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## STRAITS RESOURCES LIMITED

### TRITTON MINES OPERATIONS

#### Murrawombie Deposit

#### Mineral Resource and Ore Reserve Statement

30<sup>th</sup> June 2014

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| Author/s | Name            | Title  |
|----------|-----------------|--|
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|          | Ian Sheppard    | Competent Person – Ore Reserve Estimate      |

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## **1 PROJECT SUMMARY**

### **1.1 INTRODUCTION AND SETTING**

Murrawombie is a sulphide copper gold deposit located on ML1280 within EL6126 in central New South Wales (NSW), Australia. Mineralisation is described as a Besshi style volcanic associated massive sulphide deposit. It contains economic grades of copper with minor gold and silver.

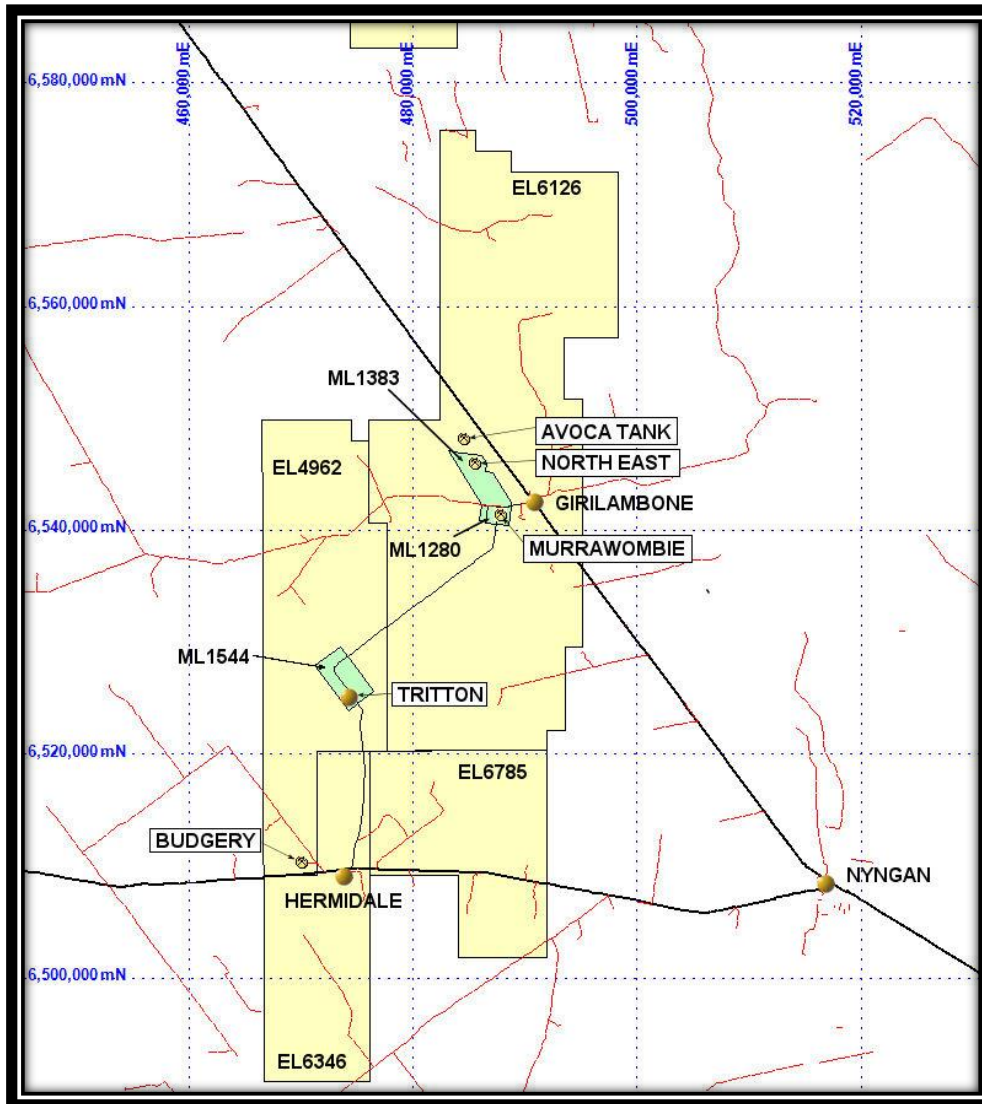
Small scale copper mining commenced in the immediate area in 1891, with most mining in this first phase taking place prior to 1910. In 1989 systematic grid drilling was undertaken, which led to open pit mining of the Murrawombie deposit to a depth of approximately 130m, between 1992 to 2003. Following open pit mining, a portal was established off the open pit ramp, and a decline developed to a depth of 190m below surface, with the intention of accessing the deposit for underground mining. A feasibility study is currently being concluded that has sought to optimize underground mining of the deposit, and update, and add to, the ore reserve. This feasibility study concludes that a commercially viable mine can be established to exploit the mineralisation, including additional identified economically mineable resource.

