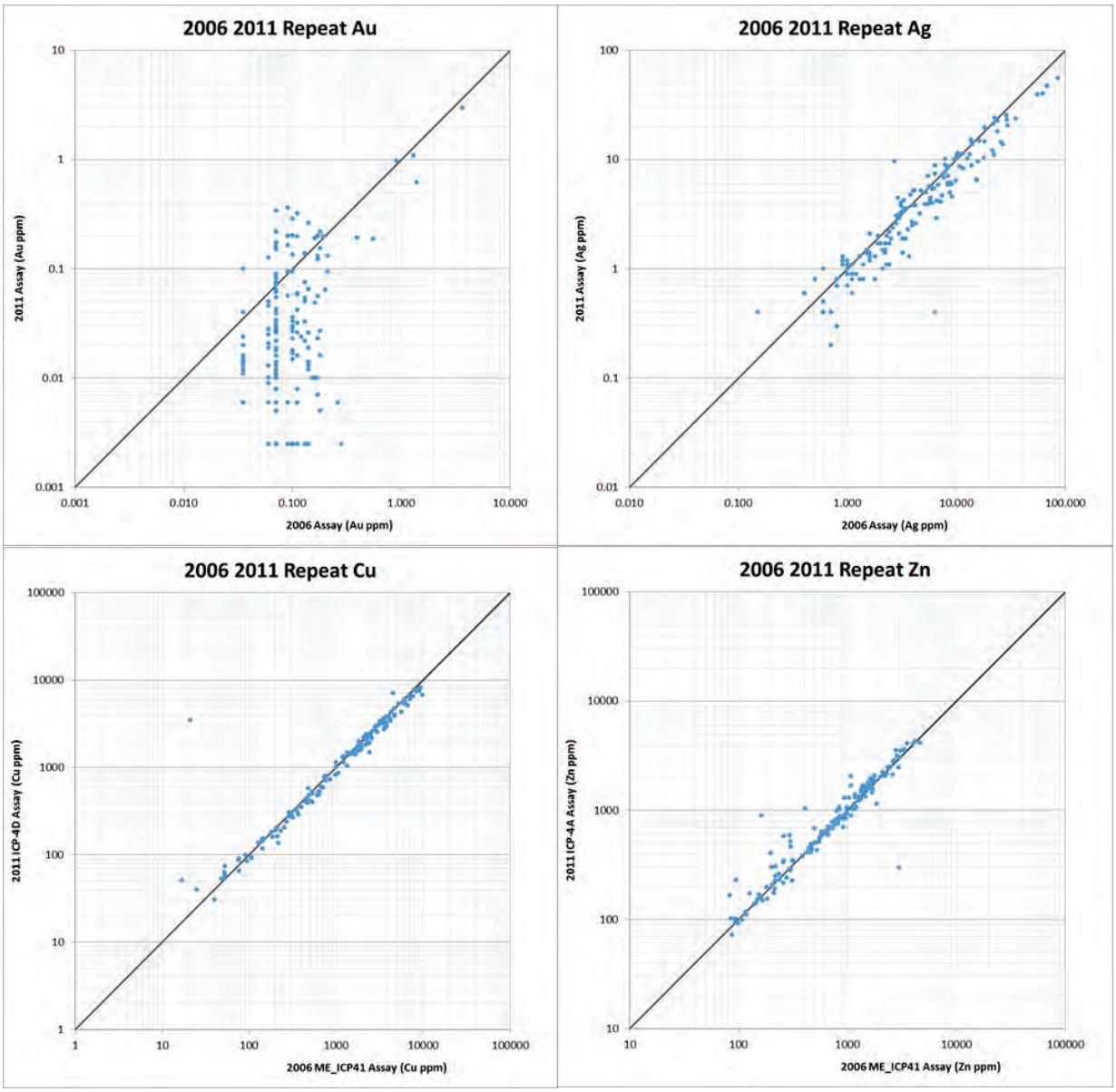


Figure 7-7 Journey 2006 vs Musgrove 2011 Re-assays

7.5 Musgrove (2011)

This programme involved CRMs, blanks and some check assays (duplicates). Samples were also sent to ALS who ran a four-acid digestion, 33-element, ICP analysis on all samples (providing total-copper values), with an acid-soluble assay (AS) for copper and zinc via sulphuric acid digestion. Gold was assayed separately, via fire assay with atomic absorption finish. Samples containing total Cu, Zn and/or Pb above the ICP limit of 10,000 ppm (0.10%) were also analysed by ore-grade atomic absorption. This was similarly completed for samples containing more than 100 ppm Ag (van Angeren, 2014).

7.5.1 Duplicates

145 samples were duplicated, it is believed that this was from reject RC material, (van Angeren, per. com. 2017). This programme produced a good correlation suggesting good

precision although only 14 samples were above 0.1 g/t Au, Figure 7-8.

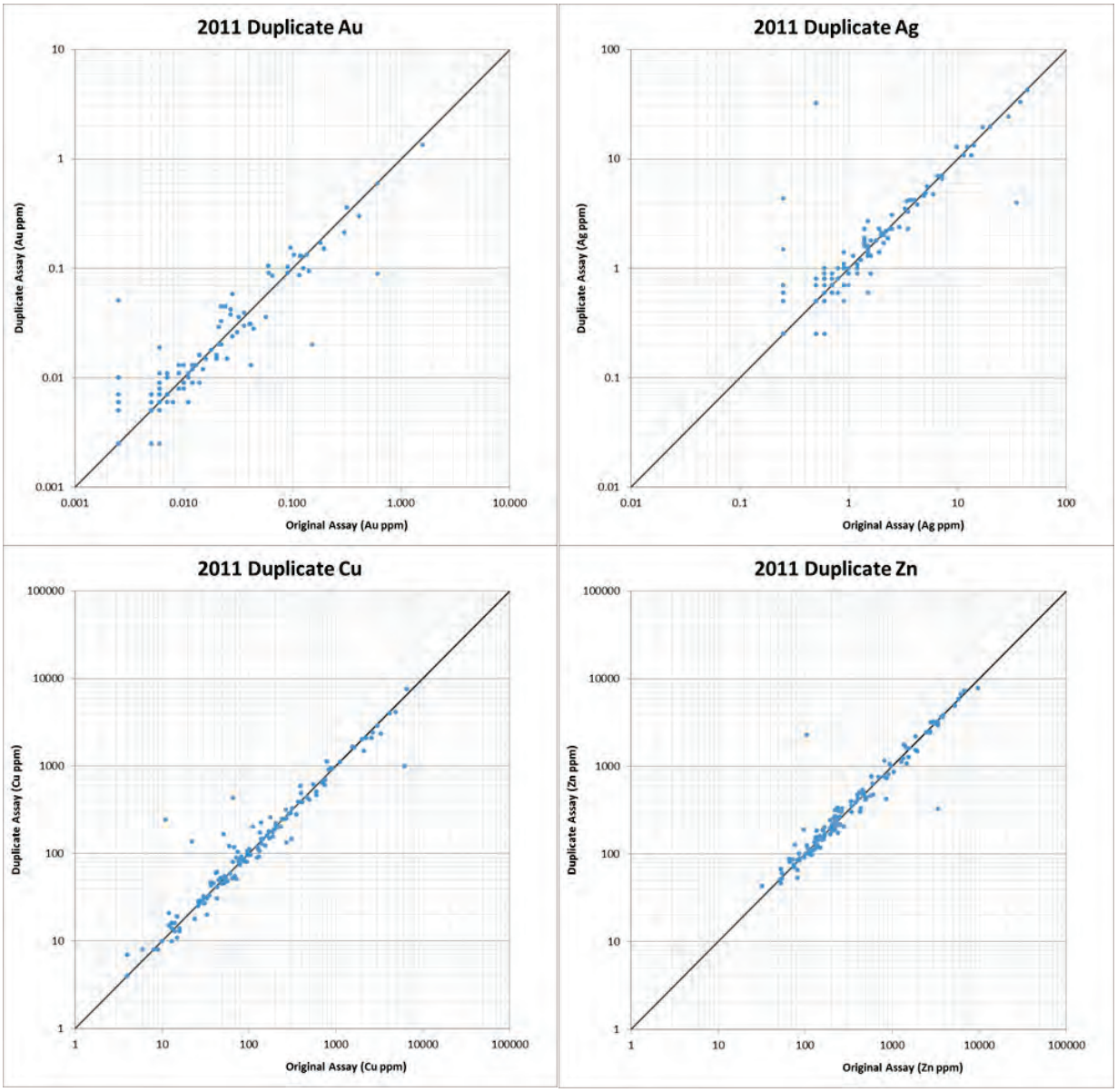


Figure 7-8 Musgrove Duplicate Assay Results

7.5.2 Blanks

47 samples.

I total of 47 blanks were inserted into the sample stream by Musgrove. These were sourced from a rhyolite and were inserted every 50ft. All blanks performed well across all elements. Zn grades were the most variable but the maximum received grade was only 104ppm.

This indicates a low probability of any contamination during the assaying process.

7.5.3 CRMs

Two CRMs were employed by Musgrove. These varied in their Ag and Zn values rather than Cu and Au and are polymetallic skarn standards sourced from Shea Clark Smith / MEG Labs of Elko.

MEG-Ag-2

52 MEG-Ag-2 samples were inserted. There details are provided in Table 7-3.

Table 7-3 MEG-Ag-2 Certified Grades and Standards Deviations

Au g/t	Au StdD	Ag g/t	Ag StdD	Cu %	Cu StdD	Pb %	Pb StdD	Zn %	Zn StdD
1.05	0.04	298.8	20.3	0.25	0.01	6.5	0.22	11.24	0.29

The results from these 52 results indicate:

- Cu and Zn results fall well within the 2SD limit, Cu marginally under reporting (approximately 4%)
- Two Au results fall out of acceptable limits (underreporting from EM11-06 and EM11-07).
- One potentially mislabelled sample is evident in the Ag results (452 ppm) from EM11-05.
- Ag grades appear to be marginally underreporting (approximately 6%)

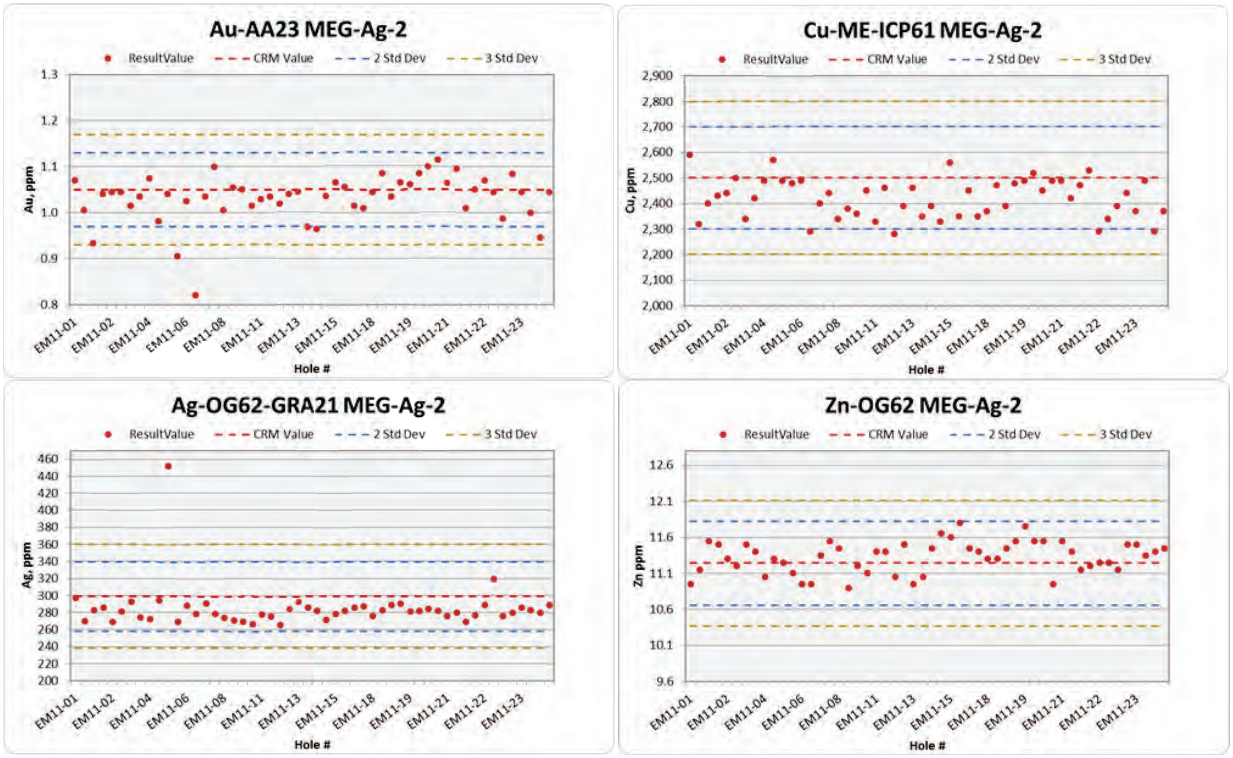


Figure 7-9 Musgrove CRM MEG-Ag-2 Results

Standard MEG-Ag-3

35 MEG-Ag-3 samples were inserted. There details are provided in Table 7-4.

Table 7-4 MEG-Ag-3 Certified Grades and Standards Deviations

Au g/t	Au StdD	Ag g/t	Ag StdD	Cu %	Cu StdD	Pb %	Pb StdD	Zn %	Zn StdD
1.57	0.1	2653	168	0.23	0.01	6.23	0.21	10.4	0.28

The results from these 52 results indicate:

- Cu, Ag and Zn all fall within 2SD limit and show acceptable levels of accuracy
- The 24 CRMs assayed for Au perform well however five significantly under-perform. No reasoning is provided for these results

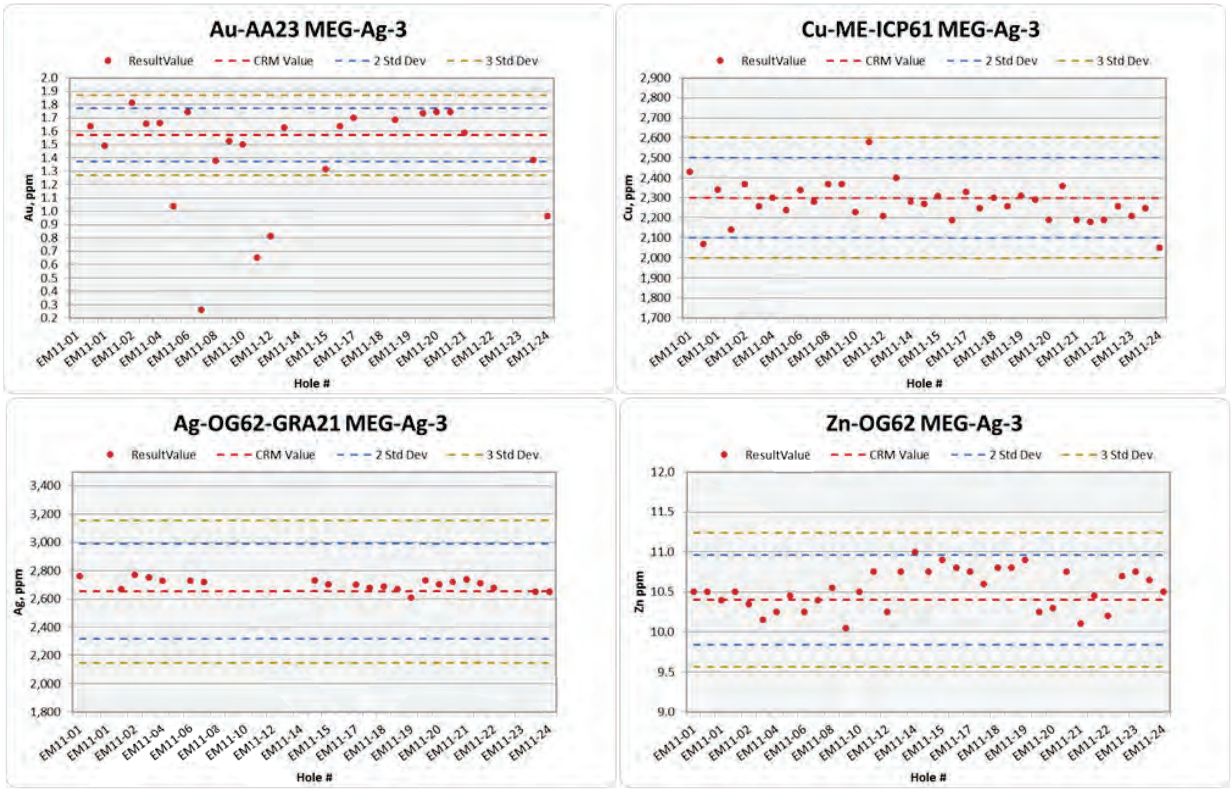


Figure 7-10 Musgrove CRM MEG-Ag-3 Results

8 METALLURGY TESTWORK

Three metallurgical testwork programmes have been conducted historically, one undertaken by Cambior in 1997 and two undertaken by Kappes, Cassiday and Associates, one in 2005 and one in 2013.

8.1 Cambior

In 1997, METCON Research, of Tucson Arizona, began preliminary metallurgical test work for Cambior. Testing was completed on 11 mineralised composites taken from nine drillholes (Metcon Project M-403-09). Cambior investigated leaching of copper by sulphuric acid, and leaching of precious metals by cyanide. The conclusions of this testwork are summarised in Veillette (1997). All tests were conducted using conventional bottle roll tests. The bottle roll tests were for a 24 hour period at a size of minus 100 mesh (150µm). The testing included sulphuric acid leaching, cyanide leaching, and by sequential sulphuric acid leaching followed by cyanide leaching. In general, the results of leaching with sulphuric acid indicate copper oxide recoveries ranging from 80% to 90% and zinc recoveries ranging from 70% to 80%. Gold and silver are highly soluble in cyanide after copper has been removed. Gold recoveries were found to range from 75% to 85%, with silver recoveries ranging from 50% to 60%.

8.2 Trio Gold Corporation

In 2004 Trio extracted a 2102 kg bulk sample from four test pits adjacent hole TRC04-1 at the centre of the AP Pit. Six samples of mineralised exoskarn were also taken from hole TDD04-1 PQ drill core.. The sample material was sent for testing at Kappes, Cassiday & Associates Inc. (“KCA”) in Reno, Nevada. The test work was conducted to verify leach recovery of copper and zinc at varying “feed” sizes. Firstly, head assays were determined for the core and bulk sample using four-acid digestion and sequential copper leach processes.

The composited bulk sample shows 0.80% TCu and 0.79% ASCu (van Angeren, 2007). It is evident that more than 95% of the copper in these samples occurs in the acid-leachable oxide form. Preliminary column leach tests on the bulk sample revealed a 31% copper recovery from run-of-mine material (i.e., raw, minus 8", uncrushed material) after 82 days of leaching by sulphuric acid (KCA, 2005). Material reduced to a minus 1.5" (-3.8 cm) crush size showed recoveries of 61% after 89 days of leaching. Acid consumption was estimated at 12 pounds of acid per ton of ore. In view of the veinlet and inter-crystalline nature of the copper mineralisation, KCA proposed that a finer crush size may improve recoveries. KCA also surmised that copper-zinc ores would be amenable to treatment using heap leach technology with metals being recovered in a solvent extraction system (SX-EW). Gold head-grades were too low in this particular bulk sample to provide measurable results in a bottle roll cyanide leach test. On the other hand, 92% of the silver was recovered within two days (11.0 g/t Ag head-grade).

8.3 Boxxer Gold

In 2013, four samples, totalling 488.5 kg were sent to KCA in Reno, Nevada by Konnex (a subsidiary of Boxxer) to determine the amenability of the Empire Mine ore to acid leaching for copper recover and cyanidation of gold and silver (Kappes, Cassiday & Associates, 2013). KCA worked on two of the bulk samples, exoskarn sample EM13-Met1 (KCA sample 69501) and FeOx breccia sample EM13-Met4 (KCA sample 69504). Samples endoskarn EM13-Met2 (KCA sample 69502) and magnetite skarn EM13-Met3 (KCA sample 69503) were not worked on and remain “in store” with KCA in Reno.

8.3.1 Sequential Copper Leach Analyses

The objective of the sequential leach was to determine the speciation of copper in the sample. The first leach employed a dilute sulphuric acid solution containing a small amount of ferric iron. This was followed by a leach with sodium cyanide, with a copper analysis of the insoluble residue. The amenability of copper minerals to leaching varies somewhat with relation to the type of mineralisation; however, in general the following applies:

- Most oxide copper minerals (except for cuprite at 70% soluble and native copper at 5% soluble) are easily soluble in sulphuric acid;
- Most secondary sulphides (chalcocite and covellite) are easily soluble in sodium cyanide solutions (more than 95%) and not easily soluble in sulphuric acid solutions (less than 5%);
- The primary sulphide, chalcopyrite, is only slightly soluble in sodium cyanide (less than 7%) and not easily soluble in sulphuric acid (less than 2%);
- Bornite, when present, is about 50% soluble in sodium cyanide but not easily soluble in sulphuric acid. It therefore exhibits behaviour intermediate between a primary and secondary sulphide; and
- The acid-soluble materials are also cyanide soluble (oxides and secondary copper minerals are both cyanide soluble while primary minerals are not).

In summary, for sample EM13-Met1:

- 17.1 mm material yielded the following recoveries after a 240 hours' leach period: 52% Cu (exoskarn); and
- 0.075 mm material yielded the following recoveries after a 96 hours' leach period: 95% Cu (exoskarn).

The results of the sequential copper leach analyses and bottle role testwork are presented in Table 8-1 and Table 8-2

8.3.2 Cyanide Bottle Roll Leach Test Work

One cyanide bottle roll leach test was conducted on a split portion of the EM13-Met4 sample material (KCA sample 69504). A 1000 g portion of head material pulverised to a target size of 80% passing 0.075 mm and then utilised for a 96 hour leach test, and maintained at a target concentration of 1.0 g sodium cyanide per litre of solution. This laboratory test was conducted with hydrated lime for pH control.

A gold recovery of 76 % and silver recovery of 37 % were achieved as indicated in Table 8-3 and Table 8-4.

Table 8-1 Empire Mine Project Sequential Copper Leach Results (Kappes, Cassiday & Associates, 2013)

KCA Sample No.	Client ID	Sample Description	Total Copper, mg/kg	H_2SO_4 Soluble Copper, mg/kg	H_2SO_4 Soluble Copper, %	CN Soluble Copper, mg/kg	CN Soluble Copper, %	4-Acid Residue Copper, mg/kg	4-Acid Residue Copper, %	Calculated Copper, mg/kg
69501 Sp. A	EM-13, MET-1	Exoscarn	16,280	15,960	98%	58	0.4%	230	1%	16,248
69501 Sp. B	EM-13, MET-2	Exoscarn	16,320	16,040	98%	58	0.4%	231	1%	16,329
69504 Sp. A	EM-13, MET-4	FeOx-clay Breccia	11,140	6,240	56%	103	1%	4,820	43%	11,163
69504 Sp. B	EM-13, MET-4	FeOx-clay Breccia	11,200	6,280	56%	102	1%	4,780	43%	11,162

Table 8-2 Empire Mine Project Sulphuric Acid Bottle Roll Leach Tests – Copper Extraction Summary (Kappes, Cassiday & Associates, 2013)

KCA Sample No.	KCA Test No.	Client ID	Sample Description	Target p80 Size, mm	Calculated p80 Size, mm	Head Average, mg Cu/kg	Calculated Head, mg Cu/kg	Extracted, mg Cu/kg	Avg. Tails, mg Cu/kg	Cu Extracted, %	Leach Time, hours	Estimated[1] Consumption, kg H_2SO_4/MT
69501	69905 A	EM-13, MET-1	Exoscarn	--	17.1	15,816	16,974	8,882	8,092	52%	240	22.92
69501	69905 B	EM-13, MET-2	Exoscarn	0.075	–	15,816	15,229	14,488	741	95%	96	34.98

Table 8-3 Empire Mine Project Pulverised Cyanide Bottle Roll Leach Test - Gold Extraction Summary (Kappes, Cassiday & Associates, 2013)

KCA Sample No.	KCA Test No.	Client ID	Sample Description	Target p80 Size, mm	Head Average, gms Au/MT	Calculated Head, gms Au/MT	Extracted, gms Au/MT	Avg. Tails, gms Au/MT	Au Extracted, %	Leach Time, hours	Consumption NaCN, kg/MT	Addition $Ca(OH)_2$, kg/MT
69504	69906 A	EM-13, MET-4	FeOx-clay Breccia	0.075	0.273	0.166	0.126	0.040	76%	96	4.19	3.50

Table 8-4 Empire Mine Project Pulverised Cyanide Bottle Roll Leach Test - Silver Extraction Summary (Kappes, Cassiday & Associates, 2013)

KCA Sample No.	KCA Test No.	Client ID	Sample Description	Target p 80 Size, mm	Head Average, gins Ag/MT	Calculated Head, gins Ag/MT	Extracted, gins Ag/MT	Avg. Tails, gins Ag/MT	Ag Extracted, %	Leach Time, hours	Consumption NaCN, kg/MT	Addition Ca(OH)2, kg/MT
69504	69906 A	EM-13, MET-4	Fe0x-clay Breccia	0.075	22.59	21.20	7.85	13.35	37%	96	4.19	3.50

9 SRK MINERAL RESOURCE ESTIMATE

The following estimate has been conducted by with the assistance of the SRK Consulting (North America), (SRK).

9.1 Drill hole Database

The drill hole database used in this resource model consists of 255 drill holes of which 80 were drilled with diamond core (DD) and 175 were drilled with reverse circulation (RC). Drill collar locations were typically surveyed by hand-held GPS devices. Drill collar locations were validated by aerial surveys, but no collar locations were physically confirmed for this project due to seasonal access limitations. SRK projected collar elevations to the most recent aerial topographic survey, conducted by Cambior in 1996. The Cambior topography has sufficient resolution to account for drill pad disturbance in the AP pit and correlates well with observed alluvial/overburden depths in drill holes. Only 12 holes in the database have down-hole surveys.

A total of 24,470 meters of drilling are represented in the database, with an average hole depth of 96 m. Typical spacing of drill fences is 100 m with infill in mineralized zones at 50 m. The holes are a fairly even distribution of vertical holes and angled holes dipping 45-50° to the west. The majority of the intercepts are apparent thickness. The drilling was sampled at an average interval of 1.8 m. All intervals were analysed for total copper. Recent drilling was analysed for precious metals and an expanded suite of elements using ICP methods.

The analytical database is complemented by a lithology database containing 17 rock types from 184 drill holes.

9.2 Geology Pertinent to Modelling

SRK carried out a thorough review of the Empire skarn system from historic documents (Farwell and Full, 1944) and more recently Chang and Meinert (2008) plus personal communication during a site visit with Project Geologist Phil Van Angeren. This background allowed SRK to define primary controls on mineralisation, deposit geometry and overall skarn and grade paragenesis.

For modelling, SRK reduced to nine the number of geological units. In chronological order descending from oldest to youngest:

Table 9-1 Geological Units Used in the SRK 2017 Mineral Resource Estimate

Oldest	1.	Limestone (grouped together with shale)
	2.	Mackay Granite
	3.	Quartz Feldspar Porphyry (FP or QFP)
	4.	Pyroxene Skarn (Exoskarn)
	5.	Garnet Skarn (Endoskarn)
	6.	Magnetite Skarn (Mt Skarn)
	7.	FeOx Breccia
	8.	Late Barren Dykes (variable composition - grouped)
Youngest	9.	Alluvium/Overburden

The Mackay granite intruded the limestone without appreciable skarn alteration. The granite-limestone contact was intruded by a younger quartz-feldspar porphyry, which generated a broad envelope of calc-silicate alteration including prograde pyroxene skarn as a replacement of the limestone and garnet skarn as a replacement of the porphyry. A much smaller volume

of magnetite skarn overprints the calc-silicates and is concentrated in southern part of the drilled area. The skarn units have a regular 45-50° dip to the east following the arcuate flank of the granite. Wireframes of these units are presented graphically in Figure 9-1(A, B, C.). The limestone and the porphyry are excluded from image C to highlight the skarn units and the trace of Cross-Section A-A'. Cross-section A-A' (image D) depicts the east-dipping skarn suite.

The skarn units were structurally prepared for mineralisation by a set of northeast trending faults that are rarely mapped but manifested now by a set of late barren Dykes that strike N50°E and dip steeply to the southeast. The Dykes are interpreted to be both pre- and post-mineral. This structural trend is also evidenced by faults and zones of strong iron-oxide weathering and brecciation identified in drilling.

Copper mineralisation appears to be late in the paragenesis, occurring mostly in the retrograde phase of skarn alteration. Precious metal mineralisation appears to overprint the skarn in fault breccia. Statistically, the most receptive unit to copper mineralisation is the pyroxene skarn, followed by the garnet skarn, which appears to be tighter and more resistant to retrograde fluid ingress. Similarly, the magnetite skarn was non-reactive and generally too tight to receive late stage mineralisation. Mineralisation can occur outboard of the skarn in the adjacent porphyry and sedimentary units but only when related to localized faulting.

SRK subdivided the model area (MAREA) into three structural domains to accommodate changes in the orientation of mineralisation. These are shown in Figure 9-1, (E). In the North domain, mineralisation is strongly controlled by the late N50°E fracture set and this is supported by USGS 1944 plans and sections and the locations of stopes. Mineralisation in the South domain generally tracks the east-dipping skarn contacts, with higher-angle overprint in the iron oxide breccia. Mineralisation in the Central domain is influenced by both of the aforementioned structural trends, but appears to concentrate at the intersection of the two, producing an enrichment zone with a shallow plunge to the northeast (N26°E, -23NE). Most of the mineralisation is in the Central zone, which may represent a hinge or flexure zone around the margin of the intrusion with dilational structures exploited by the late stage Dykes.

SRK developed a mineral domain to constrain grade interpolation using a combination of 3D contouring and manual correction in cross section. The mineral domain was constructed around a 0.1% total copper cutoff and intentionally smoothed by using 6m composites. The 3D contour surface was manipulated manually in plan and section to include and exclude mineralized intervals to match the geology. The net result was to dilute the overall grade inside the mineral domain, allowing many of the internal low grade intervals to carry through to estimation so as to simulate dilution expected in eventual open pit mining.

Empire was previously mined by underground methods resulting in a number of open stopes. The exact location of the stopes is not well understood. SRK used historic underground maps and sections to approximate the location of stopes in 3D. Also, voids that were recorded in drill logs were used to supplement the location of historic stopes so that this material could be properly extracted from the model. SRK's stope modelling accounts for approximately 700 kt of material at SRK modelled densities. This is compared to the 694 kst (630 kt) of reported production from historic underground mining.

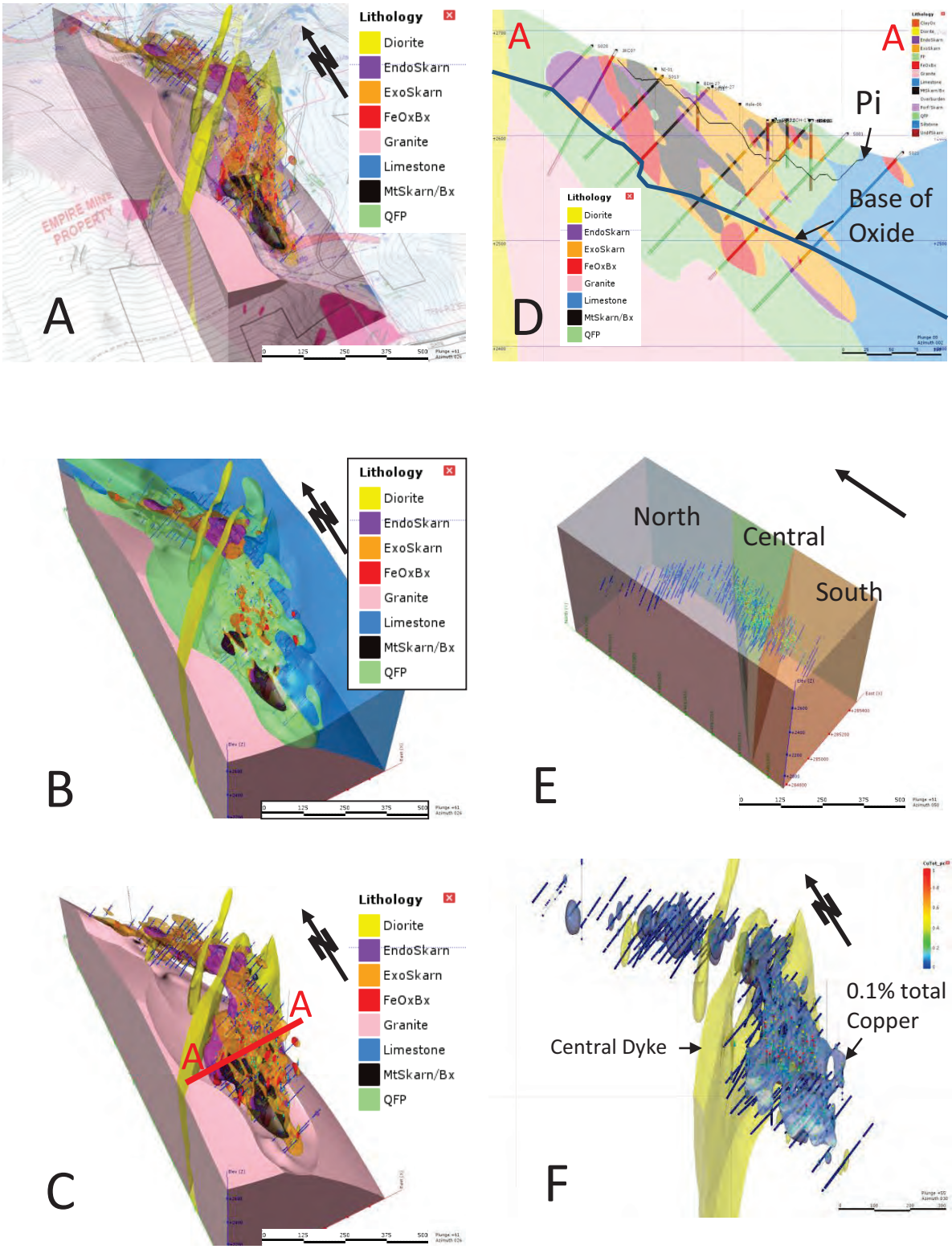


Figure 9-1 Images from Geological Modelling

A. Geologic wireframes under semi-transparent mapping.

B. Same image with all units shown.

C. Same image without limestone and porphyry to highlight skarn.

D. Typical cross-section of skarn units. The trace of the section is shown on image C.

E. Model areas. F. Mineral domain, 0.1% CuT.

9.3 Statistical Analyses

9.3.1 Raw Assays

Statistics for total copper and oxide copper assays in each of the grouped geologic units (interpolation domains) are listed in Table 9-2 and summarized by the box plot in Figure 9-2. In the figure, mean grades are shown as crosses, with boxes representing quartiles and wiskers representing ranges. Grades are in 0.1% CuT increments. Domains of interest have mean grades ranging from 0.3 - 0.6% total copper. Most samples were collected on 5 ft intervals.

Table 9-2 Total Copper (CuT) and Acid-Soluble Copper (CuOx) Raw Assay Statistics

Grade Item	INTDM	Valid	Rejected	Length	Minimum	Maximum	Mean	Std. Devn.	Co. of Variation
CuT_SRK_pct	10	209	0	0	0.00	2.40	0.40	0.37	0.91
	12	564	2	0	0.00	14.97	0.28	0.78	2.79
	20	283	1	0	0.00	9.87	0.58	1.02	1.76
	30	545	1	0	0.00	4.54	0.40	0.58	1.47
	32	2,377	39	0	0.00	13.54	0.61	0.93	1.54
	34	530	1	0	0.00	5.11	0.36	0.48	1.33
	51	231	1	0	0.00	2.48	0.26	0.36	1.38
	61	42	0	0	0.00	0.90	0.19	0.23	1.25
	Totals	**4,781**	**45**	**0**	**0.00**	**14.94**	**0.49**	**0.77**	**1.63**
CuOx_SRK_pct	10	165	44	0	0.02	2.18	0.32	0.32	1.02
	12	188	378	0	0.00	14.81	0.31	1.16	3.69
	20	239	45	0	0.00	7.46	0.45	0.91	2.05
	30	309	237	0	0.00	3.97	0.32	0.45	1.42
	32	1,464	952	0	0.00	12.86	0.52	0.78	1.50
	34	302	229	0	0.01	3.13	0.21	0.28	1.31
	51	65	167	0	0.00	2.00	0.21	0.37	1.78
	61	11	31	0	0.01	0.24	0.09	0.08	0.95
	Totals	**2,743**	**2,083**	**0**	**0.00**	**14.81**	**0.42**	**0.69**	**1.64**

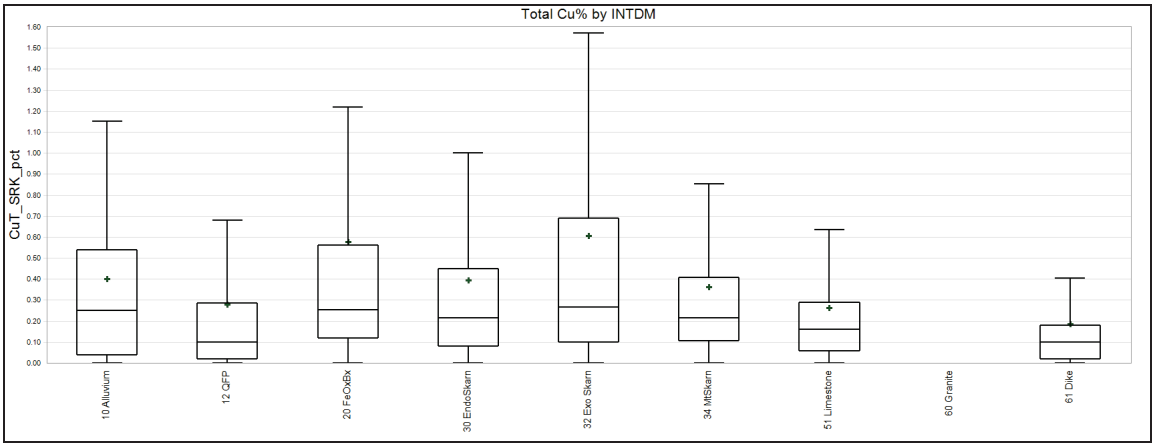


Figure 9-2 Box Plot Summary of Total Copper Statistics by Interpolation Domain

From a review of these statistics, and because some rock types contain very few samples, SRK combined several of these units for interpolation. Magnetite skarn was interpolated together with Endoskarn as they are typically in close proximity and have similar grade distribution. FeOxBx was interpolated with its own composites plus those of Exoskarn for similar reasons. Exoskarn, and all other mineralized rock types were interpolated individually using only composites attributable to themselves. The Granite and Dyke domains were not interpolated.

9.3.2 Grade Capping

Capping was applied to all mineralized rock types (interpolation domains). The capping thresholds were derived from inflections of cumulative probability plots of raw assays. The inflections represent outlier grades that are capped to a maximum before estimation to facilitate block vs. composite validation. Capping values are shown in Table 9-3.

Table 9-3 Total Copper Capping Values by Interpolation Domain

Interpolation Domain		Caps on Assay Cut (%) values	
Name	Code	Low	High
Alluvium	10	1.05	1.20
QFP	12	1.30	2.20
FeOxBx	20	2.20	
EndoSkarn	30	1.10	2.00
ExoSkarn	32	4.00	
MtSkarn	34	1.15	1.80
Limestone	51	0.75	
Granite	60	N/A	
Dyke	61	N/A	

Figure 9-3 is an example of a cumulative probability plot for interpolation domain 20 (FeOxBx). An identical capping exercise was performed on the acid-soluble copper (CuOx) data set.

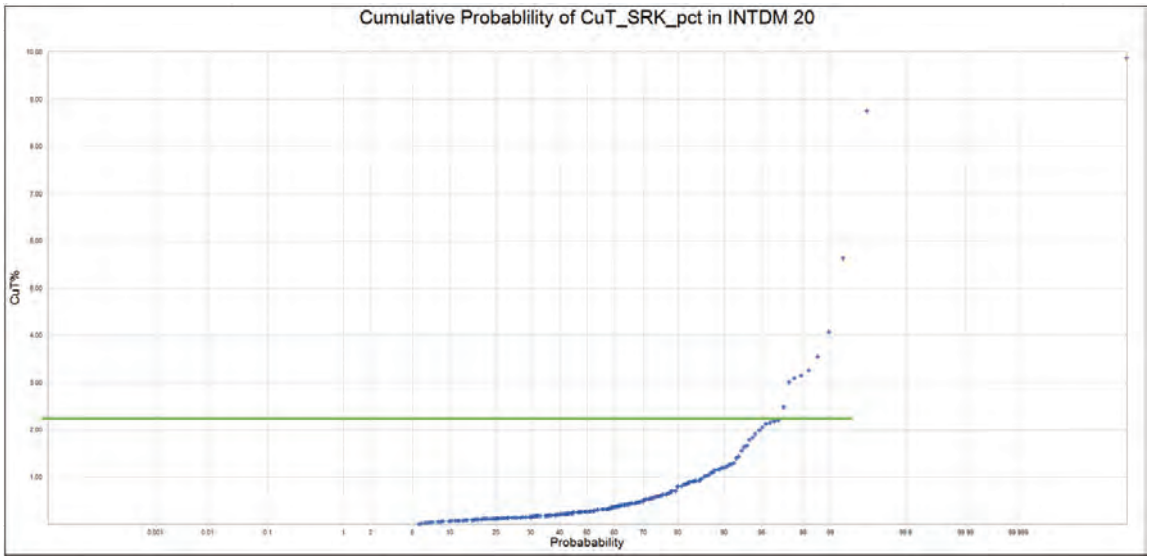


Figure 9-3 Cumulative Probability Distribution and Capping of Interpolation Domain 20

9.4 Geostatistical Analysis

9.4.1 Composites

Composites were built using capped assay values on 3m fixed-length increments honouring geologic contacts of the main modelled lithologies. The composite statistics are provided in Table 9-4.

Table 9-4 Total Copper Composite Statistics by Interpolation Domain

Items	INTDM	Valid	Rejected	TotLen	Minimum	Maximum	Mean	Std. Devn.	Co. of Variation
CuT_CAP_SRK	10	166	0	151	0.00	1.05	0.29	0.30	1.03
	12	539	0	488	0.00	2.18	0.17	0.29	1.74
	20	179	0	167	0.00	2.20	0.44	0.49	1.11
	30	333	0	308	0.00	2.00	0.35	0.39	1.11
	32	1,499	36	1,416	0.00	4.00	0.51	0.66	1.31
	34	380	0	358	0.00	1.80	0.28	0.30	1.08
	51	160	1	146	0.00	0.75	0.20	0.18	0.92
	61	38	0	36	0.00	0.90	0.15	0.22	1.46
	Total	**3,294**	**37**	**3,070**	**0.00**	**4.00**	**0.38**	**0.53**	**1.40**
CuOx_CAP_SRK	10	105	61	93	0.02	0.90	0.29	0.22	0.76
	12	179	360	154	0.00	1.94	0.19	0.26	1.38
	20	148	31	139	0.01	3.38	0.42	0.66	1.57
	30	231	102	212	0.00	1.90	0.31	0.36	1.17
	32	1,025	510	969	0.00	4.00	0.46	0.59	1.29
	34	199	181	185	0.01	0.95	0.21	0.21	1.01
	51	55	106	48	0.00	0.45	0.13	0.13	1.03
	61	14	24	12	0.01	0.23	0.06	0.06	1.05
	Total	**1,956**	**1,375**	**1,812**	**0.00**	**4.00**	**0.37**	**0.51**	**1.38**

9.4.2 Variography

Variography was conducted on the 3 m composites by interpolation domain. To facilitate this work SRK used the MineSight® Data Analysis tool kit to develop a series of correlograms, for each model area.

Before developing the 3D correlograms for each model area, the nugget effect was determined by calculating a downhole correlogram. The nugget value was then applied to the correlogram models.

The correlogram for each model area was controlled fundamentally by a geological interpretation (lithology, structure, alteration) of that domain. From that original starting orientation, correlograms were then adjusted slightly by changing the search directions by a few degrees around each axis to investigate if the initial directions could be improved. Once this work was completed a final set of directions and search ranges were selected. The major direction correlogram for the South Model Area is provided in Figure 9-4.

Variogram parameters that were carried into grade estimation are listed in Table 9-5. SRK was unable to generate a meaningful variogram for the Central and Northern Domains. Ranges and anisotropies for those domains were determined from mineralized trends interpreted from the geologic model.

Table 9-5 Geologically Driven Correlogram Parameters by Model Area

Domain	South	Central	North
Major Rotation	97	26	138
Semi-Major Rotation	-40	-23	-85
Minor Rotation	0	-15	0
Major Distance	50	50	50
Semi-Major Distance	25	25	50
Minor Distance	25	25	25
Nugget	0.32	0.38	0.4
Sill	0.68	0.62	0.6
Model Type	Exponential	Exponential	Exponential

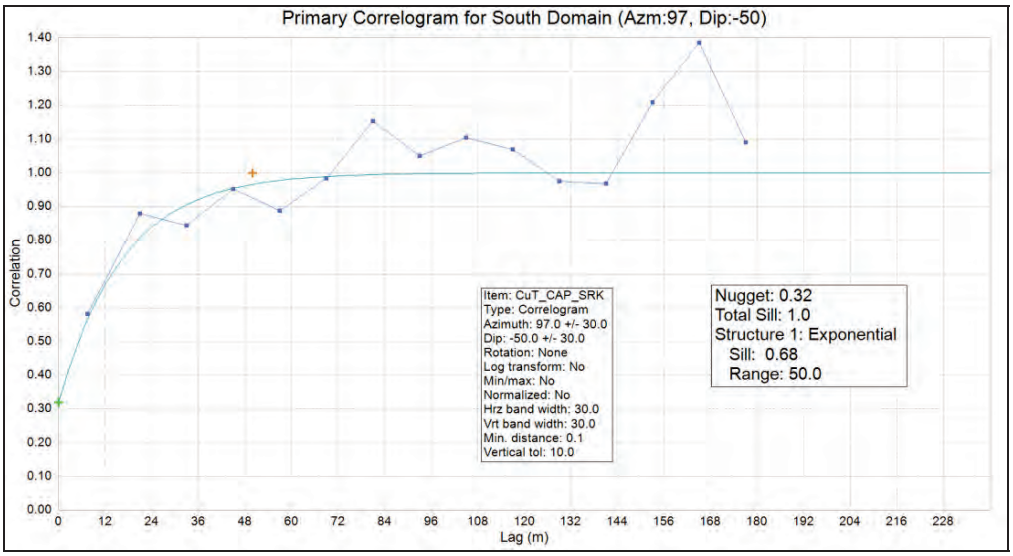


Figure 9-4 Example Correlogram for South Model Area Domain in Primary Direction (azm 97, dip -50)

9.5 Block Modelling

9.5.1 Topography

Topography used in modelling was reconstructed from a digital elevation model (DEM) generated from aerial photography of the site under direction of Cambior in 1996. DEM native coordinates were Idaho State Plane Central NAD 27 feet. For this model, the DEM was converted to UTM NAD 27 Zone 12 meters. The converted DEM was used to construct a 3D wireframe for coding model blocks.

9.5.2 Model Specifications

The model extents and block sizes are used in SRK's 2017 Resource modelling work are provided in Table 9-6. Table 9-7 includes a list of model items and their definitions.

Table 9-6 Empire Resource Model Extents

Coordinates	Minimum	Maximum	Block Size	No. Blocks
Easting (m)	284,770	285,466	6	116
Northing (m)	4,861,700	4,863,296	6	266
Elevation (m)	2,000	2,900	6	150

Table 9-7 Empire Resource Model Items

Item Name	Minimum	Maximum	Precision	Description
TOPO	0	100	0.01	Percentage of each Block below the Cambior 1997 Topo Surface
UG%	0	100	0.01	The percentage of each block within the Underground Solids
SG	0	10	0.01	Specific Gravity of Each Block
MZONE	0	100	1	Flag for Mineralized Material (1=Mineralized) within SRK 0.1% Cu Gradeshell
MZON%	0	100	0.01	Percentage of mineralized material in each block (ORE%)
LITH	0	99	1	SRK Modeled Lithology Flag
REDOX	0	5	1	SRK Modeled Oxidation (1=Strong, 2=Weak, 3=Un-Oxidized)
CUTOK	0	20	0.001	Copper Total Grade (%) - Ordinary Kriging
CUTID	0	20	0.001	Copper Total Grade (%) - Inverse Distance Squared
CUTNN	0	20	0.001	Copper Total Grade (%) - Nearest Neighbor
CUTDH	0	25	1	Number of Drillholes Used in OK Estimate
CUTCP	0	25	1	Number of Composites Used in OK Estimate
CUTDC	0	500	0.1	Distance to Closest Composite Used in OK Estimate
CUTDA	0	500	0.1	Average Distance to Composites Used in OK Estimate
CUPAS	0	5	1	Interpolation Pass Used in OK Estimate
CUPID	0	5	1	Interpolation Pass Used in ID2 Estimate
CUOOK	0	20	0.001	Acid Soluble Copper Grade (%) - Ordinary Kriging
CUONN	0	20	0.001	Acid Soluble Copper Grade (%) - Nearest Neighbor
CUOXP	0	5	1	Interpolation Pass Used in OK Cu Oxide Estimate
OTRAT	0	100	0.1	Oxide to Total Cu Grade Ratio (Based on OK Estimates)
MAREA	0	5	1	Model Area (1=South, 2=Central, 3=North)
INTDM	0	100	1	Interpolation Domain
EGRP	0	100	1	Estimation Group (Defines Soft Interpolation Boundaries)
CLASS	0	5	1	Material Classification (1=Measured, 2=Indicated, 3=Inferred, 4=Mineralized but removed from MZONE due to UG Workings)
UGINF	0	5	1	Flags Blocks within 2m Stope offset with their original CLASS
TOPUG	0	100	0.01	TOPO - UG%

Source: SRK, 2017

9.5.3 Grade Interpolation

Total copper grades were estimated using a four pass Ordinary Krige (OK) method within each interpolation domain. Grade estimation was repeated using both Inverse Distance Squared (ID2) and polygonal methods (nearest neighbor - NN) to facilitate model validation. The SRK polygonal method used one composite to estimate each block and applied

anisotropy that approximated the directional distance weighting used in the OK estimate.

The first pass was limited to blocks intersected by drillhole data. Roughly 8% of the blocks were interpolated in this first pass. This pass ensures that blocks close to composite data have grades consistent with the composite data. The second pass was limited to the variogram range and required at least four composites from a minimum of two holes. The search distance was adjusted until the SRK QP was satisfied that the blocks estimated in the second pass represented an appropriate volume given the density of the source data, roughly one third of the interpolation domain blocks were assigned in the second pass.

The third interpolation pass was limited to data within roughly twice variogram range and required at least three composites from two drillholes. This distance factor was adjusted until the estimated blocks filled a volume appropriate given the density of the source data.

The fourth pass was given a large search radius and a minimum of one composite from one drillhole to ensure that all blocks within each interpolation domain were estimated.

Outlier restrictions were applied to some passes for most of the Interpolation domains to ensure parity between the mean OK grade and the mean NN grade.

9.5.4 Model Validation

Various measures were implemented to validate the Empire resource block model. These measures included the following:

- Comparison of drillhole composites with resource block grade estimates from all zones visually in section;
- Statistical comparisons between block and composite data and between OK and NN models; and
- Swath plot analysis (drift analysis) comparing the inverse distance model with the NN model and composite grades.

Visual Comparisons

Visual comparisons between the block grades and underlying composite grades in section show close agreement. A plan view of section traces is provided in Figure 9.5.4.1. Section views through multiple model areas displaying both block and drillhole composite grades are provided in Figure 9-5 through Figure 9-9.