## **2 PROJECT BACKGROUND**

### **2.1 LOCATION**

The Murrawombie deposit is located immediately west of the small town of Girilambone in central NSW, Australia. As shown in Figure 1, it is 22km by road to the north of the operating Tritton mine, where an ore processing plant for sulphide copper gold ore is located. Murrawombie ore can be treated at the Tritton plant.

The deposit is located on EL6126. A Mining Lease, ML1280, is currently held over the deposit area, having been established for previous surface mining and underground operations at Murrawombie.



**Figure 1: Location and lease outlines for the Murrawombie deposit.**

## 2.2 HISTORY

Copper mining commenced in the Girilambone area in 1881 with the opening of the Girilambone Mine. It is estimated that between 1881 and 1910, over 85,000t of ore was mined from Girilambone and various small copper shows within the region. From 1989 Nord Australex Nominees Pty Ltd reassessed the Girilambone Copper mineralisation by grid drilling. In 1990 Nord extended its coverage by purchasing the exploration licence covering the wider area and in 1991 initiated a feasibility study. Also in 1991, Straits Mining Pty Ltd acquired a 60% share to become a joint venture partner.

In October 1992 project development of the Girilambone Copper Mine commenced. By February 1993 stacking of the heap leach pads had begun and in May 1993, the solvent extraction and electro-winning plant was completed and copper production commenced. Following the additional exploration work the northern pits were developed and mining commenced at the Girilambone North Mines in June 1996. Processing activities continued until 2003. Over this period of time, four open pits (three at Girilambone North: Larsen's pit, Northeast pit and Hartman's pit, and one at Girilambone mine site: Murrawombie pit) were mined until copper oxide ore in the upper, weathered part of the ore body was exhausted. Heap Leaching, Solvent Extraction (SX) and Electrowinning (EW) techniques were employed to process the oxide ore and produce a London Metal Exchange (LME) grade copper cathode. Sulphide ore types which occur beneath these pits in the unweathered rock masses were not amenable to this form of processing and therefore were not mined. Subsequently, in September 2008 the Copper Cementation Plant at

Girilambone opened. The plant was developed to utilise the existing copper remaining in the Heap Leach Pads (HLP).

In 2004-2005, mining recommenced at the base of the Murrawombie pit in order to supply 574,051t of sulphide ore to the Tritton processing plant during the development and commissioning stages of the Tritton underground mine. In November 2008 the Girilambone and North Girilambone Mines were put on care and maintenance, while copper production from the Copper Cementation Plant continued.

A portal was established off the pit ramp in early 2008 at a depth of 100m below surface, and a decline developed to 190m below surface.

### **2.3 METHOD OF MINING**

Proposed mining methods at Murrawombie include underground sublevel stoping and open pit bulk mining methods.

### **2.4 ORE PROCESSING**

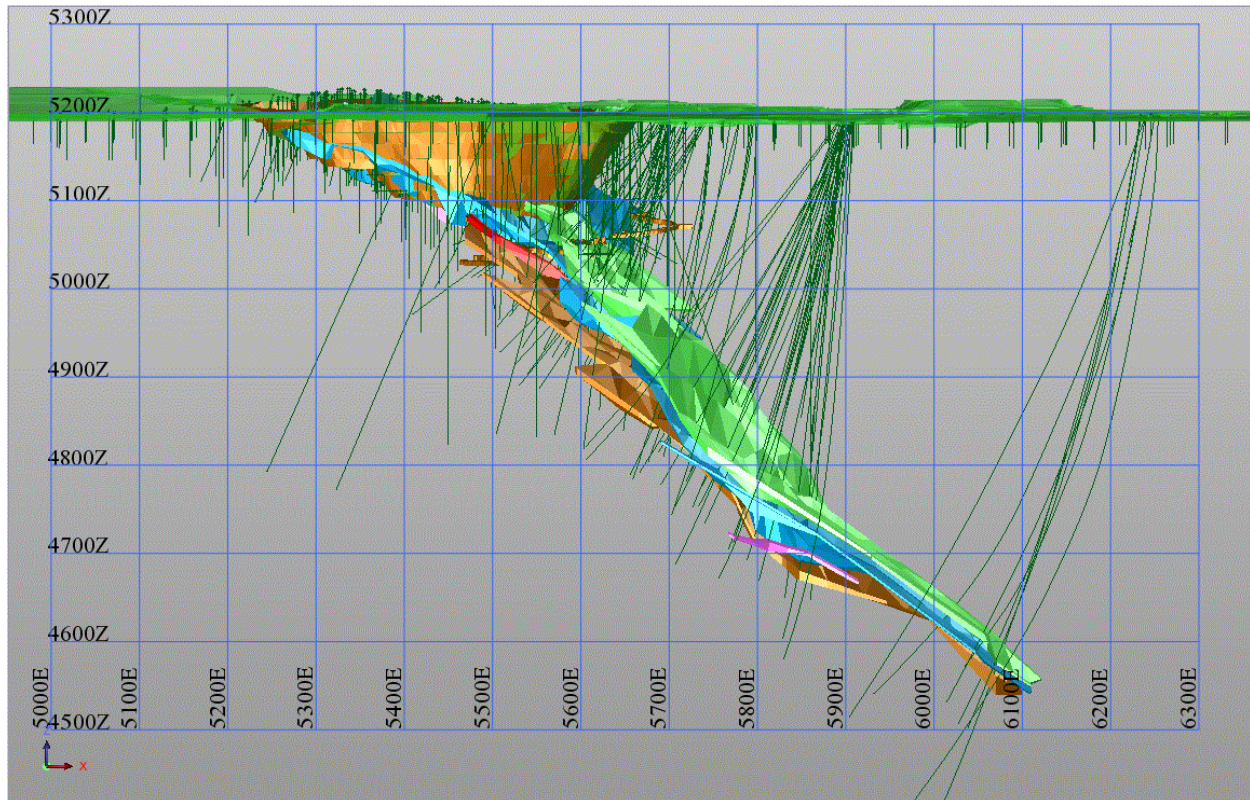
The ore produced from the Murrawombie mine will be processed at the Tritton sulphide ore processing plant. A copper concentrate product can be produced at the Tritton plant from the Murrawombie ore without modifications to the current process.

## **3 GEOLOGY**

Regionally the mineralisation is hosted within early Ordovician sediments as part of the Girilambone group. The Murrawombie mineralisation is hosted within pelitic to psammitic turbidite sediments with sparse interbedded coarser sandstones of the Girilambone Group.

The Murrawombie sulphide mineralisation is classified as a “Besshi style” stratiform volcanogenic massive sulphide deposit. Mineralisation is dominated by banded to stringer pyrite – chalcopyrite, with minor but locally important magnetite – chalcopyrite, lesser massive pyrite – chalcopyrite, and rare banded pyrite.

Structurally the Murrawombie sulphide mineralisation is hosted within a corridor of moderate to intense shearing related to a thrust fault (Eastern Shear), observed in the east wall of the Murrawombie Pit and located in the hanging wall to the mineralisation. The shear corridor has been traced by SiroTEM (Nord) to the north west of the Murrawombie pit.



**Figure 1: Schematic cross section looking north showing the Murrawombie mineralised units below the current pit.**

## 4 MINERAL RESOURCE ESTIMATE

### 4.1 RESULTS

The Murrawombie Mineral Resource is reported at 30<sup>th</sup> June 2014 (Table 1). The Murrawombie deposit has not been mined since November 2008 and no Mineral Resource depletion has occurred since the previous public report (30<sup>th</sup> June 2013). The Mineral Resource includes Indicated and Inferred categories and is inclusive of the Mineral Resource used to derive Ore Reserves. All Mineral Resource figures included in this report were estimated and reported from a three dimensional block model created using GEOVIA Surpac software.