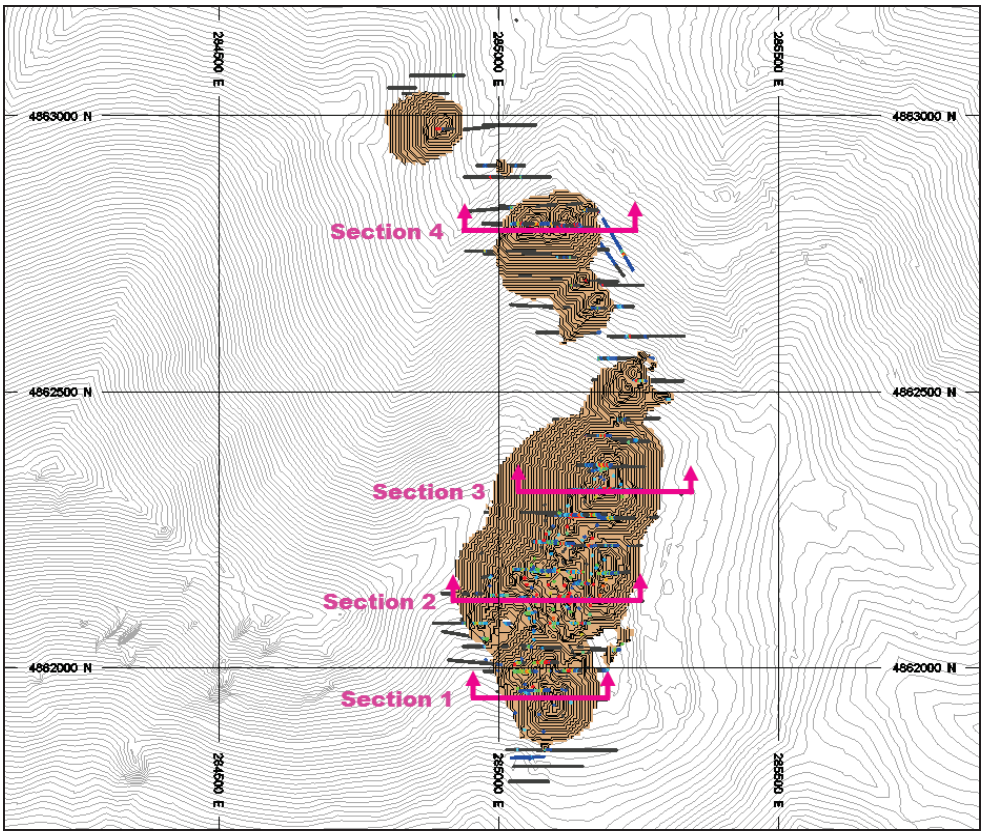


Figure 9-5 Plan View of Block Model Cross-Section Traces

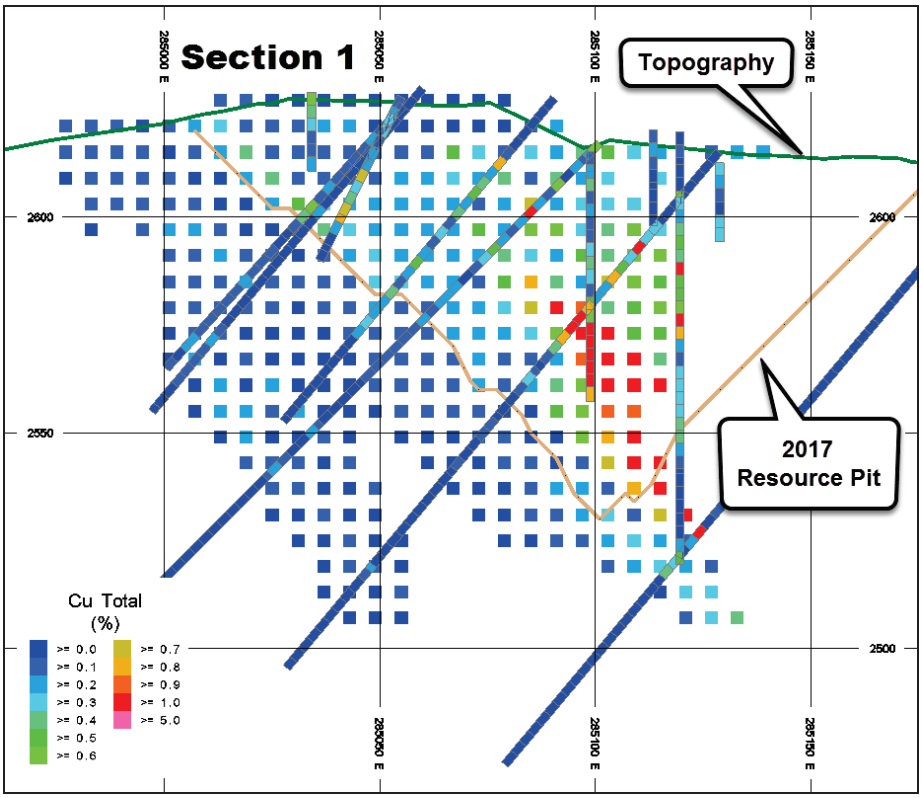


Figure 9-6 Cross Section 1: Model Blocks Compared to Drill Composites

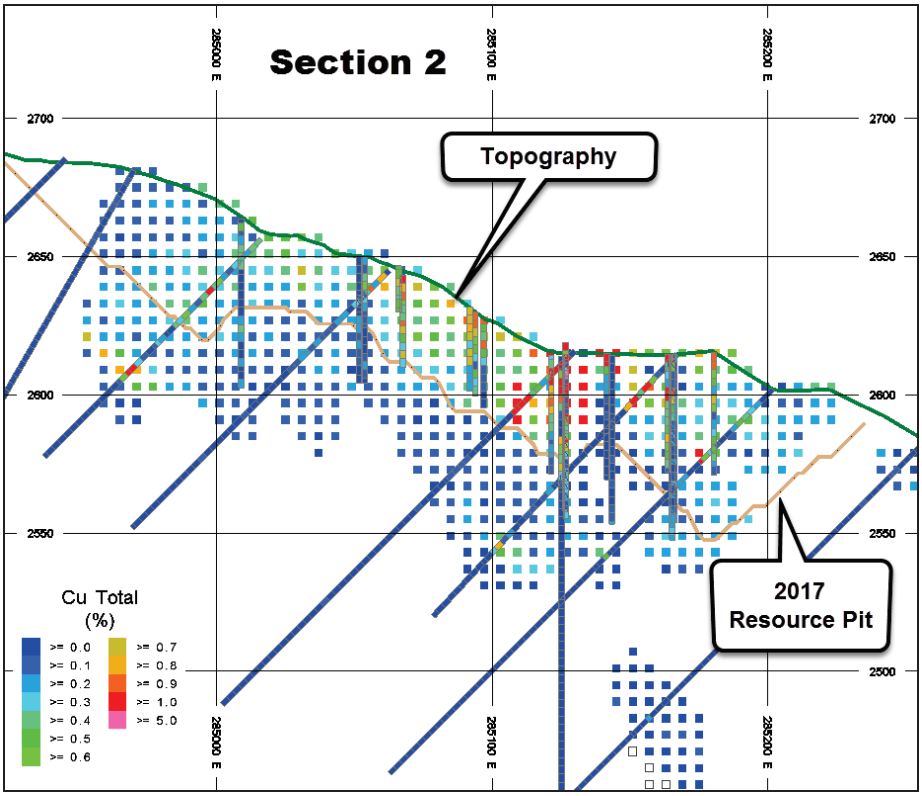


Figure 9-7 Cross Section 2: Model Blocks Compared to Drill Composites

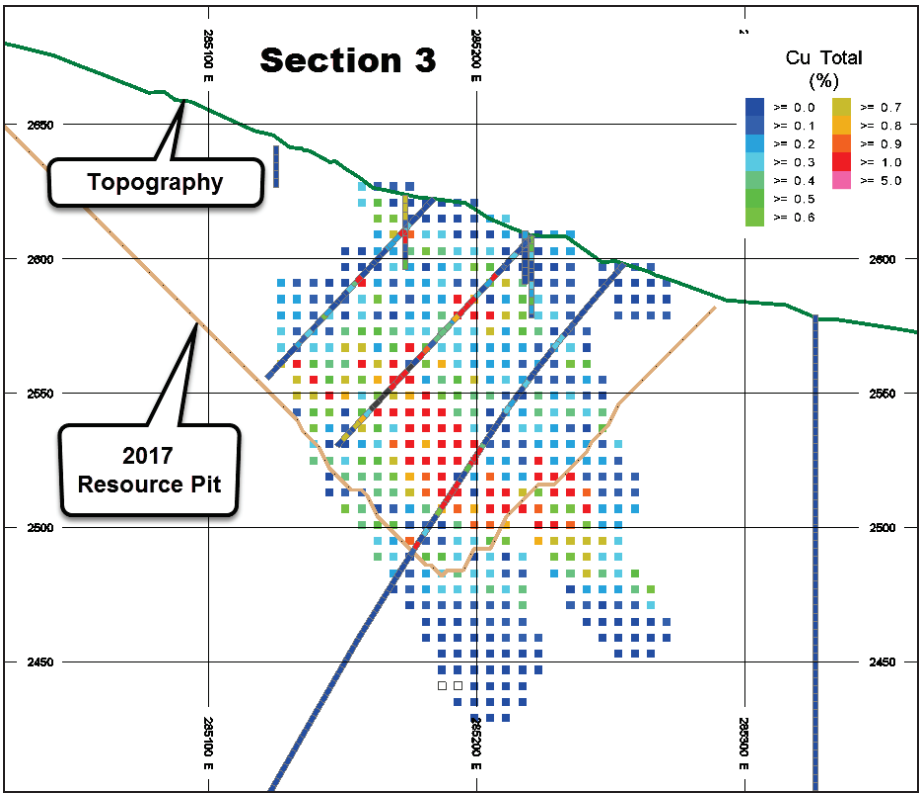


Figure 9-8 Cross Section 3: Model Blocks Compared to Drill Composites

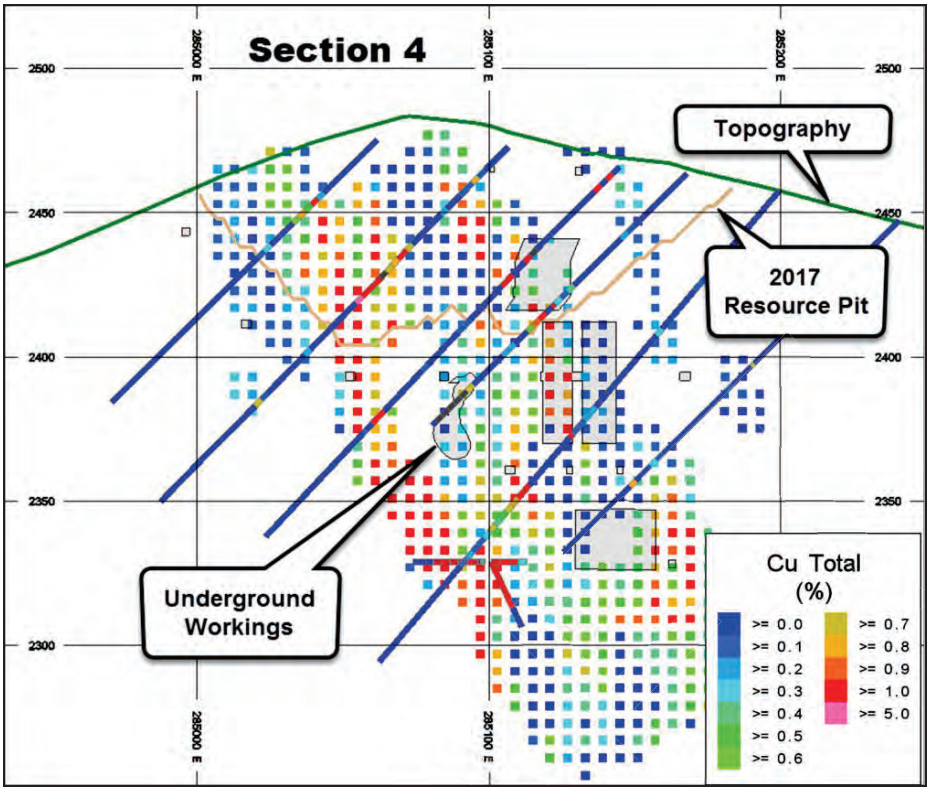


Figure 9-9 Cross Section 4: Model Blocks Compared to Drill Composites

Comparative Statistics

SRK conducted statistical comparisons between the OK, ID2, and NN estimated block grades and their underlying composite grades. The comparison of block and composite copper grades is provided in Table 9-8. The comparison shows that the model OK and ID2 grade distributions for copper are in close agreement and are appropriately smoothed towards the mean grades when compared with the underlying composite or NN distributions.

Table 9-8 Model Estimation Validation Statistics by Interpolation Domain and Model Area

Model Area	Interpolation Domain	No. Blocks		Estimated Grades Copper Total			Composite Grades Copper Total	% Difference OK vs ID	OK vs NN	OK vs Comp	ID vs NN	ID vs Comp	NN vs Comp
		Estimated	Missed	OK	ID	NN	Comp	(OK - ID) / ID	(OK - NN) / NN	(OK - Comp) / Comp	(ID - NN) / NN	(ID - Comp) / Comp	(NN - Comp) / Comp
South	10	934	1	0.19	0.14	0.18	0.18	35.6%	2.9%	6.0%	-24.1%	-21.9%	3.0%
	12	1,128	1	0.223	0.192	0.220	0.18	16.2%	1.3%	23.4%	-12.8%	6.2%	21.8%
	20	1,398	0	0.349	0.361	0.391	0.42	-3.3%	-10.8%	-16.4%	-7.8%	-13.5%	-6.3%
	30	485	0	0.233	0.240	0.246	0.30	-2.9%	-5.3%	-23.5%	-2.4%	-21.2%	-19.2%
	32	2,077	0	0.333	0.324	0.317	0.40	2.8%	5.0%	-17.4%	2.1%	-19.7%	-21.3%
	34	2,322	0	0.219	0.225	0.215	0.22	-2.3%	2.2%	2.0%	4.6%	4.4%	-0.1%
	51	1,891	3	0.175	0.172	0.168	0.23	1.8%	4.3%	-24.7%	2.5%	-26.1%	-27.8%
	Total	**10,235**	**5**	**0.250**	**0.243**	**0.250**	**0.27**	**3.0%**	**0.0%**	**-8.7%**	**-2.9%**	**-11.3%**	**-8.7%**
Central	10	2,078	0	0.312	0.312	0.299	0.34	0.1%	4.4%	-8.2%	4.3%	-8.4%	-12.1%
	12	3,821	199	0.155	0.160	0.148	0.21	-3.4%	4.7%	-27.6%	8.3%	-25.1%	-30.8%
	20	1,214	0	0.385	0.388	0.397	0.45	-0.8%	-3.0%	-15.3%	-2.2%	-14.6%	-12.6%
	30	2,782	18	0.288	0.265	0.284	0.33	8.5%	1.6%	-13.8%	-6.4%	-20.5%	-15.1%
	32	12,966	54	0.453	0.433	0.444	0.51	4.5%	2.0%	-10.7%	-2.4%	-14.5%	-12.5%
	34	2,582	1	0.251	0.247	0.245	0.32	1.3%	2.2%	-21.9%	0.9%	-23.0%	-23.6%
	51	599	189	0.160	0.158	0.153	0.14	1.4%	4.3%	12.6%	3.0%	11.1%	7.9%
	Total	**26,042**	**461**	**0.350**	**0.339**	**0.343**	**0.41**	**3.4%**	**2.1%**	**-15.0%**	**-1.3%**	**-17.8%**	**-16.7%**
North	10	641	212	0.110	0.109	0.133	0.16	0.7%	-17.5%	-32.6%	-18.1%	-33.1%	-18.2%
	12	3,884	216	0.100	0.109	0.115	0.09	-8.8%	-13.5%	15.8%	-5.2%	26.9%	33.8%
	20	76	0	0.221	0.199	0.262	0.50	11.0%	-15.8%	-56.0%	-24.1%	-60.3%	-47.7%
	30	3,426	6	0.373	0.376	0.381	0.41	-0.5%	-2.1%	-8.9%	-1.5%	-8.4%	-7.0%
	32	11,716	169	0.439	0.440	0.419	0.54	-0.3%	4.7%	-18.0%	5.1%	-17.7%	-21.7%
	34	69	0	0.337	0.313	0.242	0.18	7.7%	39.3%	85.0%	29.3%	71.7%	32.8%
	51	2,094	18	0.080	0.079	0.084	0.11	1.4%	-5.1%	-23.8%	-6.4%	-24.8%	-19.7%
	Total	**21,906**	**621**	**0.323**	**0.326**	**0.318**	**0.38**	**-0.8%**	**1.8%**	**-15.8%**	**2.6%**	**-15.1%**	**-17.2%**
ALL	10	3,653	213	0.245	0.232	0.240	0.29	5.7%	2.0%	-14.9%	-3.5%	-19.4%	-16.5%
	12	8,833	416	0.139	0.142	0.143	0.17	-1.8%	-2.4%	-17.5%	-0.6%	-16.0%	-15.5%
	20	2,688	0	0.361	0.368	0.390	0.44	-1.9%	-7.4%	-18.3%	-5.5%	-16.7%	-11.8%
	30	6,693	24	0.328	0.320	0.331	0.35	2.5%	-0.9%	-5.8%	-3.3%	-8.1%	-4.9%
	32	26,759	223	0.437	0.428	0.423	0.51	2.2%	3.4%	-13.4%	1.1%	-15.3%	-16.2%
	34	4,973	1	0.24	0.24	0.23	0.28	-0.1%	2.7%	-14.4%	2.9%	-14.2%	-16.7%
	51	4,584	210	0.13	0.13	0.13	0.20	1.6%	1.5%	-35.4%	-0.1%	-36.4%	-36.4%
	Total	**58,183**	**1,087**	**0.32**	**0.32**	**0.32**	**0.38**	**1.7%**	**1.7%**	**-14.9%**	**-0.1%**	**-16.3%**	**-16.3%**

Source: SRK, 2017

Swath Plots

A swath plot is a graphical display of the grade distribution derived from a series of bands, or swaths, generated in several directions through the deposit. Using the swath plot, grade variations from the OK model are compared to the distribution derived from the NN grade model and source composites.

On a local scale, the NN model does not provide reliable estimations of grade, but on a much larger scale it represents an unbiased estimation of the grade distribution based on the underlying data. Therefore, if the OK model is unbiased, the grade trends may show local fluctuations on a swath plot, but the overall trend of the OK should be similar to the NN distribution of grade.

Swath plots were generated along east-west and north-south directions, and also for elevation. Swath widths were 24m wide for east-west, north-south and elevation, respectively. Total copper grades were plotted by OK, ID and NN for all estimated blocks. An example North-South swath plot for copper is shown in Figure 9-10.

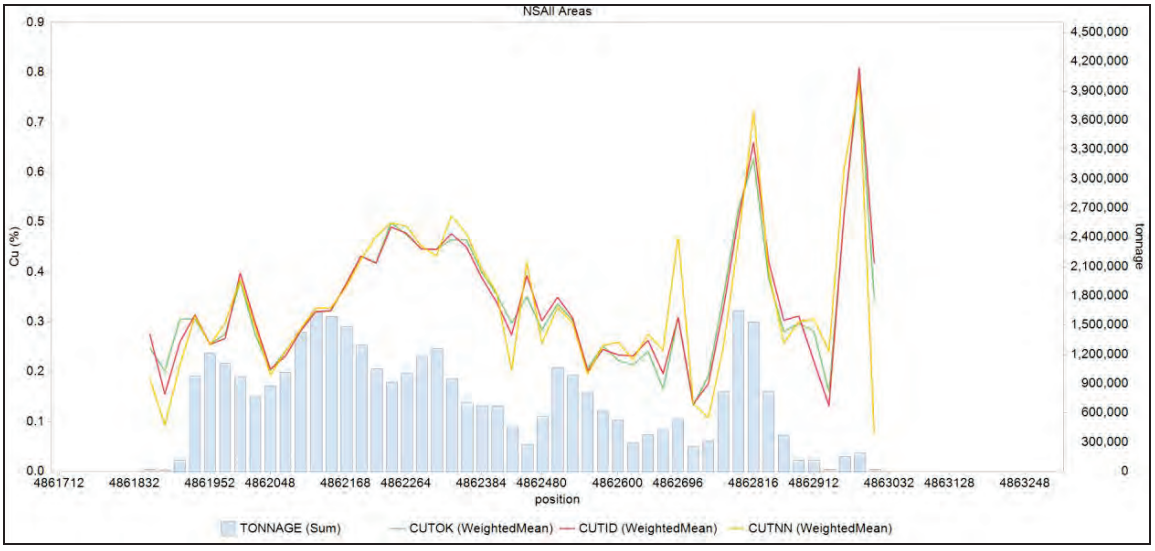


Figure 9-10 Example North-South Swath Plot Comparing Modelling Methods

A review of the swath plots indicates good correlation between the modelling methods. The degree of smoothing in the NN model is evident in the peaks and valleys shown in some swath plots; however, this comparison shows close agreement between the OK, ID and NN models in terms of overall grade distribution as a function of easting, northing, and elevation; especially where there are high tonnages (vertical bars on the plots).

9.5.5 Density Modelling

Calc-silicate minerals and magnetite have a high specific gravity (SG). Specific gravity assignments to each modelled lithology are provide in Table 9-9

Table 9-9 Specific Gravity Assignments by Material Type and Oxidation Intensity

SRK Lith	SRK Code	Unaltered	Weak Oxide	Strong Oxide	Source: Unaltered	Source: Strong Oxide
Unalt Factor		**1.00**	**0.95**	**0.90**		
Alluvium	10	1.98	1.98	1.98	Alluvium - Pg 316	Unfactored reference value
QFP	12	2.74	2.60	2.47	Porphyry - Pg 316	Factored PGM 2017
FeOxBx	20	2.44	2.44	2.44	Met Test - All assumed strong ox	KCA 2017 In Pit + PGM 2017
EndoSkarn	30	3.75	3.56	3.22	Andradite - Pg 21	KCA 2017 In Pit + PGM 2017
ExoSkarn	32	3.30	3.27	3.24	Diopside - Pg 22	KCA 2017 In Pit + PGM 2017
MtSkarn	34	5.18	4.60	4.02	Magnetite - Pg 28	KCA 2017 In Pit + PGM 2017
Limestone	51	2.69	2.69	2.42	Limestone - Pg 274	Factored PGM 2017
Granite	60	2.72	2.50	2.45	Granite - Pg 274	Factored PGM 2017
Dike	61	2.85	2.49	2.49	Diorite - Pg 316	Factored PGM 2017

Source:Field Geologists Manual, D.A. Berkman, Third Edition 1989, The Australasian Institute of Mining and Metallurgy, Victoria, Aus

Density measurements of unaltered material were applied from literature research (Berkman, 1989). Oxidized densities were derived from a combination of data from metallurgical reports of in-pit bulk samples (KCA, 2013, measured in 2017) and from a 2017 campaign of density determinations directed by SRK and carried out by members of the PGM staff (n = 83). The PGM staff used *ASTM C914 – Standard Test Method for Rock Density and Volume of Solid Refractories by Wax Immersion*. This method was adopted by PGM from KCA for consistency.

The resultant density database consists of 99 measurements, with an average SG of 2.95. A total of 18-20 samples were averaged for each of the mineralized rock types. There was a strong correlation between 2017 density determination by PGM and densities from KCA.

Weathering or oxidation is an important component to modelling at Empire because affects (improves) acid-leach recovery and it affects (reduces) original material density. Oxidation intensity was not systematically collected in the drilling database; therefore, in order to quantify oxidation for this model, SRK reviewed the drill logs from the Cambior 1996-97 database (47 core holes) and extracted a set of data points representing the “base-of oxide” below which the logs identify primary sulphides. All material above this base surface was considered weakly oxidized and material densities were reduced accordingly. To characterize material that was strongly oxidized, SRK used the ratio of oxide copper to total copper greater than 85% above a minimum total copper grade threshold of 0.1%. Weak and strong oxide were used as factors applied to each of the modelled lithologies as shown in Table 9-9.

9.6 Classification

Mineral Resources were classified into Measured, Indicated and Inferred categories consistent with international reporting standards. A minimum of three drillholes were required for the assignment of Measured Mineral Resources within an average distance to drill data of 28 meters. Indicated Mineral Resources were classified with a minimum of two drillholes within an average distance to drill data of 36 meters. Inferred resources represent material estimated by as few as one drillhole at a distance greater than 36m from source data, but within the copper grade domain and within the potential mining (pit) shape. The ranges for classification represent approximately 50% and 75% of the variogram range for Measured and Indicated resources respectively.

Additional uncertainty surrounds the location of historic mining, especially historic stopes. To account for this uncertainty, SRK constructed a 2-meter envelope around the modelled voids and in all case assigned an Inferred classification to the blocks within that envelope.

Classification using a purely statistical approach occasionally produces artefacts, blocks that

fail mathematical criteria but are clearly related to adjacent blocks. Therefore, to finalize classification, SRK generated wireframes for Measured and Indicated categories. The wireframes were based on a block's interpolation pass, number of drillholes, and average distance to data; as well as an interpretation of geologic continuity. By building classification wireframes based on a combination of statistics and geology, blocks of contiguous confidence are appropriately categorized and facilitate future mine planning.

9.7 Mineral Resource Statement

The Mineral Resource statement for the Empire deposit is presented in Table 9-10.

To comply with international reporting standards, and satisfy the guideline that reported mineralisation have "reasonable prospect for eventual economic extraction," SRK reports Mineral Resources within a Lerchs-Grossmann (LG) optimized pit shape. The optimized pit defining the mineral resource is shown Figure 9-11.

Table 9-10 Mineral Resource Statement

In-Pit Mineral Resource Statement, Empire Oxide Copper Deposit, Custer County, Idaho, U.S.A. (0.17 % Total Copper Cutoff), SRK Consulting (U.S.) Inc., April 8th, 2017

Material	Mass	Total Copper Grade	Total Copper Contained Metal	
	(kt)	(%)	(kt)	(lbs 000's)
Measured	2,121	0.59	12.6	27,737
Indicated	5,142	0.53	27.2	59,917
Measured & Indicated	**7,263**	**0.55**	**39.8**	**87,654**
Inferred	5,546	0.51	28.5	62,767

Source: SRK 2017

• Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into a Mineral Reserves estimate;

• Resources stated as contained within a potentially economically minable open pit. Pit optimization was based on an assumed copper price of US$3.25/lb, oxide material recovery of 61% for Cu, a mining cost of US$1.80t, an ore processing and G&A cost of US$7.00/t, a 2.5% royalty, and a pit slope of 45 degrees;

• Resources are reported in thousands of metric tonnes (kt):

• Resources are reported using a 0.17 % Cutoff Grade on estimated total copper; and,

• Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.

9.8 Cutoff Grade Determination

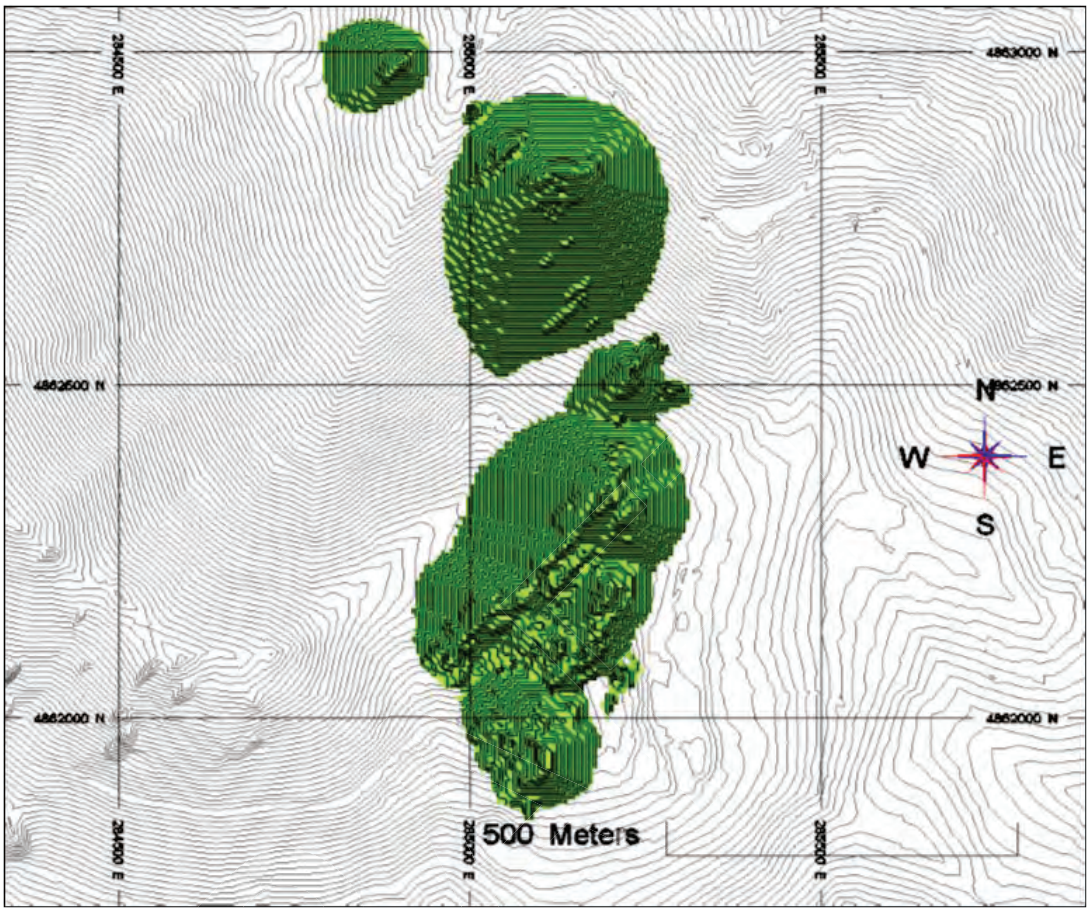
An internal CoGs of 0.17% total copper was applied to report resources. The CoG for the resource was determined using a copper sales price of US$3.25/lb, 2.5% royalties, copper recovery of 61%, ore and waste mining costs of US$1.80/t, and ore processing and G&A costs of US$7.00/t. The calculation for determining the CoG was:

$$\text{Internal CoG} = \frac{\text{Mining Cost Ore + Processing and G\&A Costs – Mining Cost Waste}}{\text{Cu Price x (Process Recovery – Royalty)}}$$

9.8.1 Pit Limited Resource

Pit optimization was performed on the Empire model using MineSight Economic Planner (MSEP). MSEP employs the industry-accepted Lerchs-Grossmann algorithm, which determines the maximum pit extents by optimizing the stripping ratio. Blocks classified as Measured, Indicated, and Inferred were all used to define the resource pit shell. Input criteria for the pit optimization, including prices and recoveries for all metals, are described in the

footnotes of the resource statement.