|                    | June 2014    |            |            |
|--------------------|--------------|------------|------------|
|                    | Tonnes (kt)  | Cu (%)     | Cu (kt)    |
| <b>Murrawombie</b> |              |            |            |
| Measured           | -            | -          | -          |
| Indicated          | 6,530        | 1.4        | 91         |
| <b>Total M + I</b> | <b>6,530</b> | <b>1.4</b> | <b>91</b>  |
| Inferred           | 1,510        | 1.2        | 19         |
| <b>TOTAL</b>       | <b>8,040</b> | <b>1.4</b> | <b>110</b> |

**Table 1: Reported Mineral Resource for Murrawombie as at 30<sup>th</sup> June 2014 <sup>1,2</sup>**

1. Cut-off grade: 0.6% Cu cut-off applied.
2. Discrepancy in summation may occur due to rounding.

#### 4.2 CHANGE FROM PREVIOUS PUBLIC REPORT

The Murrawombie Mineral Resource remains unchanged since the previous reporting period.

|                    | June 2014    |            |            | June 2013    |            |            |
|--------------------|--------------|------------|------------|--------------|------------|------------|
|                    | Tonnes (kt)  | Cu (%)     | Cu (kt)    | Tonnes (kt)  | Cu (%)     | Cu (kt)    |
| <b>Murrawombie</b> |              |            |            |              |            |            |
| Measured           | -            | -          | -          | -            | -          | -          |
| Indicated          | 6,530        | 1.4        | 91         | 6,530        | 1.4        | 91         |
| Total M + I        | 6,530        | 1.4        | 91         | 6,530        | 1.4        | 91         |
| Inferred           | 1,510        | 1.2        | 19         | 1,510        | 1.2        | 19         |
| <b>TOTAL</b>       | <b>8,040</b> | <b>1.4</b> | <b>110</b> | <b>8,040</b> | <b>1.4</b> | <b>110</b> |

**Table 2: Change in Mineral Resource estimate since previous public report** <sup>1,2</sup>

1. Cut-off grade: 0.6% Cu cut-off applied.
2. Discrepancy in summation may occur due to rounding.

#### 4.3 STATEMENT OF COMPLIANCE WITH JORC CODE REPORTING

This Mineral Resource statement has been compiled in accordance with the guidelines defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

##### 4.3.1 Competent Person Statement

I, Byron Dumpleton a Consultant Resource Geologist confirm that I am the Competent Person for the Murrawombie Mineral Resources section of this Report and:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).
- I am a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in the Report and to the activity for which I am accepting responsibility.
- I am a Member of the Australian Institute of Geologists (MAIG No. 1598).
- I have reviewed the Report to which this Consent Statement applies.


I am a full time employee of BKD Resources Pty Ltd (ABN 81 109 376 481) and acting as the Mineral Resources Manager for Straits Resources Limited. I have been engaged by Straits Resources Limited to prepare the documentation for Murrawombie Mineral Resource report as at 30<sup>th</sup> June 2014.

I have disclosed to Straits Resources Limited the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest. Specifically Mr. Dumpleton owns 61,349 shares in Straits Resources Ltd which were issued as part of the company share plan in 2010 when Mr. Dumpleton was a staff member of Straits Resources Limited.

I verify that the Murrawombie Mineral Resource is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Mineral Resources.

**4.3.2 Competent Person Consent**

With respect to the sections of this report for which I am responsible – Mineral Resource Estimate - I consent to the release of the Murrawombie Mineral Resources as at 30<sup>th</sup> June 2014 by the directors of Straits Resources Limited.

|  |                                       |
|--|---------------------------------------|
| <b>Signature of Competent Person</b><br><br><b>Byron Dumpleton Member: MAIG No 1598</b> | <b>Date</b><br><br><b>18 May 2014</b> |
|--|---------------------------------------|