Source: SRK,2017

Figure 9-11 Empire resource pit based on Measured, Indicated, and Inferred Resources

9.9 Sensitivity

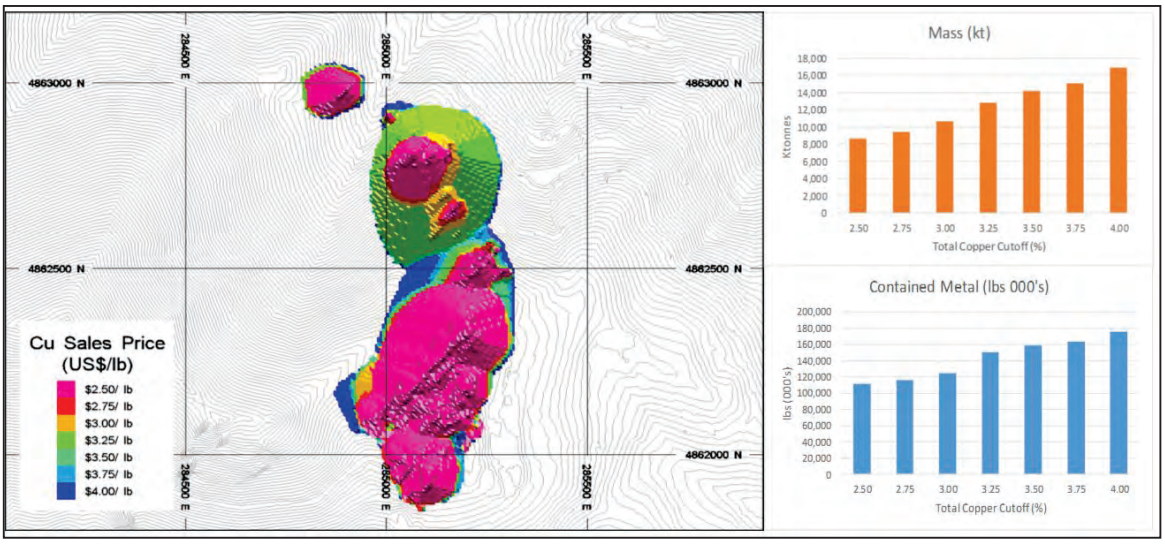
Per industry standards, the Empire Mineral Resource is reported in Table 9-11 at variable commodity prices and corresponding pits and internal CoGs to demonstrate the sensitivity of the resource.

Table 9-11 In-Pit Mineral Resource Sensitivity

Cu Sales Price	Cutoff Grade	Mass	Total Copper Grade	Total Copper Contained Metal	
(US$/lb)	(Total Cu %)	(kt)	(%)	(kt)	(lbs 000's)
2.50	0.21	8,677	0.58	50.3	110,972
2.75	0.20	9,426	0.56	52.8	116,351
3.00	0.18	10,641	0.53	56.6	124,697
3.25	**0.17**	**12,809**	**0.53**	**68.2**	**150,421**
3.50	0.15	14,227	0.51	72.2	159,145
3.75	0.14	15,077	0.49	74.3	163,808
4.00	0.13	16,959	0.47	79.9	176,067

Source: SRK 2017

Figure 9-12 In-Pit Mineral Resource Mass, Contained Metal and Pit Sensitivity



Source: SRK 2017

9.10 Exploration Target

In addition to the material contained within the Empire 2017 SRK resource pit, SRK has identified an Exploration Target of 36 to 49 Mlbs total Copper contained within 3.4 to 6.7 Mt grading 0.34% to 0.50% Total Cu. The potential tonnages are conceptual in nature and are based on estimated grades that were not able to be included in the pit at the project copper price of US$3.25/lb, due to the 61% recovery based on limited metallurgical test work, or insufficient data to provide continuity of grade. There has been insufficient exploration and test work to include some portion of this material and the Company cautions that there is a risk further exploration will not result in this material being included in a future resource estimate.

9.11 Comparison with Previous Estimates

During the project's exploration history, a number of previous resource estimates have been completed on the Empire Mine project, most of these have been internal and non-compliant other than the 2007 Journey Resources estimate.

9.11.1 1997 Cambior Exploration USA Inc

Various internal non-compliant resource and reserve estimates were completed in the 1990s by Cambior and by third parties using different parameters. In its 1997 report issued for vending purposes, Cambior stated that "The present oxide resource estimate, using a 0.15% Cu cut-off, stands at 18 Mt at 0.49% Cu, 0.19% Zn, 13.5 g/t Ag and 0.48 g/t Au, with an additional 9 Mt of material grading 0.29% Cu and 0.31% Zn with no precious metal values". Cambior also conducted a reserve estimate from these numbers that defined 15.5Mt (14Mt metric) at 0.64% Cu, 0.25% Zn, 0.41 g/t Au and 13.2 g/t Ag.

The reader is reminded that the historical numbers are provided in short tons and neither the resource not the reserve were reported according to current resource and reserve reporting standards and are not considered to be compliant today. In addition, there are some key differences to the approach used in deriving these estimates compared to those used to derive the updated resource estimates presented here that require understanding prior to comparing them to the new estimate.

Most notably the 1997 Cambior estimate was modelled as a poly-metallic operation with input and influence from gold, silver and zinc grades while the current estimate only incorporates total copper. In addition to this the Cambior reserve was constrained by a pit designed with significantly different economic parameters as a result of a different proposed processing approach. The most important difference in parameters is copper recovery which was set at 80% in 1997 while the current estimate uses 61%, believed appropriate when considering an SX/EW operation, (based on data presented by Kappes, Cassiday & Associates in 2005).

In SRK's opinion, were the updated numbers produced using the same approach and similar assumptions to those used in 1997, the updated resource estimate would not be materially different to the historical estimate previously reported. In fact, the modelled extent and grade of mineralisation remains very similar and the difference is simply in the way this mineralisation has been reported.

9.11.2 2004 Sierra Mining and Engineering LLC

In 2004, modelling by Sierra Mining and Engineering LLC., determined that a mineral reserve of 11.97 Mtons (million short tons) (10.86 Mt) of ore could be mined and processed from the AP pit and its northern extension (Anderson & Golden, 2005). This total would yield 8.82 Mtons (8 Mt) of oxide ore grading 0.292% copper equivalent (+zinc) using a 55% recovery by solvent-extraction and electrowining technology (SX-EW), and an additional 3.15 Mtons (2.83 Mt) of ore grading 1.04% copper equivalent (+zinc) and 0.085 opt (2.64 g/t) gold equivalent (+silver) using a 92% recovery by conventional milling methods. Stripping ratios of 1.31:1 were estimated. The estimate did not include the holes drilled by Trio.

Little detail exists into the approach used to estimate these numbers meaning that a comparison with the 2017 numbers is difficult. SRK ES suggests that these should only be considered as high-level internal estimates.

9.11.3 2007 Journey Mineral Reserve Estimate

The oxide deposit was modelled by Michael Norred using Techbase mining software under the supervision of Dennis Anderson and James Golden. Data was derived from Cambior and other previous operators as well as the more recent programmes by Trio and Journey. The resource was defined into a broad geologically defined domain produced on a cross-sectional basis to a maximum depth of 500 ft (152 m). Of the 234 drill holes with collar coordinates, only 165 with lithological information were used in the production of these cross sections, though all 234 holes were used in the resource estimate. Assay data were composited to 5 ft intervals and a block model created with blocks 10 ft x 10 ft in plan and 20 ft in height. This block size was chosen to be of approximately equal size to the proposed selective mining unit.

Oxide mineralisation thresholds were estimated by Indicator Kriging with metal grades estimated using Ordinary Kriging. Blocks were classified into Measured and Indicated Mineral Resource categories based on distance from a block centre to the nearest drillhole composite. The mineral resource was based on uniform densities as determined by Cambior in 1997. The resultant estimate defined a Mineral Resource at a 0.15% Cu CoG of 12.Mt at 0.38% Cu for 99.8Mlbs contained Cu.

This resource was further interrogated towards and internal reserve estimate using a Lerchs-Grossmann optimised pit. However, SRK do not consider this to be compliant with the JORC Code and appears to be only a high-level assessment derived from the resources.

Table 9-12 compares this Mineral Resource estimate against the SRK 2017 estimate.

Table 9-12 SRK 2017 vs Journey 2007 Resource Comparison

Empire Mine - SRK April 2017 Resource Statement				
Material	Mass	Cu Total Grade	Total Copper Contained Metal	
	(kt)	(%)	(kt)	(lbs 000's)
Measured	2,121	0.59	12.6	27,737
Indicated	5,142	0.53	27.2	59,917
Measured & Indicated	**7,263**	**0.55**	**39.8**	**87,654**
Inferred	5,546	0.51	28.5	62,767
Total	12,809	0.53	68.2	150,421

Empire Mine - Journey April 2007 Resource Statement				
Material	Mass	ASCu Grade	Cu Total Mass	
	(kt)	(%)	(kt)	(lbs 000's)
Measured	8,740	0.39	34.1	75,145
Indicated	3,286	0.34	11.2	24,630
Measured & Indicated	**12,026**	**0.38**	**45.3**	**99,775**
Inferred	267	0.37	1.0	2,176
Total	12,292	0.38	46	101,950

Difference 2017 - 2007				
Material	Mass	Cu Grade	Cu Total Mass	
	(kt)	(%)	(kt)	(lbs 000's)
Measured	-6,619	0.20	-21.5	-47,408
Indicated	1,856	0.19	16.0	35,287
Measured & Indicated	**-4,762**	**0.17**	**-5.5**	**-12,121**
Inferred	5,279	0.14	27.5	60,591
Total	517	0.16	22	48,471
% Difference 2017 - 2007				
Material	Mass	Cu Grade	Cu Total Mass	
	(kt)	(%)	(kt)	(lbs 000's)
Measured	-76%	52%		-63%
Indicated	56%	55%		143%
Measured & Indicated	**-40%**	**45%**		**-12%**
Inferred	1979%	39%		2785%
Total	4%	42%		48%

Overall the estimates compare well with the 2017 resulting in 4% more tonnage and 42% more grade, although the 2007 Journey numbers was estimating acid soluble copper rather than total copper.

9.11.4 SRK ES Comments

Of all the historical estimates conducted on the Empire Mine, SRK ES is of the opinion that only those reported by Journey Resources are considered compliant today.

However, the estimate is not considered current due to changes in the economic and market conditions since its reporting and SRK note a significant amount of inconstancies and gaps within the input data used by Journey that would likely have material effected the resultant estimate. This has been recognised by PGM who conducted a programme to rectify these deficiencies ahead of the current estimate.

PGM's future schedules and budget, as discussed in Section 8, are considered sufficient to allow for further data capture and validation from this historical drilling and to in producing an updated Mineral Resource Estimate sufficient for the scheduled Prefeasibility Study on the AP pit area.

10 DEVELOPMENT STRATEGY AND EXPLORATION PLAN

10.1 Introduction

PGM's primary focus for the development of the Empire Mine Project is to fully evaluate the oxide mineralisation in the AP Pit area to a Prefeasibility Study level over the next 12 months. This will be supplemented by assessment of the sulphide mineralisation potential at depth below the existing AP Pit oxide mineral resource. To realise this plan, PGM have developed a phased exploration and development programme with associated schedule and budget.

10.2 Exploration and Development Plan

10.2.1 AP Pit Oxide Mineralisation Programme

The first stage of the proposed programme will be the verification of historical sampling results through resampling and geochemical analysis of old core and reverse circulation chips. Gold, silver, base metals and tungsten will be analysed in addition to acid soluble and total copper contents to enhance the current database. This will be supplemented with additional surface RC drilling to in-fill gaps in the historic drilling grids and a geotechnical study of all main lithologies and mineralised bodies. It is intended that this work will lead to the update of the current geological model and Mineral Resource Estimate.

A metallurgical study of the various ore types (taken from drill core) will be undertaken, including bottle roll tests, density tests and 120 day column (sequential leach) tests. Along with this additional geochemistry work will be conducted to further understand the future requirements in heap pad design.

Following this Mineral Resource update and testwork, all results will be collated into a Prefeasibility Study (PFS) for the AP Pit Oxide material.

10.2.2 Sulphide Mineralisation Exploration Programme

The evaluation of the sulphide resource potential at depth below the AP Pit will commence with establishing safe access to the 300, 700 and 1100 levels. A programme of underground mapping and channel sampling is proposed on these levels, as is a limited programme of underground drilling. An independent technical report detailing the exploration potential of the sulphide mineralisation, along with an exploration and development programme, will complete this phase of the 12 month plan.

SRK ES have discussed with PGM, dependent upon budgets, the possibility of conducting further earlier stage exploration (mapping and sampling) on a series of skarn bodies located to the north and northwest of the current Empire Mine project. This, coupled with a remote sensing and airborne geophysical programme across the rest of the Mackay Granite, holds the potential to define further economic mineralisation and resource potential to the mining project.

10.3 Budget and Schedule

PGM has produced a schedule and budget for these programmes, shown in Table 10-1 and Table 10-2 respectively. SRK ES has reviewed and discussed the items contained in both tables with PGM and is comfortable that the schedule and budget are robust and suitable for the development aims of the Empire Mine Project.

While the work has initially been scheduled across 10 months, PGM have provided this as a 12-month schedule allowing for two-month leeway for any unexpected delays.

The proposed 12 month AP Pit oxide exploration programme culminating in a PFS has been budgeted at a total US$ 1,425,000. The additional evaluation of the deeper sulphide mineralisation potential below the AP oxide resource has been budgeted at a total of US$ 806,000. The budget for the total work programme, including all equipment and administrative costs, comes in at US$ 3,567,500.

The largest cost items across these programmes are those associated with surface and underground drilling, and sampling. The total budget for this is US$ 760,000 or 21.3%.

Table 10-1 PGM Proposed PFS and Exploration Schedule

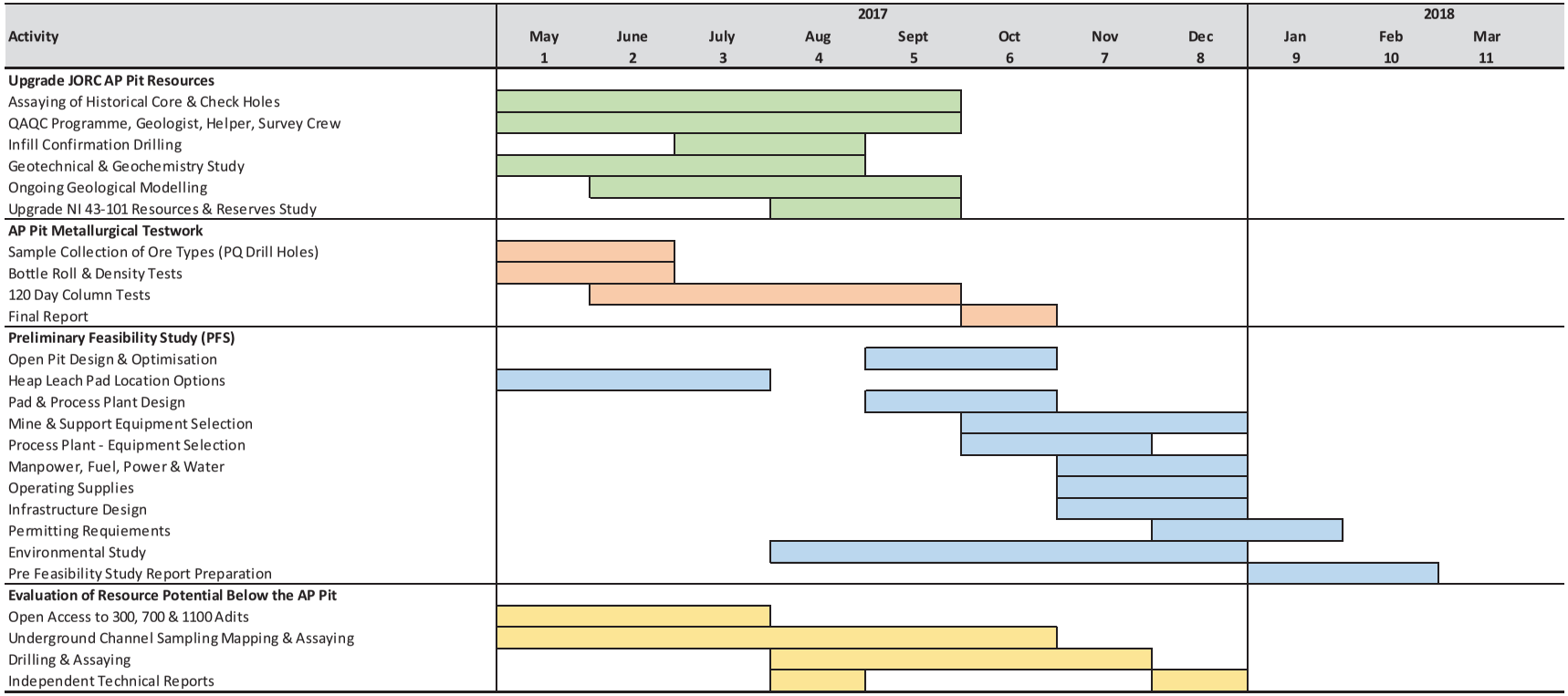


Table 10-2 PGM Proposed PFS and Exploration Budget

Activity	2017 May 1	June 2	July 3	Aug 4	Sept 5	Oct 6	Nov 7	Dec 8	2018 Jan 9	Feb 10	Mar 11	Apr 12	Totals US$
Upgrade JORC AP Pit Resources													
Assaying of Historical Core & Check Holes	25,000	25,000	35,000	35,000	25,000	-	-	-	-	-	-	-	145,000
QAQC Programme, Geologist, Helper, Survey Crew	15,000	15,000	15,000	12,000	12,000	-	-	-	-	-	-	-	69,000
Infill Confirmation Drilling	-	-	120,000	120,000	-	-	-	-	-	-	-	-	240,000
Geotechnical & Geochemistry Study	15,000	16,000	30,000	20,000	-	-	-	-	-	-	-	-	81,000
Ongoing Geological Modelling	-	20,000	6,000	6,000	6,000	-	-	-	-	-	-	-	38,000
Upgrade NI 43-101 Resources & Reserves Study	-	-	-	25,000	30,000	-	-	-	-	-	-	-	55,000
AP Pit Metallurgical Testwork													
Sample Collection of Ore Types (PQ Drill Holes)	5,000	40,000	-	-	-	-	-	-	-	-	-	-	45,000
Bottle Roll & Density Tests	11,000	8,000	-	-	-	-	-	-	-	-	-	-	19,000
120 Day Column Tests	-	35,000	35,000	35,000	35,000	-	-	-	-	-	-	-	140,000
Final Report	-	-	-	-	-	20,000	-	-	-	-	-	-	20,000
Preliminary Feasibility Study (PFS)													
Open Pit Design & Optimisation	-	-	-	-	25,000	25,000	-	-	-	-	-	-	50,000
Heap Leach Pad Location Options	5,000	5,000	5,000	-	-	-	-	-	-	-	-	-	15,000
Pad & Process Plant Design	-	-	-	-	84,000	84,000	-	-	-	-	-	-	168,000
Mine & Support Equipment Selection	-	-	-	-	-	10,000	15,000	5,000	-	-	-	-	30,000
Process Plant - Equipment Selection	-	-	-	-	-	25,000	25,000	-	-	-	-	-	50,000
Manpower, Fuel, Power & Water	-	-	-	-	-	-	40,000	40,000	-	-	-	-	80,000
Operating Supplies	-	-	-	-	-	-	10,000	10,000	-	-	-	-	20,000
Infrastructure Design	-	-	-	-	-	-	15,000	15,000	-	-	-	-	30,000
Permitting Requiements	-	-	-	-	-	-	-	10,000	10,000	-	-	-	20,000
Environmental Study	-	-	-	7,000	7,000	7,000	7,000	7,000	-	-	-	-	35,000
Pre Feasibility Study Report Preparation	-	-	-	-	-	-	-	-	45,000	30,000	-	-	75,000
Total AP Pit Oxide to PFS	**76,000**	**164,000**	**246,000**	**260,000**	**224,000**	**171,000**	**112,000**	**87,000**	**55,000**	**30,000**	**-**	**-**	**1,425,000**
Evaluation of Sulphide Potential Below the AP Pit													
Open Access to 300, 700 & 1100 Adits	15,000	15,000	15,000	-	-	-	-	-	-	-	-	-	45,000
Underground Channel Sampling Mapping & Assaying	6,000	41,000	56,000	56,000	21,000	21,000	-	-	-	-	-	-	201,000
Drilling & Assaying	-	-	-	30,000	230,000	230,000	30,000	-	-	-	-	-	520,000
Independent Technical Reports	-	-	-	5,000	-	-	-	35,000	-	-	-	-	40,000
Total Evaluation of Sulphide Potential Below the AP Pit	**21,000**	**56,000**	**71,000**	**91,000**	**251,000**	**251,000**	**30,000**	**35,000**	**-**	**-**	**-**	**-**	**806,000**
Equipment Purchases & Rentals													
Vehicles	60,000	-	-	60,000	-	-	-	-	-	-	-	-	120,000
Computing, Survey, Office & U/G Equipment	45,000	30,000	30,000	10,000	-	-	-	-	-	-	-	-	115,000
Other Equipment & House Rentals	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Total Equipment Purchases & Rentals	**111,000**	**36,000**	**36,000**	**76,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**307,000**
Staff, Travel & Subsistence													
GM & Konnex CEO	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Chief Geologist, Mining Engineer. Metallurgist, Admin	15,000	15,000	15,000	15,000	15,000	27,000	29,000	29,000	29,000	29,000	29,000	29,000	276,000
Travel & Subsistence	10,000	4,000	4,000	11,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	93,000
Konnex Corporate													
Advance Royalties to Honolulu & Mackay	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Social, Training & Other	4,000	3,000	3,000	3,000	2,000	3,000	2,000	2,000	2,000	2,000	2,000	2,000	30,000
Office, Supplies & Coms	3,000	4,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	55,000
Phoenix Director Costs Recharged	20,000	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	234,500
Legal, Accounting & Insurances	14,000	14,000	7,000	4,000	4,000	4,000	7,000	7,000	4,000	4,000	4,000	4,000	77,000
Total Konnex Overheads	**88,000**	**81,500**	**74,500**	**78,500**	**75,500**	**88,500**	**92,500**	**92,500**	**89,500**	**89,500**	**89,500**	**89,500**	**1,029,500**
Total Empire Mine Costs US$	***296,000***	***337,500***	***427,500***	***505,500***	***556,500***	***516,500***	***240,500***	***220,500***	***150,500***	***125,500***	***95,500***	***95,500***	***3,567,500***
Cumulative - US$	296,000	633,500	1,061,000	1,566,500	2,123,000	2,639,500	2,880,000	3,100,500	3,251,000	3,376,500	3,472,000	3,567,500	

11 SRK ES CONCLUSIONS AND RECOMMENDATIONS

11.1 Introduction

PGM has acquired a historic copper mining project within the Alder Creek Mining District that has been the focus of several phases of exploitation and exploration since early 1900. The project has seen systematic exploration with the drilling of core and RC drillholes primarily focus at the near surface oxide zones. However, some of this drilling, along with much of the historical underground sampling and mining, has accessed a deeper copper supergene enrichment and sulphide zone that also hosts Au, Ag, Mo, Zn and W that maybe amenable to economic extraction.

The company wishes to advance the near surface oxide resource as a primary focus through to a PFS over the coming year, with further assessment of the deeper sulphide mineralisation potential as a secondary work stream.

11.2 Geology and Mineralisation

The Empire Mine Project is located within the Alder Creek Mining District of Central Idaho. This region lies to the east of the Idaho Batholith and north of the Snake River Basalt Plain, within the Cordilleran thrust belt at the edge of the Basin and Range structural province.

The Alder Creek Mining District is underlain by siltstone and carbonate rocks of Mississippian age, which have been intruded by granites of Eocene age.

The property encloses a north-trending contact zone between an Eocene granitic complex (Mackay Granite and Porphyry) and a Mississippian limestone (White Knob Limestone), the reaction between these two rock types resulting in the formation of conduits allowing fluid flow and emplacement of mineralising fluids.

Copper-gold-zinc-silver mineralisation at the Empire Mine falls into the skarn-hosted, polymetallic deposit type with a later stage epithermal system redistributing mineralisation and leading to further gold and silver mineralisation.

Both copper-oxide (carbonates, malachite and azurite) and sulphide (chalcopyrite/chalcocite) mineralisation is developed to varying degrees within the exoskarn in limestones and the endoskarn in intrusive porphyry. The oxide copper mineralisation occurs as veinlets, stockworks and disseminated oxide/sulphides and may bottom out at a supergene enrichment zone.

The sulphides have similar characteristics, but also occur as massive lenses, both copper sulphides and magnetite, along skarn-hosted fault breccias.

The boundary between these zones is poorly defined at this time but is likely to be an inter-fingered zone located between the 300 and 700 levels.

SRK ES is of the opinion that this hosting geology is reasonably well understood and holds good potential to host economic grade copper and gold within an epithermal altered skarn system

11.3 Exploration and Mining History

Empire holds a long exploration history the most recent of which commencing in the late 1960s just before the cessation of underground and surface mining. Through at least seven exploration programmes, a near surface copper oxide deposit has been defined and quantified although not to current internationally recognised resource reporting standards.

Some preliminary internal studies have taken these resources and defined a minable portion with extraction envisaged through a standard SX-EW acid leach operation.

During this exploration, significant sulphide intersections have been recorded of up to 11.4 % Cu. This sulphide mineralisation should be easily accessible via the historical underground adit system.

PGM have recognised a number of data deficiencies in the historical dataset and have progressed the project by working to better collate these data from these multiple exploration programmes as well as supplementing them with additional data such as further density measurements. This has allowed for the construction of a new JORC compliant Mineral Resource Estimate.

11.4 Quality Assurance and Quality Control

A variety of approaches to assessing the quality of the sampling have been used over the life of the Empire project. This has included the insertion of blanks duplicates and CRMs (standards) as well as re-assaying with different assay techniques and check assaying at umpire laboratories.

While SRK ES consider that these programmes have been less detailed and stringent than is normally accepted for a modern resource development project, the results have, by in large, illustrated adequate levels of precision and accuracy from the sampling and assaying.

SRK have suggested hat a more detailed and robust QAQC programme be employed in all future work conducted at the project. This advice has been accepted into the exploration budget and scheduled presented here.

11.5 Metallurgical Testwork

SRK ES has reviewed the associated metallurgical testwork from the Empire Mine. Three testwork programmes have been conducted historically, one undertaken by Cambior in 1997 and two undertaken by Kappes, Cassiday and Associates, one in 2005 and one in 2013, on behalf of Trio and Boxxer respectively.

The testwork programmes show good potential for the recovery by acid leaching of those copper minerals amenable to such extraction, i.e. copper oxides and carbonates, and secondary copper minerals. Primary copper sulphide minerals such as chalcopyrite and bornite would not be recovered under these conditions. The testwork results were conducted at varying crush and grind sizes, and the results indicate that copper recoveries would be maximised by leaching pulverised material, i.e. pulverised ore in a tank leach circuit rather than crushed ore as a heap or dump leach. The testwork indicates that the higher recover achievable from ground material would probably compensate for the additional process cost to grind the material.

Gold and silver recovery has been investigated only on pulverised material. Recoveries have been variable, although in most cases the head grades have been low. Recovering gold and silver from ground ore following a copper tank leach circuit would be a more viable option than attempting to recover gold and silver from a spent copper heap leach.

Zinc recovery has not been specifically investigated, although it should be possible to recover zinc leached during the copper leach stage from the leach solution following copper extraction.

No testwork has yet been conducted to assess the extraction of copper in sulphide form.

PGM recognise the preliminary nature of these metallurgical testworks and have scheduled additional studies ahead of a PFS on the AP Pit copper oxide material.

11.6 Mineral Resource Estimate

SRK have constructed a new geological model from the careful collation, validation and verification of all historical data conducted by PGM and overseen by SRK ES.

This estimate used a total of 255 drillholes for 24,470m of drilling. The geology was modelled into 9 lithologies as represented across the Empire Mine Project with mineralisation constrained within a 0.1% Cu grade shell. An appropriate grade capping routine was employed to ensure that extreme high grades are not overly represented in the final estimate and final grades were composited into 3m samples ahead of estimation.

A four pass Ordinary Kriging estimate was conducted using variogram parameters defined for the three main areas (South, Central and North) with results hosted within a 6x6x6 metre block model.

This resultant block model was validated against drillhole composites and a Nearest Neighbour estimate.

Tonnages were estimate with the use of 99 density measurements collated from historical data and from a new data collected by PGM under SRK's guidance.

The resultant estimate was classified in the Measured, Indicated and Inferred categories based upon the average distance to drillholes.

The final estimate was constrained within an optimised open pit thereby complying with international reporting standards, and satisfy the guideline that reported mineralisation have "reasonable prospect for eventual economic extraction".

The resultant JORC 2012 compliant Mineral Resource estimate, reported to a CoG of 0.17% Total Cu, is provided in Table 11-1.

Table 11-1 SRK 2017 Mineral Resource Statement

In-Pit Mineral Resource Statement, Empire Oxide Copper Deposit, Custer County, Idaho, U.S.A. (0.17 % Total Copper Cutoff), SRK Consulting (U.S.) Inc., April 8th, 2017

Material	Mass	Total Copper Grade	Total Copper Contained Metal	
	(kt)	(%)	(kt)	(lbs 000's)
Measured	2,121	0.59	12.6	27,737
Indicated	5,142	0.53	27.2	59,917
Measured & Indicated	**7,263**	**0.55**	**39.8**	**87,654**
Inferred	5,546	0.51	28.5	62,767

Source: SRK 2017

• Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into a Mineral Reserves estimate;

• Resources stated as contained within a potentially economically minable open pit. Pit optimization was based on an assumed copper price of US$3.25/lb, oxide material recovery of 61% for Cu, a mining cost of US$1.80t, an ore processing and G&A cost of US$7.00/t, a 2.5% royalty, and a pit slope of 45 degrees;

• Resources are reported in thousands of metric tonnes (kt):

• Resources are reported using a 0.17 % Cutoff Grade on estimated total copper; and,

• Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.

SRK have run a sensitivity on this estimate indicating the effect of varying copper sales

prices.

Further to this statement, SRK have defined a significant amount for further mineralisation that does not fall into the current optimised open pit and currently exists as an Exploration Target. This material is current constrained outside of the optimised pit due to the 61% recovery based on limited metallurgical test work, or insufficient data to provide continuity of grade.

SRK's comparisons to historical estimates has to be considered with care as they are not direct comparisons due to the varying approaches and proposed mineral processing routes and therefore their corresponding costs and recoveries, employed over the life of the project. However, the 2017 estimate correlates well with the 2007 Journey estimate but has involved a higher degree of validation and verification of the input data. Further, the modelled extent and grade of mineralisation remains very similar to those in the 1997 estimate, the differences are simply in the way this mineralisation has been reported.

11.7 Proposed Exploration Work Programme and Budget

SRK ES has reviewed the work programme proposed by PGM. This programme has been designed to span 10 months with two months' contingency and begins with a programme of verification and infill drilling of the AP Pit near surface oxide mineralisation. This will culminate in a PFS on the AP Pit oxide resource. In tandem with this work, underground exploration will begin to evaluate the potential for a possible sulphide mineral resource.

Both oxide and sulphide exploration programmes have approximately 1000m of drilling planned to verify historic drilling data and provide additional assay results.

PGM have budgeted US$ 1,425,000 for the AP Pit oxide exploration and PFS programme and US$ 806,000 for evaluation of the deeper sulphide mineralisation potential below the AP oxide resource. The budget for the total work programme, including all equipment and administrative costs, comes in at US$ 3,567,500.

SRK ES has reviewed and discussed this programme with PGM and are satisfied that sufficient detail has been used in its design. The budgets are realistic and based on viable quotes and defendable assumptions. Further, SRK ES is of the opinion that this programme is merited, well scheduled and capable of reaching its aims of increasing the confidence in the AP Pit Mineral Resource and outlining the ongoing development requirements of the Empire Mine Project.

In addition, SRK ES recommends that PGM look to expand the "blue sky" potential of the project by conducting exploration along strike, north and south of the AP Pit. There are reported gossanous and mineralised outcrops to the north, within and beyond the Empire Mine licence boundaries. Should finances allow it, SRK ES recommends mapping such occurrences and suggests PGM investigates the ownership of claims immediately adjacent to the Empire Mine and further afield surrounding the Mackay Granite where it contacts the White Knob Limestone.

Airborne and ground geophysical methods may also be of use in the future to define magnetite or sulphide-rich skarn where mineralisation is not seen at surface.

Such a programme holds the potential to provided additional mineralised material and resources to the Empire Mine project during its future development.

For and on behalf of SRK Exploration Services Ltd

James Gilbertson
Principal Consultant (Exploration)
SRK Exploration Services Ltd
Date: 15/6/2017

SRK EXPLORATION SERVICES LTD

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The Members	SP Angel	2	15/06/2017	JAG

Approval Signature:

12 GLOSSARY, ABBREVIATIONS AND UNITS

Actinolite	Mineral, a type of amphibole.
Adit	Horizontal or nearly horizontal tunnel from surface which goes underground.
Admission Document	Official document required in the support of a listing on a financial exchange.
Alteration	Alteration of a rock/mineral by geological forces.
Andesite	Fine-grained volcanic rock characterised by the presense of plagioclase feldspars and some combination of augite, orthopyroxene and hornblende.
Andradite	Member of the garnet group of minerals, $Ca_3Fe_2(SiO_4)_3$.
Aplite	A light-coloured, fine-grained, equigranular igneous rock composed of subhedral to anhedral grains of quartz and alkai feldspar, and found as late-stage veins in granite bodies.
Assay	The analysis of minerals, rocks and mine products to determine and quantify their constituent parts.
Azurite	Secondary mineral occurring in the oxidised zone of copper deposits, $Cu_3(CO_3)_2(OH)_2$.
Basalt	A dark-coloured, fine-grained extrusive igneous rock composed of plagioclase feldspar, pyroxene, and magnetite, with of without olivine and not more than 53% SiO_2.
Batholith	Large (more than 100km2) igneous intrusion, that may comprise several plutons amalgamated at depth. Commonly of granitic composition.
Bornite	Common and important copper ore mineral, Cu_5FeS_4.
Breccia	Coarse, clastic, sedimentary rock, the constituent clasts of which are angular. May also be applied to coarse, angular volcanic rocks from a volcanic vent (vent breccia).
Brecciation	The process of formation of a breccia.
Carbonate	A group of minerals found mostly in limestones and dolomites. Calcite ($CaCO_3$) is the most abundant. Dolomite is a magnesium-bearing carbonate, commonly a rock forming mineral.
Cenozoic	Geological era from 65.5 million years ago to the present.
Chalcocite	Copper mineral that can occur in hydrothermal veins in a primary state, but more usually found in zones of supergene enrichment of copper ore bodies., CuS
Chalcopyrite	Most common copper mineral, important in porphyry-copper deposits, syngenetic copper ores, skarns and contact metamorphic zones, $CuFeS_2$.
Channel sampling	a technique for generating representative sampling across the face of a rock body or vein system.
Chlorite	Green mineral $(Mg,Fe)_3(Si,Al)_4O_{10}(OH)_2(Mg,Fe)_3(OH)_6$.
Clay	Material with a particle size of less than 2µm.
Collar	The beginning point of a shaft or drill hole, the surface.
Concentrate	Metal ore once it has been through milling and concentration so that it is ready for chemical processing or smelting.
Contact	The place or surface where two different kinds of rocks meet. Applies to sedimentary rocks, as the contact between a limestone and a sandstone, for example, and to metamorphic rocks; it is especially applicable between igneous intrusions and the host rock.
Cordillera	a Spanish word for mountain belt used to distinguish subduction reallted mountains on ocean/continent margins from intercontinental collision mountains.
Core	A cylindrical sample of rock obtained by core drilling.
Core samples	Cylindrical rock samples collected by diamond core drilling.
Covellite	Copper mineral found in the zone of secondary enrichment above copper-rich deposits, CuS.

Cratonic (rocks)	Rocks coming from areas of the Earth's crust, invariably continental crust, which are no longer affeceted by orogenic activity. The stability has existed for in excess of 1000 Ma.
Cretaceous	Geological period between 136 to 64 Ma.
Crushing	Reduction in size of mined rocks by mechanical action, generally to the size of one or two centimetres.
Cut off	The grade above which the commodity could be considered ore in a particular deposit.
Dacite	A light-coloured, fine-grained igneous rock containing 63-70wt. % SiO2, as well as plagioclase feldspar, alkali feldspar, quartz, biotite and hornblende as essential minerals. The volcanic equivalent of granodiorites.
Deposit	A naturally occurring accumulation of minerals that may be considered economically valuable.
Devonian	The fourth of six periods in the Palaeozoic Era, between 416 Ma and 359.2 Ma.
Diopside	A pyroxene mineral common in magmatic rocks and metamorphic rocks, particularly metamorphosed dolomites and calcareous sediments, $CaMgSi_2O_6$.
Dip	Inclination of a geological feature/rock from the horizontal (perpendicular to strike).
Disseminated	Fine grained material scattered quite evenly throughout the rock.
Dyke	A sub-vertical tabular igneous intrusion which cuts across the bedding or other planar structures in the country rock.
Dyke swarm	A collection of many subvertical radial dykes around a central intrusion, or many parallel to subparallel dykes occurring over a large regional area.
Endoskarn	Term used to indicate a skarn deposit with an igneous protolith.
Enrichment	The process by which the relative amount of one constituent mineral or element within a rock is increased.
Epidote	Rock-forming mineral occurring in hydrothermal systems and as a replacement of various minerals, such as amphiboles, which break down under late stage hydrothermal alteration, $Ca_2(Al_2Fe^{3+})Si_3O_{12}(OH)$.
Eocene	An epoch in the Tertiary between 55.8 Ma and 33.9 Ma.
Epithermal	Vein deposit formed within about a kilometre of the Earth's surface by hot (50-200°C) ascending solutions.
Exoskarn	Term used to indicate a skarn deposit with a sedimentary protolith.
Exploration drilling	Drilling in an unproved area or to an untried depth either to seek new areas of mineralisation or the possibility of increasing the area of known mineralisation.
Fault	A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles.
Feldspar	The most important group of rock-forming silicate minerals, including the plagioclase feldspars $KAlSi_3O_8$ to $NaAlSi_3O_8$ (potassium fledspar to albite) and the plagioclase feldspars $NaAlSi_3O_8$ to $CaAl_2Si_3O_8$ (albite to anorthite).
Fluorite	Mineral, CaF_2, widely distributed in mineral veins alone or as a gangue mineral with metallic ores.
Fracture	A general term to include any kind of discontinuity in a body of rock if produced by mechanical failure, whether by shear stress or tensile stress. Fractures include faults, shears, joints, and planes of fracture cleavage.
Garnet	An important rock-forming mineral group with the general formula $X_3Y_2Si_3O_{12}$, where X may be Ca, Mg, Fe^{2+}, or Mn and Y may be Al, Fe^{3+}, or Cr^{3+}, found in high-grade metamorphic and igneous rocks.
Geochemical	A prospecting technique which measures the content of certain metals in soils and rocks used to define anomalies for further testing.
Geological mapping	Recording geological information.
Geology	The scientific study of the origin, history, and structure of the earth.
Gossan	Near-surface, iron oxide-rich zone overlying a sulphide-bearing mineral deposit, caused by the oxidation and leaching of sulphides. Characteristic red or yellow colour.

Grab Sample	A sample of rock taken from surface outcrop for observation and analysis.
Grade	The quantity of ore or metal in a specified quantity of rock.
Granite	A medium to coarse grained plutonic igneous rock usually light coloured and consisting largely of quartz and feldspar.
Granodiorite	A coarse grained rock intermediate in composition between granite and diorite: approx. 65% SiO_2.
Grossular	A member of the garnet group of minerals, $Ca_3Al_2Si_3O_{12}$.
Grossularite	A now unused term for a rock composed principally of grossular.
Haematite (hematite)	Iron mineral, Fe_2O_3. Widely distributed as an accessory mineral in igneous rocks, hydrothermal veins, as a primary mineral, as a cementing agent or replacement of other minerals.
High grade	Pertaining to ore which is rich in the metal being mined.
Holocene	Epoch that covers the last 11,000 years before present, often referred to the post-glacial.
Hydrothermal	The name given to any processes associated with igneous activity which involve heated or superheated water.
Hypogene	Mineral deposits fromed by generally ascending solutions in or from below the Earth's crust; or processes such as volcanicity operating within the crust.
Intrusion	A body of igneous rock that is emplaced into pre-existing older rocks.
Intrusive	In petrology, having, while molten, penetrated into or between other rocks, but solidifying before reaching the surface; said of certain igneous rocks; nearly the same plutonic and contrasted with effusive or extrusive.
Intrusive Complex	A large body of igneous rock intruded over several periods of time and with changing composition.
JORC Code	Australasian code for reporting of Mineral Resources and Ore Reserves.
Kriging	A method of interpolation used in the modelling of mineral resources.
Lenses	Geological bodies that are thick in the middle and thin at the edge.
Limestone	A sedimentary rock composed almost entirely of calcium carbonate ($CaCO_3$).
Lineament	A linear topographical feature.
Lithology	The physical characteristics of rock.
Logging	Recording geological, geotechnical and other information from drill core.
Low Grade	Pertaining to ore which is comparatively low in content for the metal which is being mined.
Mafic	Describing an igneous rock of low silica and high magnesium and iron content, usually dark in colour.
Magnetite	A ferromagnetic mineral with chemical formula Fe_3O_4.
Malachite	Common secondary mineral in the oxidised zone of copper deposits, $Cu_2CO_3(OH)_2$.
Manganese	A grey-white, brittle metallic element (Mn) which does not occur uncombined in nature.
Marble	A fine to coarse grained metamorphosed limestone.
Massive	Having homogeneous structure or texture.
Meso-	Prefix meaning middle.
Mesozoic	An era of geological time spanning 250-65Ma, including the Triassic, Jurassic and Cretaceous periods.
Metalliferous	Containing a metallic element. Often used to describe ores that are mined commercially.
Metallogenic Province	An area of characteristic mineralising activity or a particular association of mineral deposits. It may contain several episodes of mineralisation.
Metallurgy	The domain of materials science that studies the physical and chemical behaviour of metallic elements, their intermetallic compounds and alloys.
Metamorphic	Term applied to pre-existing sedimentary and igneous rocks which have been altered in composition, texture, or internal structure by processes involving pressure, heat and/or the introduction of new chemical substances.

Metamorphism	The process of rocks being metamorphosed by heat and/or pressure.
Metamorphosed	Rock transformed by heat and/or pressure.
Metasomatism	Type of metamorphism that involves the introduction of chemical constituents into a rock, or their removal from it, via a volatile phase (or both). Complete mineral transformations may occur but the original rock texture may remain.
Meteoric waters	Water derived from precipitation. In ore deposit geology these waters percolate in to the subsurface rocks leading to mineral alteration processes.
Mineral	A natural, inorganic, homogeneous material that can be expressed by a chemical formula.
Mineralisation	The process by which minerals are introduced into a rock. More generally, a term applied to accumulations of economic or related minerals in quantities ranging from weakly anomalous to economically recoverable.
Mineralised	Containing ore minerals.
Mineralised zone	A mineral-bearing belt or area extending across or through a district. It is usually distinguished from a vein or lode as being wide, the mineralisation extending in some cases hundreds of feet from a fissure of contact plane.
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mineral Reserve	That part of a Mineral Resource that has been demonstrated to be economically extractable.
Miocene	Fourth of the five epochs of the Tertiary period, between 23.03 Ma and 5.332 Ma.
Mississippian	The Early Carboniferous sub-period between 359.2 Ma and 318.2 Ma.
Neogene	The middle of three Cenozoic periods, between 23.03 Ma and 1.81 Ma.
NQ Core	Drill core of 47.6 mm diameter.
Orebody	A continuous, well-defined mass of material of sufficient ore content to make extraction economically feasible.
Orogenic belt	A linear or arcuate, regional scale belt of rocks which have undergone compressional tectonics.
Orogeny	The tectonic process in which large areas are folded, thrust-faulted, metamorphosed, and subjected to plutonism. The cycle ends with uplift and the formation of mountains.
Outcrop	A visible exposure of rock that is in-situ and has no covering of soil or vegetation.
Oxide	Soft, weathered rock formed by the process of weathering near the surface.
Palaeozoic	The first of three Eras of the Phanerozoic, between 542 Ma and 251 Ma.
Phenocryst	A large and often well formed crystal set in a finer groundmass or matrix. Rocks containing phenocrysts are said to be porphyritic.
Phosphate	Rock or deposit made up mostly of inorganic phosphate, commonly calcium phosphate.
Pits/pitting	Exploration excavations to determine nature and structure of the underlying rocks and to obtain samples.
Pluton	General term applied to a body of intrusive igneous rock, irrespective of its shape, size or composition.
Polymetallic	A term used to describe a mineral deposit comprising at least three minerals in potentially economic quantities.
Porphyry	A medium to coarse-grained intrusive, felsic, igneous rock which is conspicuously porphyritic, containing more than 25% phenocrysts by volume. The phenocryst mineral is usually alkali feldspar.
PQ Core	Drill core of 85 mm diameter.

Prospect	A mineral property, the value of which has not been proved by exploration. To search for minerals or oil by looking for surface indications, by drilling boreholes, or both.
Proterozoic	The later of the two major subdivisions of the Precambrian (compare with Archaean) between 2500 and 590Ma.
Pyroxene	An important group of chain silicates comprising the orthorhombic pyroxenes (orthopyroxenes) and monoclinic pyroxenes (clinopyroxenes) with the general formula XYZ_2O_6, where X is Mg, Fe, Ca or Na, Y is Mg, Fe, Fe^{3+} or Al, and Z is Si (and some Al substitutions).
Quartz	A very common mineral in sedimentary, magmatic, metamorphic, and hydrothermal environments : SiO_2.
Quaternary	Period of the Cenozoic Era from 2.588 Ma to 1.806 Ma.
Range	A term used in grade estimation which represents the distance up to which grades have a relationship to each other, such that samples lying a distance apart greater than the range have no relationship to each other (obtained from a semi-variogram).
Resource	The total quantity of a mineral which is calculated to lie within given boundaries and which is economically workable.
RC drilling	Reverse Circulation drilling. A method of drilling in which rock fragments are returned to the surface from the bottom of the hole via the inside of drilling rods.
Rhyolite	A fine-grained extrusive, igneous rock, often with a sugary texture, consisting essentially of quartz, alkali feldspar, and one or more ferromagnesian minerals.
Sample	A representative fraction of body of material; removed by approved methods; guarded against accidental or fraudulent adulteration; and tested or analysed to determine the nature, composition, percentage of specified constituents. Bulk samples are large (several tons), so taken as to represent the ore for the purpose of developing a suitable treatment. Channel samples, cores, chips, grab, are small ones- made primarily to establish the value of the ore.
Sandstone	Sedimentary rock comprising sand size grains (>0.06mm, <2.0mm).
Scapolite	A member of the feldspathoids found mainly in metasomatic or metamorphic rocks, $(Na,Ca,K)_4[Al_3(AlSi)_3Si_6O_{24}]_9Cl,SO_4,CO_3,OH)$.
Scheelite	A yellow, green or brownish mineral found dominantly in granite pegmatites, contact metamorphic aureoles and high-temperature hydrothermal veins. An ore of tungsten.
Sedimentary	A type of rock formed from pre-existing rocks or pieces of once-living organisms. They form from deposits that accumulate on the Earth's surface.
Sericite	A fine grained muscovite mica. Particularly common in schist where it can impart a 'silky' lustre to foliation planes.
Shear (zone)	Tabular zone of rock showing evidence of shear stress in the form of crushing and brecciation by many parallel fractures.
Siltstone	Fine grained sedimentary rock, principally composed of silt grade material. Dominantly siltstones are composed of clastic quartz together with some feldspar and mica.
Skarn	A term with a usage that includes contact rock containing calcium, magnesium and iron silicates derived from nearly pure limestone or dolomite into which abundant amounts of silicon, iron, aluminium and magnesium were metosomatically introduced during contact metamorphism
Strike	A geological term which describes a horizontal line on the surface of a dipping stratum. The strike is 90° to the dip of the stratum.
Stock	An intrusive body of a deep-seated igneous rock, usually discordant with surrounding material. A stock is generally elliptical or circular in cross sections and covers less than 100 square kilometres in surface exposure.
Stope	An excavation made in a mine, esp. from a steeply inclined vein, to remove the ore that has been rendered accessible by the shafts and drifts.
Supergene	In ore deposit geology, supergene processes or enrichment occur relatively near the surface and include chemical weathering and oxidation of primary minerals.

Suture (zone)	A joining together along a major fault zone of separate terranes showing evidence of shear stress in the form of crushing and brecciation by many parallel fractures
Tectonic	Relating to a major structural event.
Terrane	Tectonostratigraphic terrane, which is a fragment of crustal material formed on, or broken off from, one tectonic plate and accreted or "sutured" to crust lying on another plate.
Tertiary	A geologic period that is part of the Cenozoic.
Thrust	A low angle reverse fault, often developing on the limb of a major fold, sub-parallel to the axial plane
Tonalite	Plutonic igneous rock consisting of dominantly of quartz and plagioclase feldspars with additional mafic minerals (hornblende or biotite)
UTM Projection	Universal Transverse Mercator projection - A projected co-ordinate system which divides the earth into sixty, six-degree bands based on longitude for geographical reference.
Vein/veinlet	A fracture which has been filled by minerals which have crystallised from mineralised fluids.
Volcanic	A subtype of igneous rock which has been extruded and cooled at the Earth's surface usually found as a lava flow.
Volcaniclastic	fragmental rocks containing volcanic material in any proportion without regard to origin.
Weathered	Action of climatic conditions such as rainfall and heat on near-surface rocks resulting in chemical changes and the breakdown of original mineral grains.
WGS 1984 Datum	The World Geodetic System (1984 revision) co-ordinate system.
Wollastonite	Normally formed as the result of contact metamorphism of limestones. A silicate mineral usually forming as white or greyish radiating masses.

Abbreviations

AIM	Alternative Investment Market of the London Stock Exchange.
ACSM	Associate of the Camborne School of Mines.
Ag	Silver.
amsl	Above mean sea level (elevation).
Au	Gold.
AP Pit	Atlantic-Pacific pit.
BLM	Bureau of Land Management in the USA.
BSc	Batchelor of Science degree.
C.Eng	Chartered Engineer.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
CGeol	Chartered Geologist
CoG	Cut of Grade
CP	Competent Person. A status granted to a geologist based on their professional qualification, experience and association in good standing of a recognised professional organisation.
CPR	Competent person's report.
Cu	Copper.
CuOx	Copper oxides.
EurIng	European Engineer.
FCA	Fellow Chartered Accountant.
Fe	Iron.
FeOx	Iron oxide.
FGS	Fellow of the Geological Society of London.
IMMM	Institute of Materials, Minerals and Mining.
IOCG	Iron-Oxide-Copper-Gold.

JORC	Joint Ore Reserves Committee (of the AusIMM and other institutions).
K	Potassium.
LSE	London Stock Exchange.
MSc	Master of Science degree.
Pb	Lead.
PFS	Prefeasibility Study.
PGM	Phoenix Global Mining Limited.
Sb	Antimony.
Si	Silicon.
SiO_2	Silica / Silicon Dioxide. Commonly forming as quartz.
SRK ES	SRK Exploration Services.
SX-EW	Solvent Extraction and Electro-Winning.
TSX	Toronto Stock Exchange.
USBM	United State Bureau of Mines.
W	Tungsten.
Zn	Zinc.
Units	
g/t	Grams per tonne.
kg	Kilogramme.
km	Kilometres.
Moz	Million ounces.
Mt	Million metric tonnes.
Mtons	Million short tons.
ppm	parts per million.
Ton	Short ton.
Tonne	Metric ton.

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PART V

FINANCIAL INFORMATION ON THE GROUP

SECTION A: ACCOUNTANTS' REPORT ON PHOENIX GLOBAL MINING

The Directors
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Tortola
British Virgin Islands

The Members
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Prince Frederick House
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23 June 2017

Dear Sirs

Introduction

We report on the financial information of Phoenix Global Mining Limited ('Phoenix') set out in Section B of this Part V as at and for the periods ended 31 December 2014, 31 December 2015 and 31 December 2016. This financial information has been prepared for inclusion in the AIM Admission Document dated 23 June 2017 (the "Document"), of Phoenix Global Mining Limited (the 'Company') on the basis of the accounting policies set out in Note 2 to the financial information. This report is required by paragraph (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the financial information on the basis of preparation set out in Note 2 to the financial information and in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS").

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Document.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Document, a true and fair view of the state of affairs of Phoenix as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1 to the financial information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules.

Yours faithfully

Crowe Clark Whitehill LLP
Chartered Accountants

SECTION B: FINANCIAL INFORMATION ON PHOENIX GLOBAL MINING

STATEMENTS OF COMPREHENSIVE INCOME

The statements of comprehensive income of Phoenix Global Mining Limited for each of the 16 month period ended 31 December 2014, the year ended 31 December 2015 and the year ended 31 December 2016, are set out below:

	Note	Period ended 31 December 2014 £	Year ended 31 December 2015 £	Year ended 31 December 2016 £
Revenue		–	–	–
Cost of Sales		(20,162)	(33,463)	(1,506)
Gross loss		(20,162)	(33,463)	(1,506)
Administrative expenses		(37,219)	(51,661)	(168,303)
Exceptional items	6	–	(785,098)	(57,344)
Total administrative expenses		(37,219)	(836,759)	(225,647)
Loss from operations		(57,381)	(870,222)	(227,153)
Loss before taxation	5	(57,381)	(870,222)	(227,153)
Taxation	7	–	–	–
Loss for the year/period attributable to equity holders of the company		(57,381)	(870,222)	(227,153)
Other comprehensive income (net of tax)		–	–	–
Total comprehensive income attributable to equity holders of the company		(57,381)	(870,222)	(227,153)
Pro forma earnings/(loss) per share – Basic and diluted (pence)	8	(0.025)	(0.379)	(0.099)

STATEMENTS OF FINANCIAL POSITION

The statements of financial position of Phoenix Global Mining Limited as at 31 December 2014, 31 December 2015 and at 31 December 2016 is set out below.

	Note	31 December 2014 £	31 December 2015 £	31 December 2016 £
Assets				
Non-current assets				
Mining development asset	9	2,950	542,457	1,162,591
		2,950	542,457	1,162,591
Current assets				
Trade and other receivables	10	6,325	–	70,000
Cash and cash equivalents		9,963	7,415	15,621
Total current assets		16,288	7,415	85,621
Total assets		19,238	549,872	1,248,212
Current liabilities				
Trade and other payables	11	3,347	85,251	276,567
Current corporation tax liabilities		–	–	–
Total current liabilities		3,347	85,251	276,567
Non-current liabilities				
Provisions	12	–	–	81,290
Total liabilities		3,347	85,251	357,857
Net assets		15,891	464,621	890,355
Equity and liabilities				
Equity attributable to owners of the Company				
Shares	13	–	–	–
Share premium		67,529	1,364,618	1,977,311
Retained deficit		(51,638)	(899,997)	(1,086,956)
Total equity		15,891	464,621	890,355

STATEMENTS OF CHANGES IN EQUITY

The statements of changes in equity of Phoenix Global Mining Limited for each of the three periods ended 31 December 2014, 31 December 2015 and 31 December 2016 are set out below.

	Share capital £	Share Premium £	Retained Deficit £	Total Equity £
At 19 September 2013	–	–	–	–
Loss for the period	–	–	(57,381)	(57,381)
Other comprehensive income/(loss) for the year	–	–	–	–
Total comprehensive income for the year	–	–	(57,381)	(57,381)
Shares issued in the period	–	67,529	–	67,529
Share-based payments	–	–	5,743	5,743
Total contributions by owners	–	67,529	5,743	73,272
At 31 December 2014	–	67,529	(51,638)	15,891
At 1 January 2015	–	67,529	(51,638)	15,891
Loss for the year	–	–	(870,222)	(870,222)
Other comprehensive income/(loss) for the year	–	–	–	–
Total comprehensive income for the year	–	–	(870,222)	(870,222)
Shares issued in the year	–	1,297,089	–	1,297,089
Share-based payments	–	–	21,863	21,863
Total contributions by owners	–	1,297,089	21,863	1,318,952
At 31 December 2015	–	1,364,618	(899,997)	464,621
At 1 January 2016	–	1,364,618	(899,997)	464,621
Loss for the period	–	–	(227,153)	(227,153)
Other comprehensive income/(loss) for the period	–	–	–	–
Total comprehensive income for the year	–	–	(227,153)	(227,153)
Shares issued in the period	–	612,693	–	612,693
Share-based payments	–	–	40,194	40,194
Total contributions by owners	–	612,693	40,194	652,887
Balance at 31 December 2016	–	1,977,311	(1,086,956)	890,355

Issued shares comprises shares of no par value in the Company.

Share premium comprises the amount in total subscribed for shares in the Company.

Share based payments have been charged to the profit and loss account and simultaneously credited to retained deficit. Retained deficit comprises the cumulative loss after taxation of the Company.

STATEMENT OF CASH FLOWS

The statement of cash flows of Phoenix Global Mining Limited for each of the three periods ended 31 December 2014, 31 December 2015 and 31 December 2016 are set out below.

	31 December 2014 £	31 December 2015 £	31 December 2016 £
Cash flows from operating activities			
Loss before tax	(57,381)	(870,222)	(227,153)
Share-based payment to CRD shareholders	–	785,098	37,544
Share-based payments	5,743	–	2,650
(Increase)/decrease in trade and other receivables	(6,325)	6,325	(70,000)
Increase in trade and other payables	3,347	81,904	191,316
Net cash (used)/generated from operating activities	(54,616)	3,105	(65,643)
Cash flows from investing activities			
Purchase of mining property	(2,950)	(539,507)	(538,844)
Net cash generated from/(used) in investing activities	(2,950)	(539,507)	(538,844)
Proceeds from the issuance of shares	67,529	533,854	612,693
Net cash generated from financing activities	67,529	533,854	612,693
Net increase/(decrease) in cash and cash equivalents	9,963	(2,548)	8,206
Cash and cash equivalents at the beginning of the year	–	9,963	7,415
Cash and cash equivalents at the end of the year	9,963	7,415	15,621

Significant non-cash transactions:

Employee salaries, including directors, have been partially paid through the issue of shares.

The payment to Continental Resources Development Group Limited ("CRD") was enacted through a share-for-share exchange.

Purchase of mining property includes shares issued to conditionally acquire 80 per cent. of Konnex Resources Inc.

1. GENERAL INFORMATION

Phoenix Global Mining Limited is engaged in exploration and mining activities, primarily precious and base metals, primarily in the United States of America. The Company is a private company domiciled and incorporated in the British Virgin Islands on 19 September 2013 (registered number 1791533). The address of its registered office is Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

The directors present their non-statutory financial information of Phoenix Global Mining Limited for the period commencing on 19 September 2013 and ended 31 December 2014, year ended 31 December 2015 and the year ended 31 December 2016.

Going concern

The Company obtains all of the funds needed to meet its exploration, evaluation and administrative expenditure from its shareholders, issuing shares as the need arises. The Company is dependent upon its shareholders for the raising of funds to finance ongoing expenditure. The directors consider the going concern basis of preparation to be appropriate having taken into account the proceeds of the Placing and Subscription.

2. BASIS OF PREPARATION

Summary of significant accounting policies

The financial information has been prepared in accordance with International Financial Reporting Standards and IFRC Interpretations issued by the International Accounting Standards Board (together "IFRSs") as adopted by the European Union ("EU").

The principal accounting policies applied by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

In preparing the financial information certain accounting conventions commonly used for the preparation of historic financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standards applicable to Public Reporting Engagements on Historical Financial Information) issued by the UK Auditing Practice Board have been applied. The application of these conventions has not resulted in a material departure from IFRSs as adopted by the EU.

Changes to accounting policies since the last period

A number of new standards, interpretations and amendments, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), have been adopted in relation to the reporting periods presented.

Management has concluded that to date there has been no impact on the results or net assets of the Company as a result of those amendments.

New standards, interpretations and amendments not yet effective

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial information of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. At this point it is not practicable for the directors to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 as their detailed review of these standards is still ongoing.

Revenue Recognition

Revenue for the Company is measured at the fair value of the consideration received or receivable. The Company recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Company is not yet producing revenues from its exploration and mining activities.

Mineral rights acquired and exploration and evaluation expenditure capitalised

Mineral rights and exploration and evaluation costs arise from expenditure incurred prior to development activities and include the cost of acquiring and maintaining the rights to explore, investigate, examine and evaluate an area for mineralisation.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalised costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest, and where the existence of a commercially viable mineral deposit has been established. Costs so capitalised are classified as an intangible asset until a decision to develop the mining site is made. On this decision being made the accumulated expenditure is tested for impairment and the expected recoverable amount is reclassified as a mining property

No amortisation charge is recognised in respect of these intangible assets. Mineral rights and exploration and evaluation expenditure are capitalised within non-current intangible assets until such time that the activities have reached a stage which permits a reasonable assessment of the existence of commercially exploitable reserves. Once this has occurred, the respective costs previously held as intangible assets are transferred to mining property.

Where the projects have not yet been granted a licence or are determined not to be commercially viable, the related costs are written off to the income statement.

Capitalised exploration and evaluation expenditure is assessed for impairment in accordance with the indicators set out in IFRS 6 Exploration for and Evaluation of Mineral Reserves. In circumstances where a property is abandoned, the cumulative costs relating to the property are written off.

Property, plant and equipment

On initial recognition, land, property, plant and equipment are valued at cost, being the purchase price and the directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by the Company.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use and transferred to the appropriate category of property, plant and equipment.

Mining assets including any capitalised stripping costs and except for certain mining equipment and buildings, where economic benefits from the asset are not consumed in a pattern which is linked to the production level, are depreciated using a units of production method based on estimated economically recoverable reserves, which results in a depreciation charge proportional to the depletion of reserves. In applying the units of production method, depreciation is normally calculated using the quantity of material processed at the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves.

Depreciation on all other assets is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Mining machinery and equipment	5 – 20 years
Office furniture	5 years
Computer equipment	5 years

Expenses incurred in respect of the maintenance and repair of property, plant and equipment are charged against income when incurred. Refurbishment and improvement expenditure, where the benefit is expected to be long lasting, is capitalised as part of the appropriate asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

The carrying value of property, plant and equipment is assessed annually and any impairment is charged to the statement of comprehensive income. The expected useful economic life and residual values of property, plant and equipment are reviewed annually.

Mining development assets

Development expenditures are costs incurred to obtain access to proven reserves and to provide facilities for extracting, treating, gathering and storing. The development assets are outside the scope of IFRS6 and IAS38, but this policy is based on the guidance in IAS16 and IAS38 which have been used as a framework.

Development assets are accumulated generally on an asset by asset basis and represent the cost of developing the commercial resource discovered and bringing it into production, together with any exploration expenditures incurred in finding commercial resource.

The cost of development assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning in the reporting period.

Depreciation of development assets

The net book values of development assets are not depreciated until they are ready for use.

Impairment of development and production assets

An impairment test is performed whenever events and circumstances arising during the development phase indicate that the carrying value of a development asset may exceed its recoverable amount. No impairment indicators have been identified.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation, as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

At the end of the producing life of a mine, costs are incurred in removing and decommissioning facilities. The full discounted cost of decommissioning is estimated and considered as an asset and liability. The decommissioning cost is included within the cost of the mining development assets. Any revision in the estimated cost of decommissioning which alters the provisions required is also adjusted in the cost of asset.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services by or to third parties, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances.

Financial liabilities

Financial liabilities comprise trade and other payables and have all been classified as financial liabilities measured at amortised cost.

Shares issued

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's shares are classified as equity instruments.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Share-based payments

It is intended that certain employees (including directors and senior executives) of the Company will receive a proportion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Retirement and other employee benefits

The Company does not currently provide pension or other employee benefits. This will be reviewed by the Board as the Company develops its activities.

Exceptional items of expense

Exceptional items of expense are administrative costs which are large or unusual in nature and are not expected to recur on a regular basis.

Foreign currencies

The financial statements of the company are presented in the currency of the primary economic environment in which it operates (its functional currency). The functional currency of the Company is expressed in sterling. The functional currency of the Company will be reviewed as the business of the Company develops.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Operating Segments

The Board considers that the Company's project activity constitutes one operating and one reporting segment, as defined under IFRS8.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company financial information.

Current exploration and evaluation activities are undertaken in the United States of America.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes certain estimates and assumptions regarding the future. The significant estimates or judgements made by the Company include the value of its mining property including a review of any related impairment charges relating to the mining property, the selection of the Company's functional currency and the valuation of the fair-value of its share-based payments.

Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The share for share exchange with Continental Resources Continental Development Group Limited (CRD) shareholders was considered outside of the scope of IFRS3 as CRD did not constitute a business. In the directors' judgement the substance of the transaction is that the shares were issued to CRD shareholders in exchange for assistance in future financing. The transaction has therefore been accounted for under IFRS2 as the shares were in substance exchanged for financing services. The full amount of the share consideration has been recognised as an expense in the year.

The directors consider that the functional currency of the Company is Sterling because at present the majority of transactions are executed in Sterling. In the future, this will be reviewed as the business of the Company develops.

The liability for decommissioning is based on the estimated cost of restoring the site at the end of the mining rights licence. The directors have based their estimate of costs on a third party competent person's report.

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The Company does not issue or use financial instruments of a speculative nature.

The Company is exposed to the following financial risks:

- Liquidity risk.

To the extent financial instruments are not carried at fair value in the statement of financial position, book value approximates to fair value at 31 December 2014, 31 December 2015 and 31 December 2016.

Trade and other receivables are measured at book value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in sterling and placed on deposit in UK and US banks.

Trade and other payables are measured at book value and amortised cost.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet its expected cash requirements.

Capital Management

The Company's authorised shares is made up of issued shares, share premium and retained earnings totalling £15,891 at 31 December 2014, £464,621 at 31 December 2015 and £890,355 at 31 December 2016.

The Company's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The share structure of the Company consists of shareholders equity as set out in the statement of changes in equity. All working capital requirements are financed from existing cash resources.

Business segments

Information on business segments is not presented as this information is not included in the internal reporting information provided to the chief operating decision maker.

5. LOSS BEFORE TAXATION

	31 December 2014 £	31 December 2015 £	31 December 2016 £
Loss on ordinary activities before taxation is after charging:			
Auditors' remuneration – audit fee	–	–	8,500
Employee costs	26,944	31,412	126,433

6. EXCEPTIONAL ITEMS OF EXPENDITURE

	31 December 2014 £	31 December 2015 £	31 December 2016 £
IPO costs	–	–	19,800
Payments to the shareholders of Continental Resources Development Group Limited	–	785,098	37,544

IPO costs represent costs incurred on account of the Company's proposed IPO on the AIM Market of the London Stock Exchange (AIM).

In the year ended 31 December 2015 the Company issued shares to the shareholders of CRD and this was accounted for as a share based payment under IFRS2. Refer to note 14 for further details.

7. TAXATION

The Company is registered in the British Virgin Islands where there is no corporate taxation. The Company does not have taxable operating activities in other jurisdictions so no corporate taxation charges arise.

8. PRO FORMA EARNINGS/LOSS PER SHARE

It is not considered meaningful to present earnings per share based on the pre-admission issued shares of the company as this is expected to change as a result of the Placing and Subscription. A pro-forma earnings per share has been included based on the relevant number of shares in the Company on Admission. The calculation of earnings per share is based on the following earnings and number of shares.

	31 December 2014	31 December 2015	31 December 2016
Profit/(loss) after tax attributable to owners of the company (£)	(57,381)	(870,222)	(227,153)
Weighted average number of shares Basic and diluted	229,755,522	229,755,522	229,755,522
Earnings/(loss) per share: Basic and diluted (pence)	(0.025)	(0.379)	(0.099)

Due to the loss incurred in each period, there were no dilutive potential shares outstanding.

9. MINING DEVELOPMENT ASSETS

	Mining development assets £	Total £
At 19 September 2013	–	–
Acquired in the period	2,950	2,950
At 31 December 2014	2,950	2,950
Acquired in the year	539,507	539,507
At 31 December 2015	542,457	542,457
Acquired in the period	538,844	538,844
Additions	81,290	81,290
At 31 December 2016	1,162,591	1,162,591
Net book value		
19 September 2013	–	–
31 December 2014	2,950	2,950
31 December 2015	542,457	542,457
31 December 2016	1,162,591	1,162,591

Mining development assets include the costs to date to acquire the past producing Empire Mine copper – gold – silver – tungsten project in Idaho, USA. The Empire Mine is located in the Alder Creek Mining District in Custer County, central Idaho and consists of 55 contiguous mining claims and all applicable permits covering an area of 3.315km2 on three land packages, historic workings and is accessed via an all-weather gravel road. On 15 July 2015, as amended on 9 November 2016, the Company entered into an exclusive option agreement with ExGen Resources Inc (ExGen) and Konnex Resources Inc (Konnex) to acquire 80 per cent. of Konnex, the leaseholder of the Empire Mine, from ExGen by: (i) paying to ExGen a combination of cash and shares; (ii) investing $1,000,000 in Konnex; and (iii) fulfilling certain other obligations. Included in mining development assets at 31 December 2016 are £489,000 which has been satisfied by the issue of shares to ExGen and cash payments of £125,214, representing approximately $168,500 of the $1,000,000 to be invested in Konnex pursuant to the terms of the option agreement, such funds to be expended on the Empire Mine project. The balance of the $1,000,000 to be invested will be paid before Admission. On payment of the balance the acquisition will be completed, and the Konnex shares transferred to the Company. The Company has operational control of the Empire Mine and is responsible for paying all its ongoing costs. The Empire Mine has not yet recommenced production and no depreciation has been charged in the statement of comprehensive income. There has been no impairment charged in any period due to the early stage in the Company's project to reactivate the mine.

A provision for decommissioning costs of £81,290 has been recognised at 31 December 2016 based on directors' estimates and taking into account appropriate qualified professional advice.

The principal investment is based in the USA and therefore there is a currency risk in respect of the carrying value of the mining development assets. The Company does not currently engage in any hedging in respect of this property.

10. TRADE AND OTHER RECEIVABLES

	31 December 2014 £	31 December 2015 £	31 December 2016 £
Issued Shares called but not paid	6,325	–	70,000
	6,325	–	70,000

There were no receivables that were past due or considered to be impaired. There is no significant difference between the fair value of the other receivables and the values stated above. The Company, for the periods presented, is not exposed to any significant foreign currency risk in respect of its receivables.

11. TRADE AND OTHER PAYABLES

	31 December 2014 £	31 December 2015 £	31 December 2016 £
Trade creditors	–	34,060	156,409
Other creditors	3,347	51,191	120,158
	3,347	85,251	276,567

Trade creditors includes £125,609 ($154,500) payable to Konnex Resources, and to be expended on the Empire Mine project, as part of the payment of $1,000,000 to complete the acquisition of 80 per cent. of Konnex (see also note 8).

Other creditors comprise outstanding fees and loans due to the directors of the Company together with expenses incurred on behalf of the Company awaiting reimbursement. Fees and expenditures due to the directors have been partially reimbursed through the issue of shares (see also note 11). All liabilities are payable on demand or have payment terms of less than 90 days. The Company, for the periods presented, is not exposed to any significant foreign currency risk in respect of its payables.

12. PROVISIONS

	31 December 2014 £	31 December 2015 £	31 December 2016 £
Balance at the beginning of the year	–	–	–
Decommissioning provision	–	–	81,290
Balance at the end of the period	–	–	82,190

The provision for decommissioning costs is based on the directors' estimate after taking into account appropriate professional advice. The principal uncertainties are the costs at the end of the mine life, the estimated mine life and the discount rate applied to arrive at a present value of the provision.

13. SHARE CAPITAL

	31 December 2014	31 December 2015	31 December 2016
Number of shares			
At the beginning of the year	–	28,398,612	50,157,571
Issued in the year/period	28,398,612	21,758,959	24,369,304
At the end of the year/period	28,398,612	50,157,571	74,526,875

The Company is authorised to issue a maximum of 2,000,000,000 (two billion) shares of no par value each of a single class.

On 27 October 2014 the Company's issued shares comprised 27,207,412 shares of £0.01. On this date all of these shares were cancelled and replaced by shares of no par value. These financial statements have been prepared on the restated basis that the cancellation and replacement was in effect for all periods presented.

At 31 December 2016, 56,667 shares were held in Treasury (31 December 2015: 56,667 shares, 31 December 2014: nil shares). These Treasury shares were cancelled on 18 April 2017.

The shares in the Company have no par value. All shares have equal voting rights in respect of shareholder meetings. All shares have equal rights to dividends and the assets of the Company.

The Company has issued warrants to subscribe for additional shares to existing shareholders, such rights being attached to shares issued. Each warrant provides the right to the holder to convert one warrant into one ordinary share of no par value at an exercise price of £0.06 per ordinary share, and valid until 31 December 2017. On 31 December 2016 there were 3,270,942 warrants outstanding (31 December 2015: 3,124,042 warrants, 31 December 2014: 801,708 warrants).

Directors' beneficial interests in shares of the Company:

	31 December 2014 Number	31 December 2015 Number	31 December 2016 Number
R W Turner	7,191,053	9,612,335	9,742,494
D L Thomas	7,391,053	8,334,769	9,201,870
A D Lapworth	4,248,553	–	–
G Trappeniers	4,805,333	5,472,219	6,416,663
O R H Louzada	2,721,200	–	–
R V L Wilkins	855,000	3,176,594	4,352,149
M Edwards-Jones	–	198,786	698,786
A Cohen	–	–	466,669

The shareholdings noted above include those shares held by connected persons of the individual director.

Directors' beneficial interests in warrants to subscribe for additional shares of the Company:

	31 December 2014	31 December 2015	31 December 2016
R W Turner	27,777	112,777	212,777
D L Thomas	127,777	127,777	140,277
A D Lapworth	127,777	127,777	–
G Trappeniers	127,777	127,777	127,777
O R H Louzada	100,000	100,000	–
R V L Wilkins	–	60,000	70,000
M Edwards-Jones	–	–	–
A Cohen	–	–	–

The warrant holdings noted above include those warrants held by connected persons of the individual director.

14. SHARE-BASED PAYMENTS

The Company has issued 3,270,942 warrants to shareholders to subscribe for additional shares of the Company.

In the periods presented the company has settled remuneration liabilities by the issue of equity in lieu of cash payments for services but has not operated any equity-settled share based incentivisation schemes for employees.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined through use of the Black-Scholes technique, at the date of issue. The warrants were issued as exercisable from the date they were issued and there are no further vesting conditions applicable.

Warrants issued

	31 December 2014 Number	31 December 2015 Number	31 December 2016 Number
At the beginning of the period	–	801,708	3,124,042
Issued in the period	801,708	2,322,384	150,000
Exercised in the period	–	(50)	(3,100)
At the end of the period	801,708	3,124,042	3,270,942

The warrants issued in 2014 were convertible into shares of the Company at $0.18 per share and convertible by 31 December 2015. On 15 June 2015 the conversion price was amended to £0.08 per share and the conversion period was extended to 31 December 2016. There was no significant effect on the valuation of these changes. On 30 June 2016 the conversion period of all options was extended to 31 December 2017 and the conversion price was amended to £0.06 per share. This change has resulted in an additional share-based payments charge in the period ended 31 December 2016 to reflect the increase in the value of the warrants. Volatility for the warrants issued was determined by reference to movements in the FTSE350 Mining Stocks Index. The Company has issued no other options or similar instruments to employees of the Company save as disclosed above.

The inputs into the Black-Scholes model for the warrants issued in the periods presented were as follows:

	31 December 2014	31 December 2015	31 December 2016
Weighted average share price at grant date	£0.08	£0.08	£0.08
Weighted average exercise prices	£0.08	£0.08	£0.08
Expected volatility	18.7% to 20.8%	24.4%	44.8% to 48.5%
Expected life of warrant in years	1.3 to 1.6	1.5	1.5 to 1.7
Weighted average contractual life of outstanding warrants in years	1.0	1.0	1.0
Risk-free interest rate	1.5%	1.5%	1.5%
Expected dividend yield	0.0%	0.0%	0.0%
Fair-value of options granted in the year (pence)	0.69 to 0.82	0.94 to 1.71	1.72

No warrants lapsed in the periods presented. 3,100 warrants were exercised at £0.06 during the year ended 31 December 2016 (2015: 50 warrants exercised at £0.08). All warrants were exercisable at the end of each period presented at a price of £0.06 subsequent to the modification in 2016.

Share-based payments charged to profit and loss

	31 December 2014	31 December 2015	31 December 2016
On issue of warrants	5,743	21,863	2,650
On modification of warrants	–	–	37,544
	5,743	21,863	40,194

The share-based payment charge has been classified as an administrative expense, and simultaneously credited to retained deficit, apart from the share based payment charges relating to share warrants issued to shareholders of CRD, amounting to £37,544 (2015: £21,863) which have been classified as an exceptional item in the statement of comprehensive income and also credited to retained deficit.

15. CAPITAL COMMITMENTS

There were no outstanding capital commitments at 31 December 2014, 31 December 2015 or 31 December 2016.

16. EVENTS AFTER THE BALANCE SHEET DATE

Between 10 November 2016 and 21 April 2017 the Company issued a total of 40,526,981 shares to investors in the Recent Funding Round at a subscription price of 2.1 pence per share. Of those shares a total of 2,141,667 had been issued at 31 December 2016 and the remaining 38,385,314 shares were issued after the balance sheet date.

On 10 January 2017 Roger Turner, previously Executive Chairman, assumed the role of non-executive director and Chief Technical Officer. Marcus Edwards-Jones assumed the role of non-executive Chairman. The Company also created a Remuneration Committee comprising Marcus Edwards-Jones as Chairman, Roger Turner and Andre Cohen.

Also on 10 January 2017 the Board resolved that the Remuneration Committee should create a Staff Incentive Scheme (SIS) for the benefit of directors, Officers and employees of the Company and its subsidiaries. The SIS gives the Company the ability to issue shares ("Bonus Shares") including in lieu of executive and non-executive remuneration and grant Options to subscribe for Shares to staff as compensation for the achievement of significant milestones as determined by the Remuneration Committee. On 18 April 2017, 1,250,000 Bonus Shares were issued to Directors and Officers. In addition,

the Company will, at and conditional on Admission, pay the Directors and Officers a bonus of £180,000 in aggregate, which they will use to subscribe for 4,500,000 New Shares (£180,000 worth). Pursuant to the Share Option Plan, on 3 April 2017 the Company granted 12,000,000 options to directors and Officers, exercisable at 4.5p per share, and vesting 50 per cent. after 12 months and 50 per cent. after 24 months from the date of grant, and expiring 36 months from the date of grant.

17. RELATED PARTY TRANSACTIONS

ExGen Resources Inc, from which the Company has an exclusive option to acquire 80 per cent. of Konnex Resources Inc, the leaseholder of the Empire Mine, is also a shareholder in the Company.

Directors' fees analysed by director

	31 December 2014 £	31 December 2015 £	31 December 2016 £
R W Turner (appointed 19 September 2013)	7,336	899	36,478
D L Thomas (appointed 19 September 2013)	7,335	899	36,466
A D Lapworth (appointed 19 September 2013, resigned 1 April 2015)	3,873	–	–
G Trappeniers (appointed 13 January 2014, resigned 22 July 2016)	4,750	14,566	11,478
O R H Louzada (appointed 5 May 2014, resigned 12 October 2015)	2,700	13,700	–
R V L Wilkins (appointed 12 October 2014)	950	1,299	36,477
M Edwards-Jones (appointed 30 June 2015)	–	49	3,783
A Cohen (appointed 1 July 2016)	–	–	1,751
	26,944	31,412	126,433

The interests of the directors in the issued shares and warrants of the Company are disclosed in note 11.

The key management personnel of the Company comprise the directors and two operational staff at the Empire Mine based in the United States. The remuneration of the directors is disclosed in the above table.

Employee costs include £180,600 (31 December 2015: £51,210; 31 December 2014: nil) paid to staff working on the Empire Mine, all of which have been capitalised to mining property and paid through the issue of shares in the Company.

£5,278 of directors' fees for 2016, and all directors' fees for 2015 and 2014, were paid through the issue of shares in the Company. These shares were issued at fair-value on the date of the issues throughout the periods reported on.

Included in other creditors at 31 December 2016 (note 10) are loan amounts due to directors of £13,075. The loans are interest free.

There are no other related party transactions.

18. CONTROL

The Company has a diverse shareholding and is not under the control of any one person or entity.

19. NATURE OF FINANCIAL INFORMATION

The financial information on Phoenix presented above does not constitute statutory financial statements for Phoenix for either of the period ended 31 December 2014, or the years ended 31 December 2015 and 31 December 2016.

SECTION C: KONNEX RESOURCES INC

The following summary Statement of Financial Position of Konnex at 31 December 2016 has been extracted without material adjustment from the audited financial information of ExGen Resources, Inc.

STATEMENT OF FINANCIAL POSITION

	31 December 2016 C$
Assets	
Current assets:	
Cash	1,205
Accounts receivable	212,419
	213,624
Mineral property – Empire	1,151,618
	1,365,242
Liabilities and Shareholders' Equity	
Current liabilities:	
Due to ExGen Resources Inc.	1,048,790
Shareholders' equity:	
Share capital	539,718
Deficit	(223,266)
	316,452
	1,365,242

PRO FORMA STATEMENT OF NET ASSETS

The Directors
Phoenix Global Mining Limited
Akara Building
24 De Castro Street
Wickhams Cay 1
Road Town
Tortola
British Virgin Islands

The Members
SP Angel Corporate Finance LLP
Prince Frederick House
35-39 Maddox Street
London W1S 2PP

23 June 2017

Dear Sirs

Introduction

We report on the unaudited pro forma statement of consolidated net assets of the Company (the "Pro Forma Financial Information") set out in Part VI(B) "Unaudited Pro Forma Statement of Net Assets of The Group" of Phoenix Global Mining Ltd's (the "Company") AIM admission document dated 23 June 2017 (the "Document"). The Pro Forma Financial Information has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how:

- the acquisition of Konnex Resources, Inc ("Konnex")
- the gross proceeds from the issue of the New shares at the Issue price
- the associated Placing and Subscription and admission costs

might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing its audited financial information as at 31 December 2016. This report is required by Schedule Two of the AIM Rules for Companies (the "AIM Rules") and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information. It is our responsibility to form an opinion on the Pro Forma Financial Information as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial information with the Directors.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Crowe Clark Whitehill LLP
Chartered Accountants

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

Set out below is an unaudited pro-forma statement of net assets of the Group (the "Pro-Forma Financial Information"),

The Pro Forma Financial Information has been prepared on the basis set out in the notes below to illustrate the effects of:

- the acquisition of Konnex Resources, Inc ("Konnex")
- the gross proceeds from the issue of the New shares at the Issue price
- the associated Placing and Subscription and admission costs

on the net assets of the Company as at 31 December 2016. It has been prepared for illustrative purposes only. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position. It is based on the schedules used in preparing the audited balance sheet of the Company as at 31 December 2016, which is reproduced in Part V "*Financial Information of the Group*" of this Document.

Users should read the whole of this document and not rely solely on the summarised financial information contained in this Part VI.

Unaudited pro-forma statement of net assets

Assets	Company (audited) (Note 1) £	Konnex (Unaudited) (Note 2) £	Adjustments (Notes 3, 4) £	Recent Funding Round (Note 5) £	Placing and Subscription (Note 6) £	Consolidated pro forma net assets (Unaudited) £
Non-current assets						
Mining development asset	1,162,591	677,422	–	–	–	1,840,013
	1,162,591	677,422	–	–	–	1,840,013
Current assets						
Trade and other receivables	70,000	124,952	(90,882)	–	–	104,070
Cash and cash equivalents	15,621	709	–	806,092	3,875,000	4,697,422
	85,621	125,661	(90,882)	806,092	3,875,000	4,801,492
Total assets	1,248,212	803,084	(90,882)	806,092	3,875,000	6,641,505
Current liabilities						
Trade and other payables	276,567	–	(90,882)	–	–	185,685
Due to ExGen Resources Inc.	–	616,935	(526,053)	–	–	90,882
Non-current liabilities						
Due to ExGen Resources Inc.	–	–	526,053	–	–	526,053
Provisions	81,290	–	–	–	–	81,290
Total current liabilities and total liabilities	357,857	616,935	(90,882)	–	–	883,910
Net assets	890,355	186,148	–	806,092	3,875,000	5,757,595

Notes:

1. The financial information relating to the Company has been extracted, without further adjustment, from the Company's financial information for the period ended 31 December 2016, as set out in Part V of the Document. No account has been taken of the trading of the Company subsequent to 31 December 2016.

2. The financial information relating to Konnex has been extracted from Section C of Part V of the Document, translated from Canadian Dollars to Sterling at an exchange rate of C$1:£0.588.

3. Amount due from the Company to Konnex eliminated on consolidation.

4. Reclassification of amount due from Konnex to ExGen Resources to be paid once the Company becomes revenue generative, less current element payable to ExGen of $154,500 translated from Canadian Dollars to Sterling at and exchange rate of C$1:£0.588.

5. The Company raised £851,067 (gross) from the Recent Funding Round between 1 January 2017 and 21 April 2017. Associated costs of the Recent Funding Round were £44,975 (excluding applicable VAT). The net proceeds from the Recent Fundraising Round were £806,092.

6. The Company raised £4,600,000 (gross) from the Placing and Subscription. Associated costs of the Placing and Subscription were approximately £725,000 (excluding applicable VAT). The net proceeds from the Placing and Subscription received by the Company were approximately £3,875,000.

PART VII

TAXATION

1.1 **Taxation in the United Kingdom**

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Shares as investments and not as securities to be realised in the course of a trade. The following information is based on UK tax law and HM Revenue and Customs ("**HMRC**") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax and reliefs) is in principle subject to change at any time. Such changes may alter the benefits of investment in the Company. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position or who is subject to taxation in a jurisdiction other than the UK should contact their professional advisor immediately.

1.1.1 ***Tax residence of the Company***

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment.

1.1.2 ***Dividends***

UK resident individual Shareholders who hold their Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals has a £5,000 dividend tax allowance, meaning that the first £5,000 of dividend income received by an individual in any tax year is currently subject to zero per cent. tax (tax-free). Dividend receipts in excess of £5,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers , and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax or withholding tax imposed. There are various exceptions to this exemption, depending on the size of the shareholder, and whether certain anti-avoidance provisions apply. Corporate shareholders should confirm their tax position with a specialist tax adviser.

1.1.3 ***Disposals of Shares***

UK resident individual Shareholders, depending upon their individual circumstances and any available reliefs (including the annual exemption), may be subject to capital gains tax at the prevailing rate on a disposal of Shares.

The rate of capital gains tax on disposal of Shares by individual Shareholders who are basic rate taxpayers is 10 per cent., and for upper rate and additional rate taxpayers the rate is 20 per cent. For trustees and personal representatives the rate is 20 per cent.

For Shareholders within the charge to UK corporation tax, a disposal of Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. Indexation allowance may reduce any chargeable gain arising on disposal of Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to a company's taxable profits is currently 19 per cent. falling to 17 per cent. after 1 April 2020.

1.1.4 ***"Transactions in securities"***

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers

to HMRC to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities," including disposals of shares.

1.1.5 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

1.1.6 ***Shares held in certificated form***

No stamp duty or SDRT will generally be payable on the issue of Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Shares on AIM (including instruments transferring Shares and agreements to transfer Shares) based on the following assumptions:

(A) the Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

(B) AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Shares in certain circumstances.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

1.2 **BVI Taxation**

The Company is not liable to pay any form of taxation in the BVI and all dividends, interests, rents, royalties, compensations and other amounts paid by the Company to persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of the Company by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligation or other securities of the Company.

Subject to the payment of BVI stamp duty on the acquisition of property in the BVI by the Company, all instruments relating to transfers of property to or by the Company and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company and all instruments relating to other transactions relating to the business of the Company are exempt from payment of stamp duty in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company or its shareholders. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

PART VIII

ADDITIONAL INFORMATION

1. THE COMPANY AND ITS SUBSIDIARIES

1.1 The Company was incorporated in the British Virgin Islands under the Act, on 19 September 2013 with company number 1791533.

1.2 The Company's registered office and principal place of business is Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands with telephone number: +284 494 4840.

1.3 The Company is a BVI business company limited by shares and accordingly the liability of its members is limited. The Company and its activities and operations, as well as the issue of the New Shares, are principally regulated by the Act and the regulations made thereunder.

1.4 On Admission, the Company will own 80 per cent. of the issued shares of Konnex, details of which are set out below:

Name	Registration Number	Status	Place and date of Incorporation	Issued share capital (fully paid)
Konnex	BC0899681	Active	5 January 2011 British Columbia	51,528,750 shares

2. SHARE CAPITAL

2.1 The Company was incorporated on 19 September 2013 and on incorporation issued 11,000,000 shares of £0.01, held as follows:

Name	Date of Issue	Issued share capital (fully paid)
Dennis Thomas	19 September 2013	5,000,000 shares of £0.01 each
Andrew Lapworth	19 September 2013	1,000,000 shares of £0.01 each
Roger Turner	19 September 2013	5,000,000 shares of £0.01 each

2.2 At the time of incorporation, the Company was authorised to issue a maximum of 2,000,000,000 (two billion) shares of £0.01 each of a single class.

2.3 Between September 2013 and October 2014, the Company alloted and issued 16,207,412 Shares to the directors of the Company and certain advisers.

2.4 Pursuant to a meeting of the Board of Directors on 18 October 2014 and minutes filed on 21 October 2014, the Company's Memorandum and Articles were amended and the Company authorised to issue a maximum of 2,000,000,000 (two billion) shares of no par value of a single class.

2.5 Accordingly, on 27 October 2014, the Company's entire issued share capital of 27,207,412 shares of £0.01 was cancelled and replaced by shares of no par value allotted and issued to the existing shareholders *pro rata*.

2.6 On 16 June 2015 the Company issued 56,667 Shares into treasury. These Shares were cancelled on 18 April 2017 pursuant to a meeting of the Board of Directors of that date.

2.7 On or around July 2015, the Company acquired CRD and alloted Shares to the members of CRD pursuant to a share exchange arrangement.

2.8 Pursuant to a meeting of the Board of Directors on 10 January 2017, a subsequent meeting of the Remuneration Committee on 15 February 2017, and a meeting of the Board of Directors on 2 March 2017, the Company authorised the allotment and issue of 1,250,000 Shares into treasury. Pursuant to a meeting of the Board of Directors on 18 April 2017, the 1,250,000 Shares issued into treasury were cancelled and 1,250,000 Bonus Shares were issued. Of these 1,250,000 Bonus Shares, 1,050,000 Bonus Shares were issued to Directors and Officers of the Company, as set out below:

Name	No. of Bonus Shares
Marcus Edwards-Jones	250,000
Dennis Thomas	200,000
Richard Wilkins	350,000
Andre Cohen	50,000
Roger Turner	200,000

2.9 Between November 2016 and April 2017, the Company issued 40,526,981 Shares at 2.1p per Share pursuant to the Recent Funding Round.

2.10 By ordinary and special resolutions passed on 22 May 2017:

(a) The Company adopted new amended and restated memorandum and articles of association in relation to the Company's Placing and Subscription, Admission.

(b) The Directors of the Company were authorised to exercise all powers of the Company to allot and issue:

(i) up to 150,000,000 (one hundred and fifty million) new Shares in relation to the Placing and Subscription, having the rights and being subject to the restrictions set out in the Articles;

(ii) up to 17,081,512 (seventeen million, eighty one thousand, five hundred and twelve) new Shares in the Company pursuant to the terms of certain warrant instruments and option deeds entered into before, on or around the date of the meeting, having the rights and being subject to the restrictions set out in the Articles;

(iii) up to 7,500,000 (seven million, five hundred thousand) new Shares pursuant to the terms of the certain broker warrant instruments entered into on or around the date of Admission, having the rights and being subject to the restrictions set out in the Articles;

(iv) up to:

(A) 80,000,000 (eighty million) new Shares to be wholly or partly paid up otherwise than in cash; and

(B) 40,000,000 (forty million) new Shares for cash consideration,

in each case having the rights and being subject to the restrictions set out in the Articles, such authority, unless renewed, varied or revoked by the Company, to expire at the earlier of 18 months from the date of the resolution or the conclusion of the Company's next annual general meeting save that the Company may, before such expiry, make an offer or agreement which would or might require Shares to be allotted and the Directors may allot Shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

(c) The above authority revokes and replaces all unexercised authorities previously granted to the directors but without prejudice to any allotment of Shares already made or offered or agreed to be made pursuant to such authorities.

(d) The Directors are authorised to dis-apply any pre-emption rights under the Company's Articles in respect of each of resolutions above provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the earlier of 18 months from the date of the resolution or the conclusion of the Company's next annual general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require Shares to be allotted and the directors may allot Shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority revokes and replaces all unexercised authorities previously granted to the Directors but without prejudice to any allotment of Shares already made or offered or agreed to be made pursuant to such authorities.

2.11 Set out below are the issued Shares, Options, Existing Warrants, RFR Warrants and Broker Warrants of the Company: (i) at the date of this Document; and (ii) immediately following Admission:

	As at the date of this Document	**Immediately following Admission**
Shares	114,755,522	229,755,522
Options	12,000,000	12,000,000
Existing Warrants	3,270,942	3,270,942
RFR Warrants	1,810,570	1,810,570
Broker Warrants	–	5,161,563

2.12 **Existing Warrants, RFR Warrants and IPO Warrants**

The Company has 3,270,942 Existing Warrants in issue, each of which gives the holder the right to subscribe for one Share at £0.06 per Share at any time until 31 December 2017.

The Company has 1,810,570 RFR Warrants in issue, each of which gives the holder the right to subscribe for one Share at £0.021 per Share at any time until three years from Admission.

The Company has 5,161,563 Broker Warrants in issue, each of which gives the holder the right to subscribe for one Share at £0.04 per Share at any time until three years from Admission.

2.13 **Staff Incentive Scheme**

(a) On 10 January 2017 the Board resolved that the Remuneration Committee should create a Staff Incentive Scheme ("**SIS**") for the benefit of directors, Officers and employees of the Company and its subsidiaries. The SIS gives the Company the ability to issue Shares ("Bonus Shares") and grant Options to subscribe for Shares, to staff as compensation for the achievement of significant milestones, as determined by the Remuneration Committee.

(b) In accordance with the SIS and pursuant to a Remuneration Committee meeting on 15 February 2017 and a board meeting of the Directors of the Company on 18 April 2017, 1,250,000 Bonus Shares were issued to Directors and Officers on 18 April 2017.

(c) The Company will, at and conditional on Admission pay the Directors and Officers a bonus of £180,000 in aggregate which they will use to subscribe for 4,500,000 New Shares (£180,000 worth) as follows:

Marcus Edwards-Jones	500,000
Dennis Thomas	1,000,000
Richard Wilkins	1,000,000
Andre Cohen	250,000
Roger Turner	1,000,000
Ryan McDermott	750,000

2.14 **Share Option Agreements**

On 3 April 2017, the Company entered into the Share Option Agreements with the Directors and Officers of the Company pursuant to which a total of 10,500,000 Options were granted in accordance with the SIS. Further details of the Options are set out at paragraph 8.9 below.

As at the date of this Document, the Directors and Ryan McDermott are interested in the following Options pursuant to the Share Option Agreements:

Name	Date of Grant	No. of Shares subject to Options[1]	Exercise Price	Latest Exercise Date
Marcus Edwards-Jones	3 April 2017	1,000,000	£0.045	2 April 2020
Dennis Thomas	3 April 2017	3,000,000	£0.045	2 April 2020
Richard Wilkins	3 April 2017	3,000,000	£0.045	2 April 2020
Andre Cohen	3 April 2017	500,000	£0.045	2 April 2020
Roger Turner	3 April 2017	3,000,000	£0.045	2 April 2020
Ryan McDermott	3 April 2017	1,500,000	£0.045	2 April 2020

(1) 50 per cent. of the Options to vest on 3 April 2018, and 50 per cent. of the Options to vest on 3 April 2019.

2.15 Save as disclosed at this paragraph 2, no authorised shares of the Company are proposed to be issued or are under option or warrant, or are agreed to be put under option.

3. CONSTITUTIONAL DOCUMENTS

3.1 **Memorandum and Articles of association**

The Articles contain, inter alia, provisions to the following effect:

3.1.1 ***Objects***

The general objects and powers of the Company are set out in clause 5 of its memorandum of association, which provides that the objects for which the Company is established, are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Act as revised from time to time or any other law of the BVI.

The Articles contain, inter alia, provisions to the following effect:

3.1.2 ***Voting Rights***

At general meetings of the Company, whether on a show of hands or on a poll, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote for every voting share of which he is a holder. Votes may be given either personally or by proxy.

3.1.3 ***Distributions***

Subject to the provisions of the Act, the directors may, by resolution, authorise a distribution by the Company at a time, and of an amount they think fit, if they are satisfied, on reasonable grounds, that immediately after distribution the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due. Such distribution may be paid in money, shares or other property.

Subject to the rights of the holders of shares entitled to special rights as to distributions, all distributions shall be declared and paid, excluding those shares which are held by the Company as treasury shares, at the date of declaration of the distribution.

If several persons are registered as joint holders of any share, any of them may give effectual receipt for any distribution or other monies payable on or in respect of the share.

Notice of any distribution that may have been declared shall be given to each member in manner set out in the notice provisions of the Articles and all distributions unclaimed for three years after having been declared may be forfeited by the directors for the benefit of the Company.

No distribution shall bear interest against the Company and no dividend shall be paid on treasury shares.

3.1.4 ***Transfer of shares***

Certificated shares in the Company may be transferred by a written instrument of transfer in the usual common form or in any other manner and shall be executed by or on behalf of the transferor. The board may in its absolute discretion and without giving any reason, decline to register any transfer of shares which, inter alia, are not fully paid or to a person known to be a minor, bankrupt or person who is mentally unsound. In the case of uncertificated shares, subject to the Act, a shareholder shall be entitled to transfer shares via the CREST system.

The transferor of any shares shall remain the holder of those shares until the name of the transferee is entered into the share register as the holder of those shares.

3.1.5 ***Variation of Rights***

All or any of the special rights for the time being attached to any class of shares for the time being issued may be varied or abrogated with the consent in writing of the holders of not less than 75 per cent. of the issued shares of that class and the holders of not less than three-quarters of the issued shares of any other class which may be affected by such variation.

3.1.6 The Company may from time to time by resolution: (i) divide its shares, including issued shares, into a larger number of shares; and (ii) combine its shares, including issued shares, into a smaller number of shares.

3.1.7 ***Meetings of Members***

Any director may call general meetings whenever and at such times and places as he shall determine. Additionally, on the written request of members entitled to exercise at least 30 per cent. of the voting rights in respect of the matter for which the meeting is requested, the directors shall proceed to convene a general meeting.

A general meeting may be called by not less than 14 days' notice. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members whose names appear in the share register of the Company on the date the notice is given (and the other directors). The notice shall specify the time and place of the meeting and the general nature of the business to be conducted. A general meeting held in contravention of the requirement to give notice is valid if shareholders holding at least 90 per cent. of the total voting rights on all matters to be considered at the meeting have waived notice of the

meeting (the presence of a shareholder at such a meeting constituting a valid waiver in respect thereof).

The accidental omission to give notice of a meeting to any person entitled to receive the same, or the non-receipt of a notice of meeting by any person, shall not invalidate the proceedings of that meeting. A general meeting is valid, if at the commencement of the general meeting, there are present (either in person or by proxy) not less than 50 per cent. of the votes of the shares entitled to vote on resolutions of shareholders to be considered at the meeting (which can comprise of a single shareholder).

The appointment of a proxy shall be executed by or on behalf of the appointer. A corporation which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

Where shares are jointly owned:

(i) if two or more persons hold shares jointly, each of them may be present in person or by proxy at a meeting of shareholders and may speak as a shareholder;

(ii) if only one of the joint owners if present in person or by proxy, he may vote on behalf of all joint owners; and

(iii) if two or more of the joint owners are present in person or by proxy, they must vote as one.

3.1.8 ***Borrowing Powers***

The directors may exercise all the powers of the Company to incur indebtedness, liabilities or obligations and to secure indebtedness, liabilities or obligations whether of the Company or of any third party.

3.1.9 ***Pre-emption Rights***

Subject to the Act and the Articles, the Company shall not allot securities to proposed subscribers unless it has first made an offer to each existing shareholder, to allot to them on the same or more favourable terms a proportion which is equal to the proportion in nominal value held by him in the issued shares of the Company (and the Company shall not allot securities unless such offer has expired or the Company has received notice of acceptance or refusal of every offer made).

Conditional on the consent of not less than 75 per cent. of the votes cast by the shareholders at a duly called general meeting, the board may issue securities as though the pre-emptive rights referred to above did not apply. Such resolution of the shareholders shall not be proposed unless it is recommended by the directors and there has been circulated, with the notice of the meeting, a written statement of the directors explaining their reasons for making the recommendation, the amount to be paid to the Company in respect of the securities to be allotted and their justification of that amount.

3.1.10 ***Directors' Appointment and Retirement***

The directors shall be appointed by the shareholders for such terms as the shareholders may be determined and may be removed by the shareholders by a resolution of the shareholders. Notwithstanding the power of the shareholders to appoint, the board shall have the power to appoint any person to be a director, either to fill a vacancy or as an addition to the existing board. Any director so appointed shall hold office only until the following annual general meeting, being eligible for re-election at that meeting and not taken into account in determining the number of directors whom are to retire by rotation at such meeting.

At every annual general meeting of the Company one third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire by rotation and be eligible for re-election. The directors to retire will be those who have been longest in office or, in the case of those who became or who are re-elected directors on the same day, shall, unless they otherwise agree, be determined by lot.

The office of director shall be vacated if the director:

(i) is removed from office by a resolution of the shareholders; or

(ii) becomes disqualified to act as a director under section 111 of the Act.

3.1.11 ***Number of Directors***

The number of directors shall not be less than one. The maximum number of directors is 15. A director shall not be required to hold any shares in the Company by way of qualification.

3.1.12 ***Directors' Fees***

The ordinary remuneration of the directors for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £500,000 per annum or such higher amount as the Company may from time to time by resolution determine. The directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the board or in the discharge of their duties as directors. Any director who by request of the board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the board may determine.

3.1.13 ***Directors' Interests***

No director shall be disqualified by virtue of his office from contracting with the Company either as a vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested be voided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement, by reason of such director holding that office or by reason of the fiduciary relationship thereby established, provided the procedure set out below is followed.

A director shall, immediately after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose such interest to the board. However, a director is not required to comply with this requirement if:

(i) the transaction or proposed transaction is between the director and the Company; and

(ii) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

3.1.14 ***Disclosure of Interests and Restrictions on Shares***

The Company may require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's relevant authorised and issued shares:

(i) to confirm that fact or (as the case may be) to indicate whether or not it is the case, and

(ii) where he holds or has during that time held an interest in shares so comprised, to give such further information as may be required in accordance.

A notice shall require any information given in response to the notice to be given in writing within such reasonable time as may be specified in the notice. If the requisite reply is not received with the timeframe specified in the notice, a further notice will be sent asking the person(s) or member(s) in question to show cause within a specified time why disenfranchisement action by the Company should not be taken in respect of their shares.

If the member is still unable to respond to the initial request or show such cause, then the Company may issue a notice of disenfranchisement (which shall take effect in the manner set out in sub-paragraphs (i) to (iv) below):

(i) any agreement to transfer or transfer of shares or, in the case of unissued shares, any transfer of the right to be issued with such shares, and any issue of them, is void;

(ii) no voting rights are exercisable with respect to the shares until further notified by the Company;

(iii) no further shares shall be issued in right of them or in pursuance of any offer made to their holder; and

(iv) except in a liquidation of the Company, no payment shall be made of any sums due from the Company on the shares.

3.1.15 ***Purchase of Own Shares***

Subject to the provisions of the Act, the directors may issue shares on terms such that they are redeemable or, at the option of the Company, be liable to be redeemed on such terms as

the directors may determine. The directors may also, on behalf of the Company, purchase, redeem or otherwise acquire any of the Company's own shares (including for a premium), with the consent of the shareholders whose shares are to be purchased and on the condition that the directors resolve that they are satisfied, on reasonable grounds, that post-acquisition, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

3.1.16 ***AIM Rules***

Subject to the Act, for as long as the shares are listed for trading on AIM (or until such time as it is no longer required under the AIM Rules), all shareholders holding 3 per cent. of the Company's shares shall notify the Company of their holdings (as such term is defined in the AIM Rules) of shares (including all legal and beneficial interests, direct or indirect of such a shareholder, including all financial instruments (as such term is defined in the AIM Rules) and of any subsequent relevant changes to their holdings, being each 1 per cent. increment increase or decrease whilst the shareholder's holdings are above the 3 per cent. threshold in order such that the disclosures can be properly notified to the AIM market.

3.1.17 ***Delisting from AIM***

Subject to the Act, or so long as the shares are listed for trading on AIM (or until such time as it is no longer required under the AIM Rules), cancellation of the admission to trading of the shares on AIM shall be conditional on the consent of not less than 75 per cent. of the votes cast by the shareholders at a duly called general meeting (save for where the London Stock Exchange agrees that such consent is not required) and the Company will observe the notification, timing and other requirements of Rule 41 of the AIM Rules in connection with any such proposed cancellation.

3.2 **Other relevant laws and regulations**

3.2.1 ***Disclosure of interests in shares***

A shareholder of a company admitted to trading on AIM is required, pursuant to AIM Rule 17, to notify the company where he holds (directly or indirectly) an interest of 3 per cent. or more of the company's total voting shares, or if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below certain thresholds. This requirement has also been included in the Company's Articles as set out at point 3.1.16 above.

3.2.2 ***Takeovers***

As a BVI limited company centrally managed and controlled in the UK, the Company is not subject to the City Code. However, article 29 of the Company's Articles introduces equivalent provisions to that set out in Rule 9 of the City Code.

Under Rule 9 of the City Code, a person who acquires, whether by a single transaction or by a series of transactions over a period of time, shares which (taken with shares held or acquired or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company, such person is normally required to make a general offer to all shareholders of that company at not less than the highest price paid by him or them or any persons acting in concert during the offer period and in the 12 months prior to its commencement. The Company has amended its Articles to incorporate equivalent provisions.

3.2.3 ***Change of Control***

Neither the Directors nor the Company are aware of any arrangements in place which may result in a change of control of the Company.

Other than the protections afforded to Shareholders in the Company under its Articles (as described in paragraph 3.2.2 above) there are no controls in place to ensure that any shareholder having a controlling interest in the Company does not abuse that interest.

3.2.4 The Act provides that members holding 90 per cent. or more of all the voting shares of a BVI business company may instruct the directors of a company to redeem the shares of the remaining shareholders. The directors shall be required to redeem the shares of the minority shareholders, whether or not the shares are by their terms redeemable. The directors must notify the minority shareholders in writing of the redemption price to be paid for the shares

and the manner in which the redemption is to be affected. In the event that a minority shareholder objects to the redemption price to be paid and the parties are unable to agree the redemption amount payable, the Act sets out a mechanism whereby the shareholder and the business company may each appoint an appraiser, who will together appoint a third appraiser and all three appraisers will have the power to determine the fair value of the shares to be redeemed compulsorily. Pursuant to the Act, the determination of the three appraisers shall be binding on the company and the minority shareholder for all purposes.

3.2.5 ***Continuation***

The Company may by a resolution of members or by a resolution passed unanimously by all Directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

4. DIRECTORS' AND OTHER INTERESTS

4.1 The Directors and each of their respective functions are set out in Part II of this Document.

4.2 The business address of the Directors is 8 Shepherd Market, Suite 113, London W1J 7JY.

4.3 Details of the length of service of each of the Directors to date in their current office are set out below:

Name	Age	Commencement date in Office
Marcus Edwards-Jones	53	30 June 2015
Dennis Thomas	69	19 September 2013
Richard Wilkins	59	12 October 2014
Andre Cohen	72	1 July 2016
Roger Turner	74	19 September 2013

4.4 The interests of the Directors (including the interests of their spouses and infant children and the interests of any persons connected with them within the meaning of sections 252 to 255 and 820 to 825 of the UK Companies Act 2006), all of which are beneficial, in the issued shares of the Company, as at the date of publication of this Document and as they are expected to be immediately following completion of the Placing and Subscription, Admission are as follows:

	As at the date of this Document					At Admission				
Name	Shares	Percentage of Shares in issue	Existing Warrants	RFR Warrants	Broker Warrants	Shares	Percentage of Shares in issue	Existing Warrants	RFR Warrants	Broker Warrants
Marcus Edwards-Jones[(1)]	1,448,786	1.3	–	1,061,903	–	1,948,786	0.8	–	1,061,903	1,881,075
Dennis Thomas	9,401,870	8.2	140,277	–	–	10,401,870	4.5	140,277	–	–
Richard Wilkins[(2)]	5,032,149	4.4	70,000	–	–	6,032,149	2.6	70,000	–	–
Andre Cohen	756,669	0.7	–	–	–	1,156,669	0.5	–	–	–
Roger Turner	10,067,494	8.8	212,777	–	–	11,067,494	4.8	212,777	–	–

(1) The interest of Marcus Edwards-Jones in the Company is held by Cheviot Capital (Nominees) Limited. The interests of Marcus Edwards-Jones in the RFR Warrants and the Broker Warrants are held by Lloyd Edwards-Jones SAS. The RFR Warrants and the Broker Warrants were issued to Lloyd Edwards-Jones SAS together with commissions of £22,300 and £75,250, for services in connection with the Recent Fund Raising and Admission, respectively.

(2) The interest of Richard Wilkins in the Company is held by KSJ Investments Limited. Richard Wilkins holds 90 per cent. of the share capital of RW Enterprises Limited, 10 per cent. of which he holds beneficially for a third party. RW Enterprises Limited holds a 99 per cent. interest in KSJ Investments Limited.

4.5 Details of options over Shares that have been granted to Directors are set out in paragraph 2.13 above.

4.6 Save as disclosed in paragraphs 4.4 to 4.5 above, none of the Directors has any interest in the issued shares of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of sections 820 to 825 of the Companies Act 2006) have any such interests, whether beneficial or non-beneficial.

4.7 In addition to their directorships in the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this Document:

Name	Current directorships and partnerships	Previous directorships and partnerships
Marcus Edwards-Jones	Lloyd Edwards-Jones S.A.S	Georgian Mining Corporation Limited Range Resources Limited Bison Energy Services PLC (dissolved)

Name	Current directorships and partnerships	Previous directorships and partnerships
Dennis Thomas	ExGen Resources Incorporated	Delta Pacific Mining plc (dissolved) Konnex Resources Incorporated Phoenix Mining Ltd (dissolved) Thomas Mining Associates Limited (dissolved) Thomas Mining Projects Limited (dissolved)
Richard Wilkins	Dragondonia Limited The British-Uzbek Society Continental Resources Limited RW Associates RW Enterprises Limited KSJ Investments Limited	Central Asia Glass Limited(dissolved) Oxus Holdings (Malta) Limited
Andre Cohen	The Grown Up Chocolate Company Limited	Capital Lease Aviation Limited Micoson Consulting Ltd (dissolved) Coherent Financial LLP (dissolved)
Roger Turner	Combined Management Services Corporation Limited	Anglesey Mining Plc Mineral and Energy Resources (U.K.) Limited Phoenix Mining Ltd (dissolved) Phoenix Mining Limited (dissolved) Star Mining Ltd

4.8 Save as disclosed in paragraphs 4.9 and 4.10 below, no Director:

4.8.1 has any unspent convictions in relation to indictable offences; or

4.8.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or

4.8.3 has been a director of any company which, while he or she was a director or within 12 months after he or she ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its credits generally or with any class of its creditors; or

4.8.4 has been a partner of any partnership which, while he or she was a partner or within 12 months after he or she ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

4.8.5 has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

4.8.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

4.9 Marcus Edwards-Jones was a director of London International Development Corporation (Media) Limited ("**LIDC**") when it was declared insolvent and liquidated in February 2006, owing £75,000 in unpaid salaries. The only asset of LIDC was 26 per cent. of the issued shares of Uzbekfilm JSC. There were no claims made against any of the directors.

4.10 Richard Wilkins was a director of each of Lifetree Group Limited and Cashtask Limited, both companies within the Volkswriter Group, which went into compulsory liquidation in July 1989 and March 1993 respectively. The Volkswriter Group went into administration and subsequent liquidation over the period 1988 – 1994, with bad debts in Germany and Scandinavia, along side the demise of Lifetree Software Inc., the US supplier of the computer software for which Volkswriter Ltd was the exclusive European distributor. No claims or liabilities arose against the directors.

4.11 Save as disclosed in paragraph 4.4 above, and as set out below, the Directors are not aware of any person who, directly or indirectly, had an interest in 3 per cent. or more of the voting rights of the Company which is notifiable to the Company under AIM Rule 17 as at the date of the publication of this Document and immediately following completion of the Placing and Subscription, and Admission:

Name	As at the date of this Document		At Admission	
	Shares	Percentage of Shares in issue	Shares	Percentage of Shares in issue
ExGen Resources Inc	11,300,000	9.85	11,300,000	4.92
KSJ Investments Limited	6,290,186	5.48	7,290,186	3.17
Andrew Lapworth	4,248,553	3.70	4,248,553	1.85

4.12 The Company's major Shareholders do not have different voting rights from other Shareholders.

4.13 Save as disclosed in this Document, no Director or any member of a Director's family has a related financial product referenced to the Shares.

4.14 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

4.15 Save as disclosed in this Document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.

4.16 There are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of the Directors.

5. EMPLOYEES

5.1 Details of the number of the Group's employees for the period covered by the financial information as set out in Part V are as follows:

Period	Number of employees at end of calendar year
Financial year ended 31 December 2014	6
Financial year ended 31 December 2015	6
Financial year ended 31 December 2016	6
As at the date of this Document	6

6. DIVIDENDS

Details of the amount of dividend per share for the period covered by the financial information as set out in Part V are as follows:

Period	Amount
Financial year ended 31 December 2014	0
Financial year ended 31 December 2015	0
Financial year ended 31 December 2016	0

7. DIRECTORS' SERVICE AGREEMENTS AND TERMS OF OFFICE

7.1 The following service agreements and appointment letters have been entered into by the Company and the Directors:

7.1.1 **Dennis Thomas** has entered into a service agreement with the Company as its Chief Executive Officer from the date of and conditional on Admission for an initial period of 12 months and thereafter, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £96,000 per annum, to be paid monthly in arrears, which is subject to annual review. The service agreement also provides for each of a discretionary bonus and an amount equal to 15 per cent. of salary to be paid in lieu of benefits such as pension and health insurance per annum. Other benefits include 25 days' paid holiday per annum, eligibility to participate in any staff incentive schemes of the Company and the reimbursement of all expenses reasonably incurred in the proper performance of responsibilities.

7.1.2 **Richard Wilkins** has entered into a service agreement with the Company as its Chief Financial Officer from the date of and conditional on Admission for an initial period of 12 months and thereafter, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £96,000 per annum, to be paid monthly in arrears, which is subject to annual review. The service agreement also provides for each of a discretionary bonus and for an amount equal to 15 per cent. of salary to be paid in lieu of benefits such as

pension and health insurance per annum. Other benefits include 25 days' paid holiday per annum, eligibility to participate in any staff incentive schemes of the Company and the reimbursement of all expenses reasonably incurred in the proper performance of responsibilities.

7.1.3 **Roger Turner** has entered into a service agreement with the Company as its Chief Technical Officer from the date of and conditional on Admission for an initial period of 12 months and thereafter, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £96,000 per annum, to be paid monthly in arrears, which is subject to annual review. The service agreement also provides for each of a discretionary bonus and for an amount equal to 15 per cent. of salary to be paid in lieu of benefits such as pension and health insurance per annum. Other benefits include 25 days' paid holiday per annum, eligibility to participate in any staff incentive schemes of the Company and the reimbursement of all expenses reasonably incurred in the proper performance of responsibilities.

The services of Roger Turner as a non-executive director are provided under a letter of appointment between himself and the Company for an initial period of two years subject to the Articles from and conditional on Admission, subject to termination by either party giving notice to the other of three months' written notice. The letter of appointment provides that Roger Turner is eligible to participate in any staff incentive schemes of the Company and be reimbursed for all expenses reasonably incurred in the proper performance of responsibilities.

7.1.4 The services of each of **Andre Cohen** and **Marcus Edwards-Jones** as non-executive Directors of the Company are provided under the terms of letters of appointment between each of themselves and the Company for an initial period of two years subject to the Articles from and conditional on Admission, subject to termination by either party giving notice to the other of three months' written notice. Marcus Edwards-Jones shall be paid an annual fee of £21,000 as Non-Executive Chairman of the Company and Andre Cohen shall be paid an annual fee of £15,000. Each of the non-executive directors shall be paid in equal instalments monthly in arrears, is eligible to participate in any staff incentive schemes of the Company and shall be reimbursed all expenses reasonably incurred in the proper performance of their responsibilities.

7.1.5 Save as set out in paragraphs 7.1.1 to 7.1.4, above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of employment.

8. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years preceding the date of this Document and are or may be material or which contain provision under which any member of the Group has an obligation or entitlement to the Group at the date of this Document.

8.1 **Mining Lease – Honolulu**

Each of Konnex and Honolulu entered into a Mining Lease with Contingent Right of Reverter on 27 October 2016 (the "**Honolulu Lease**").

The Honolulu Lease grants Konnex rights in relation to two patented mining claims of which Honolulu holds a 50 per cent. interest (the Blue Jay No. 1 and Blue Jay No. 2 claims), 18 patented mining claims, 13 unpatented mining claims and five unpatented millsite claims (together the "**Honolulu Claims**"), further details of which are set out in tables 3-1 and 3-2 of Part IV of this Document.

The Honolulu Lease grants Konnex full rights of entry, possession and use, together with exclusive rights to mineral exploration, development, extraction, sale, processing, treatment, and the like, and including the right to incidental conduct and construction of improvements of the Honolulu Claims, save in relation to the Blue Jay No. 1 and Blue Jay No. 2 claims. Excluded minerals under the Honolulu Lease include clay, sand, gravel, stone, oil, gas, hydrocarbons, and geothermal resources.

The Honolulu Lease is for an initial term of 12 years, expiring on 26 October 2028. The term extends indefinitely, however, if commercial production from the Honolulu Claims or adjoining

lands is on-going at the end of the term the term continues so long as that condition continues. Commercial production generally requires an average of 250 tons for a continuous period of six months.

The rent is US$4,000 per month of advance royalties. If and when production starts the monthly payments will cease and Konnex will have to commence paying production royalties equal to 2.5 per cent. of the Net Smelter Returns realised from material mined from the Claims and sold. When production royalties commence to become payable the total of the monthly advance royalties which have been paid will be credited against the production royalties which have become payable.

Konnex has the option to purchase down the production royalty returns to 1.5 per cent. at the rate of US$300,000 for each 0.25 per cent. interest purchased down. There are additional required benchmarks for mineral exploration and development, and at each benchmark additional payments are due to Honolulu, the majority of benchmarks falling due within six years. Failure to meet a benchmark may result in reversion of the leasehold interest to Honolulu. All obligations of repair, maintenance, reclamation, insurance and payment of taxes are placed on Konnex.

The Honolulu Lease permits Konnex to assign its interest subject to Honolulu's approval, such approval not to be unreasonably withheld. There is no provision restricting or limiting the rights of Konnex in the event of a change of ownership and/or control of Konnex.

8.2 **Mining Lease – Mackay**

Each of Konnex and Mackay entered into a Mining Lease with Contingent Right of Reverter effective 31 January 2011 (the "**Mackay Lease**").

The Mackay Lease grants Konnex rights in relation to three patented mining claims and 14 unpatented mining claims (together the "**Mackay Claims**"), further details of which are set out in tables 3-1 and 3-2 of Part IV of this Document.

The Mackay Lease grants Konnex full rights of entry, possession and use, together with exclusive rights to mineral exploration, development, extraction, sale, processing, treatment, and the like, and including the right to incidental conduct and construction of improvements of the Mackay Claims.

Under the terms of the Mackay Lease, excluded minerals notably include clay, sand, gravel, stone, oil, gas, hydrocarbons, and geothermal resources of the Mackay Claims.

The Mackay Lease is for an initial term of 12 years, expiring on 30 January 2023. The term extends indefinitely, however, if commercial production from the Mackay Claims or adjoining lands is on-going at the end of the term the term continues so long as that condition continues. Commercial production generally requires an average of 250 tons per day of ore extraction for a continuous period of six months. The rent is US$7,500 per month of advance royalties for the period ending 1 April 2018. If and when production is commenced Konnex will have to commence paying production royalties equal to 2.5 per cent. of the Net Smelter Returns realised form material mined from the Claims and sold. When production royalties commence to become payable the total of the monthly advance royalties which have been paid will be credited against the production royalties which have become payable.

Konnex has the option to purchase down the production royalty returns to 1.5 per cent. at the rate of US$300,000 for each 0.25 per cent. interest purchased down. Konnex must keep all the Mackay unpatented claims in good standing with the BLM and failure to do so may result in reversion of the leasehold interest to Mackay. All obligations of repair, maintenance, reclamation, insurance and payment of taxes are placed on Konnex.

The Mackay Lease permits Konnex to assign its interest subject to Mackay's approval, such approval not to be unreasonably withheld. There is no provision restricting or limiting the rights of Konnex in the event of a change of ownership and/or control of Konnex.

8.3 **The Konnex Option Arrangements**

The Company entered into the Konnex Option with ExGen on 15 July 2015. Pursuant to the Konnex Option, the Company acquired a right to acquire 80 per cent. of the issued share capital of Konnex by: (i) paying to ExGen a combination of both cash and shares; (ii) investing US$1,000,000 in Konnex; and (iii) fulfilling certain other obligations.

The Company has paid the acquisition cost, satisfied by way of a cash payment of £125,214 and the issue of 11,300,000 Shares to ExGen, pursuant to the terms of the Konnex Option, as amended.

Pursuant to the terms of the Konnex Option, as amended, the option shall be deemed exercised on payment of the US$1,000,000 investment to Konnex. As at the date of this Document, the Company has paid US$628,172 to Konnex, with the balance of US$371,828 to be paid immediately following Admission.

On 9 November 2016, each of ExGen, Konnex and the Company entered into the Supplemental Option Agreement, which amended the Konnex Option. On 21 April 2017, each of ExGen, Konnex and the Company entered into the Supplemental Option Agreement No. 2 which further amended the Konnex Option. On 13 June 2017, each of ExGen, Konnex and the Company entered into the Supplemental Option Agreement No. 3 which further amended the Konnex Option.

The principal terms of the Konnex Option, as amended by the Supplemental Option Agreement, the Supplemental Option Agreement No. 2 and the Supplemental Option Agreement No. 3 (together the "**Consolidated Option Agreement**") are as follows:

(a) ExGen will hold 20 per cent. of the issued shares of Konnex on a carried basis until the completion of the delivery and receipt by the parties of a BFS following which Konnex may make a call on its shareholders to provide production funding ("**Cash Call**"). If ExGen does not provide its 20 per cent. of the amount of a Cash Call and the Company provides the amount not paid by ExGen, ExGen's percentage shareholding of Konnex will decrease and the Company's percentage shareholding in Konnex will increase, on a proportional basis;

(b) Phoenix will be obliged to provide all of the funding required by Konnex until the receipt of a BFS and thereafter for funding of further exploration on the Claims;

(c) after the exercise of the option the Konnex board will be reconstituted to consist of five persons, three of whom will be designated as representatives of the Company and two will be designated as representatives of ExGen;

(d) Phoenix must make monthly payments to ExGen of $12,500 until such time as Phoenix has invested US$1,000,000 in Konnex. As at the date of this Document, aggregate monthly payments of £217,000 remain outstanding, such sums to be satisfied following Admission;

(e) Phoenix must make an annual payment of US$100,000 to ExGen on or before 31 March until the completion and delivery of a BFS;

(f) Konnex must, from and after the commencement of production from the Claims, pay to ExGen 2.5 per cent. of the Net Smelter Returns realized from production from the Claims;

(g) Phoenix has the right to, at any time, terminate its ownership of shares in the capital of Konnex and all of its obligations under the Consolidated Option Agreement;

(h) following the exercise of the option, Phoenix will appoint a person designated by ExGen as a Director of the Company;

(i) pursuant to an "area of interest" clause, if either of ExGen or Phoenix acquire any mineral properties or mineral interests of any kind which lie within 30 miles of the external boundaries of the mineral properties comprising the Empire Mine, they must offer to transfer such mineral properties or interests to Konnex for the costs of their acquisition;

(j) Konnex and ExGen have agreed that they will, following the exercise of the option, negotiate the terms of, and sign, a formal Net Smelter Returns Agreement which will thereafter regulate the basis for calculating and paying to ExGen the option of the Net Smelter Returns ExGen is entitled to receive; and

(k) Phoenix, ExGen and Konnex have agreed to, following the exercise of the option, negotiate the terms of, and sign, a shareholder agreement which will thereafter govern the rights and obligations of ExGen and the Company as shareholders of Konnex.

8.4 **Placing Agreement**

A placing agreement dated 23 June 2017 between the Company (1); the Directors (2); SP Angel (3); and Brandon Hill (4), pursuant to which Brandon Hill has agreed to use its reasonable endeavours to arrange for Placees to subscribe for and/or purchase 67,973,730 New Shares at the Issue Price. The agreement is conditional, *inter alia*, on the Subscription and on Admission taking place on or before 29 June 2017 or such later date as the Company, SP Angel and Brandon Hill may agree but in any event not later than 27 July 2017.

The agreement provides for the Company to pay all expenses of and incidental to the Placing and Subscription and the application for Admission, including the reasonably and properly incurred fees and costs of other professional advisers, all costs relating to the Placing and Subscription, including printing, advertising and distribution charges, the fees of the Registrars and the fees payable to the London Stock Exchange. The agreement contains warranties given by the Company and the Directors, and an indemnity given by the Company, in favour of SP Angel and Brandon Hill. The warranties and indemnity are customary for an agreement of this nature.

SP Angel and Brandon Hill may terminate the agreement in specified circumstances prior to Admission, principally in the event of a material breach of the agreement or any of the warranties contained in it, or where any event of omission relating to the Group is, or will be in the opinion of SP Angel or Brandon Hill, material in the context of the Placing and Subscription, or where any change of national or international, financial, monetary, economic, political or market conditions is, or will be in the opinion of SP Angel, or Brandon Hill materially adverse to the Company or the successful outcome of the Placing and Subscription.

The Placing Agreement is governed by the law of England and Wales.

8.5 **2017 Subscription**

By way of the Subscription Letters in connection with the Subscription, the Company has received subscriptions for a total of 47,026,270 Ordinary Shares at a subscription price of £0.04 per share.

The subscription letters contain representations, warranties and covenants from the Subscribers in favour of the Company which are customary for subscriptions of this nature.

8.6 **Broker Appointment Letter**

The Broker Appointment Letter dated 22 March 2017 between the Company and Brandon Hill pursuant to which the Company has appointed Brandon Hill to act as broker to the Company for a period of 15 months commencing on the date of Admission.

The Broker Appointment Letter contains certain undertakings, warranties and indemnities to be given to Brandon Hill which are customary for a letter of appointment of this nature. The appointment is terminable on not less than three months' written notice by the Company.

8.7 **Nominated Adviser Appointment Letter**

The Nominated Adviser Appointment Letter dated 9 February 2017 between the Company and SP Angel pursuant to which the Company appointed SP Angel to act as nominated adviser to the Company for the purposes of the AIM Rules for Companies for Admission and thereafter.

The Nominated Adviser Appointment Letter contains certain undertakings, warranties and indemnities given by the Company to SP Angel which are customary for a letter of appointment of this nature.

The Nominated Adviser Appointment Letter is governed by the law of England and Wales.

8.8 **Rule 7 Lock-In Agreements**

Each of the Directors and ExGen (together the "**Locked-In Parties**") have entered into lock-in agreements with the Company in accordance with Rule 7 of the AIM Rules, pursuant to the terms of which each of the Locked-In Parties has covenanted not to dispose of any of the Shares held by them (and their related parties and applicable employees) at Admission, or subsequently acquired, for a period of one year from Admission except in limited circumstances (including, *inter alia*, upon the death of the Locked-In Party; acceptance of a takeover offer; or pursuant to an intervening court order).

For the period from 12 months to 24 months after Admission each of the Locked-In Parties has also agreed that (except in certain limited circumstances), he or it will only sell such Shares through Brandon Hill (or any future broker engaged by the Company, in accordance with Brandon Hill's reasonable requirements) so as to ensure an orderly market.

The agreements are governed by the law of England and Wales.

8.9 **Share Option Agreements**

The principal terms of each of the Share Option Agreements are as follows:

(i) 50 per cent. of the Options granted shall vest on the date falling 12 months from the date of the agreement;

(ii) the remaining 50 per cent. of the Options granted shall vest on the date falling 24 months from the date of the agreement;

(iii) all Options are exercisable at a price of 4.5 pence per Share and shall lapse on the date falling 36 months from the date of the agreement in question;

(iv) the Options are non-transferable; and

(v) the Options may only vest on the condition that the Option Holder continues to be employed by the Company, subsidiaries or associates from time to time.

8.10 **Crest and Depositary interests**

Deed Poll

The Company and the Depositary entered into the Deed Poll executed on 3 May 2017.

The Depositary Interests will be created pursuant to and issued on the terms of the Deed Poll. The Deed Poll is executed by the Depositary, in favour of the holders of the Depositary Interests from time to time. Prospective holders of Depositary Interests should note that they will have no rights against Euroclear or its subsidiaries in respect of the underlying Shares or the Depositary Interests representing them. Shares will be transferred to an account of the Depositary or its nominated custodian ("**Custodian**") and the Depositary will issue Depositary Interests to participating members.

Each Depositary Interest will be treated as one Share for the purposes of determining, for example, eligibility for any dividends. The Depositary (or the Custodian) will pass on to holders of Depositary Interests any stock or cash benefits received by it as holder of Shares on bare trust for such Depositary Interest holder. Depositary Interest holders will also be able to receive from the Depositary (or the Custodian) notices of meetings of holders of Shares and other information to make choices and elections issued by the Company to the Shareholders.

In summary, the Deed Poll contains, amongst other things, provisions to the following effect:

(i) the Depositary will hold (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or Custodian pertaining to the Depositary Interests for the benefit of the holders of the Depositary Interests. The Depositary will re-allocate securities or distributions allocated to it or the Custodian pro rata to the Shares held for the respective accounts of the holders of Depositary Interests but will not be required to account for fractional entitlements arising from such re-allocation;

(ii) holders of Depositary Interests warrant, amongst other things, that the securities in the Company transferred or issued to the Depositary or Custodian for the account of the Depositary Interest holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's Articles or any contractual obligation, or applicable law or regulation binding or affecting such holder;

(iii) the Depositary and any Custodian must pass on to Depositary Interest holders, or exercise on their behalf, all rights and entitlements received by the Depositary or the Custodian in respect of the underlying securities. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must put the Depositary or its appointed agent in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights;

(iv) the Depositary will be entitled to cancel Depositary Interests and treat the holders as having requested a withdrawal of the underlying securities in certain circumstances including where a Depositary Interest holder fails to furnish to the Depositary such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate;

(v) the Deed Poll contains provisions excluding and limiting the Depositary's liability to a maximum of £5m. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise, except as may result from its negligence or willful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, willful default or fraud of any Custodian or agent which is not a member of its Group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent;

(vi) the Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll;

(vii) the holders of Depositary Interests are required to agree and acknowledge to the Depositary that it is their responsibility to ensure that any transfer of Depositary Interests by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to Euroclear any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction;

(viii) the Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds therefrom, as may be required to discharge applicable tax liabilities;

(ix) the Depositary may terminate the Deed Poll by giving 30 days' notice. During such notice period holders are obliged to cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary must, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holders or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to holders of Depositary Interests in respect of their Depositary Interests; and

(x) the Depositary or the Custodian may require from any holder information as to the capacity in which Depositary Interests are or were owned and the identity of any other person with or previously having any interest in such Depositary Interests and the nature of such interest, and evidence or declarations of nationality or residence of the legal or beneficial owners of Depositary Interests and such information as is required for the transfer of the relevant Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or Custodian to the extent necessary or desirable to comply with their legal or regulatory obligations (or that of the CREST system). Furthermore, to the extent that the Company's constitutional documents require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of Depositary Interests are to comply with the Company's instructions with respect thereto.

It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of the Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary to vote the underlying shares on their behalf.

8.11 **Depositary Services Agreement**

The Company and the Depositary entered into a depositary services agreement dated 18 May 2017 (the "**Depositary Agreement**"). The Depositary Agreement relates to the Depositary's appointment as Depositary in relation to the Shares, including the issue and cancellation of Depositary Interests and maintaining the Depositary Interests register. Under the terms of the Depositary Agreement, the Depositary is entitled to an initial fee of £6,000 and an annual fee of £6,000, with further activities, disbursements and expenses also payable to the Depositary.

The Company has agreed to indemnify the Depositary in relation to losses suffered by the Depositary as a result of, or in connection with, the performance by the Depositary of its obligations under the Depositary Agreement.

The Depositary's aggregate liability to the Company over any 12 month period shall in no circumstances exceed twice the amount of the fees payable in any 12 month period in respect of a single claim or in the aggregate.

The Depositary Agreement is for an initial term of 1 year after which it is terminable by either party on six months' notice. The Depositary Agreement is also terminable on written notice in the event of, *inter alia*, breach of the agreement (which has not been remedied within 21 days' written notice of such breach), in the event of insolvency or where parties cease to have the necessary authorisations necessary to comply with the Depositary Agreement. The Depositary Agreement is governed by the laws of England and Wales.

9. PREMISES

Konnex has entered into the Oscar Worneck Business Park Lease Agreement with City of Mackay dated 8 February 2017 pursuant to which it has a leasehold interest over a warehouse located at 313 East Custer Street, Mackay, Idaho (the "**Property**") (the "**Warehouse Lease**"). The Property is in close proximity (within 10 miles) of the Empire Mine Project. Pursuant to the Warehouse Lease, Konnex is granted the use of Space #2 at the business park for warehouse use and storing of core drilling samples.

The term of the Warehouse Lease is one year, expiring 7 February 2018. However the Warehouse Lease includes a perpetual right to renew the lease for annual, one-year terms with 30 days prior notice. Assignment of Konnex's interest is not permitted. Konnex is responsible for all utilities and insurance.

Neither the Company nor the Directors are aware of any environmental issues or risks affecting the utilisation of the Property, plant or machinery.

10. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

11. LITIGATION

There are no, and during the 12 month period prior to the date of this Document there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

12. RELATED PARTY TRANSACTIONS

Save as otherwise set out in this Document, the Company has not entered into any related party transaction at any time during the period from incorporation to the date of this Document.

13. SIGNIFICANT CHANGE IN FINANCIAL POSITION

Save as disclosed in this Document, there has been no significant or material change in the financial or trading position of the Company since 31 December 2016, the date to which the accountants' report on the Company in Part V of this Document was prepared.

14. CONSENTS

14.1 SRK is a private limited company incorporated in England and Wales with registered number 04929472 and having its registered office at 21 Gold Tops, Newport NP20 4PG. SRK accepts responsibility for its report set out in Part IV of this Document. SRK has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

14.2 Crowe Clark Whitehill LLP is a limited liability partnership incorporated in England and Wales with registered number OC307043 and having its registered office at St Bride's House, 10 Salisbury Square, London EC4Y 8EH. Crowe Clark Whitehill LLP has given and not withdrawn its consent to the inclusion in this document of its Accountants' Reports set out in Part V of this Document for the purposes of the AIM Rules. Except for this information in the Admission Document, no other information has been reviewed by statutory auditors. Crowe Clark Whitehill LLP is a member of the Institute of Chartered Accountants in England and Wales. Crowe Clark Whitehill LLP has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

14.3 SP Angel is a limited liability partnership incorporated in England and Wales with registered number OC317049 and having its registered office at Prince Frederick House, 35-39 Maddox Street, London W1S 2PP, and is authorised and regulated by the FCA. SP Angel has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

14.4 Brandon Hill is a private limited company incorporated in England and Wales with registered number 04258441 and having its registered office at Fifth Floor, 1 Tudor Street, Blackfriars, London EC4Y 0AH and is authorised and regulated by the FCA. Brandon Hill has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

15. GENERAL

15.1 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.

15.2 Save as set out in this Document there are no investments in progress which are significant or any future investments upon which the Company or its management team have already made firm commitments.

15.3 The expenses of the Placing and Subscription and Admission are estimated to be £732,500, excluding VAT and are payable by the Company.

15.4 Other than commission of £22,000 and the issue of 550,000 Broker Warrants to WH Ireland, commission of £10,000 and the issue of 250,000 Broker Warrants to Cornhill Capital and an introductory fee of £10,000 and the issue of 351,626 Broker Warrants to Andrew Morgan, except for fees payable to the professional advisers otherwise disclosed in this Document or payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

15.5 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

15.6 The financial information set out in this Document does not constitute statutory accounts within the meaning of section 434 of the UK Companies Act 2006.

15.7 Crowe Clark Whitehill LLP of St Bride's House, 10 Salisbury Square, London, EC4Y 8EH are the auditors of the Company as at the date of this Document.

15.8 Save as set out in Part II, there are not, in respect of any of the Company or the Subsidiaries, any significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of this Document.

15.9 Save as set out in Part II, there are not, in respect of any of the Company or the subsidiaries, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year of the Company.

16. DOCUMENTS AVAILABLE FOR INSPECTION

16.1 Copies of this Document will be available free of charge to the public at the registered office of SP Angel at Prince Frederick House, 35-39 Maddox Street, London W1S 2PP during normal business hours on any weekday (Saturdays and public holidays excepted) until the date falling one month after the date of Admission and also for download on the Company's website at www.pgmining.com in accordance with Rule 26 of the AIM Rules.

Dated 23 June 2017

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