## 5 JORC CODE, 2012 EDITION – TABLE 1 REPORT: MURRAWOMBIE DEPOSIT

### 5.1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria                   | Commentary  |
|----------------------------|---|
| <i>Sampling techniques</i> | <ul style="list-style-type: none"> <li>All Diamond core samples are based on ½ core, pre-collar RC samples in waste zones taken as 4m composites and re-spit to 1m samples when return assays or geology indicate copper or gold mineralisation.</li> <li>Dedicated RC holes samples are taken at 1m intervals.</li> <li>All diamond core is aligned, measured and metre marked.</li> <li>All diamond core has been photographed.</li> <li>Diamond and RC pre-collars conducted by Straits Resources are completed to industry standards. Straits Resources have assumed early percussion drilling programs (pre Straits Resources) were conducted at Industry standards at the time of drilling (mid 1970's).</li> <li>For diamond drilling samples overseen by Straits Resources they are taken at geological boundaries to maximum of 1.4m and a minimum of 0.5m. Within mineralised zones 1m sample intervals are applied. Samples extend to 50m outside of mineralised zones.</li> <li>Diamond core drilled from surface are NQ2 in size from RC pre-collars. Underground grade control holes are NQ2 for down holes and LTK60 for up holes. All Exploration holes sampled by Straits Resources for the Murrawombie resource for the primary sulphides, are analysed by a 3 stage aqua regia digestion with an ICP finish (suitable for Cu 0.01-40%) ALS method ME-ICP41. All Cu samples greater than or equal to 1 % were re-submitted for an ore digest ME-OG46. Additional Au analysis by fire assay fusion with an AAS finish, 30g charge (suitable for Au 0.01-100ppm) ALS method Au-AA22. All Au samples greater than or equal to 1 g/t were re-submitted for an ore grade fire assay 30g charge, Au-AA25. All diamond Grade Control holes and Face samples are assayed using ore grade digest, methods ME-OG46 for Cu, Fe, Ag, Zn, Pb and S with Au FA using method Au-AA25 from ALS Orange, NSW, Australia.</li> </ul> |
| <i>Drilling techniques</i> | <ul style="list-style-type: none"> <li>All available drilling was used for the Murrawombie Mineral Resource interpretation and estimation as at 29 November 2009 below the oxide pit.</li> <li>For the current Murrawombie resource all available drilling was used to develop the interpretations. This included the early percussion and open pit grade control holes, the underground grade control holes used before the underground access closure in 2008 and all resource holes with exception of the two metallurgical holes MTD057 and MTD060. A total of 2011 holes were used of which 227 were used below the 5060mRL. This position represents the approximate backs position for the proposed Murrawombie underground upper level. Of these holes 125 were percussion and 102 were NQ2 diamond.</li> <li>The majority of the drilling used for the Murrawombie resource update for the area of interest below the current pit is from NQ2 diamond drilling. All diamond holes are ½ core cut. Note the majority of the upper domains (domain codes 21-25) are within the current pit and have been mined. Drilling data through these areas was principally based on percussion drilling.</li> </ul>   |
| <i>Drill sample</i>        | <ul style="list-style-type: none"> <li>All diamond core for the MTD and TMWD series have recovery measurements recorded by the drilling company and confirmed by Straits Resources. RC pre-collar sample recoveries were not recorded nor required to be recorded as all material estimated is</li> </ul>   |

| Criteria  | Commentary  |
|---|---|
| <i>recovery</i>                                       | <p>defined by core below 5060mRL (~140m from surface and a mixture of percussion, RC and diamond above 5060mRL).</p> <ul style="list-style-type: none"> <li>• RQD measurements are taken on all core drilled by Straits Resources prior to all sampling.</li> <li>• Industry standard drilling practices resulted in good sample recoveries for RC chips and on average good sample recoveries for diamond core. Small number of sample intervals within mineralisation contained small zones of missing sample.</li> <li>• Lower recoveries mainly occurred in the mineralised zone especially when the chalcopyrite/pyrite mineralisation was massive and at times friable. Due to the lower recoveries there could be a sample bias (low) for these sections of the diamond drill hole.</li> </ul>   |
| <i>Logging</i>  | <ul style="list-style-type: none"> <li>• All diamond core and RC chips are geologically logged by company geologists. Selected diamond drill holes are also geotechnically logged. Where holes were able to maintain an orientation mark alpha and beta angles were measured for main structural features. Logging is to the level of detail to support the Murrawombie style of mineralisation (VMS-Besshi style).</li> <li>• Logging of both RC and diamond core recorded lithology, alteration, mineralisation, degree of oxidation, fabric/structure and colour. All exploration core was photographed and digitally stored, including underground grade control holes.</li> <li>• All RC intervals are stored in plastic chip trays, labelled with intervals and hole number. Core is stored in core trays and labelled similarly.</li> <li>• All RC and core samples were logged in full and face samples are logged for colour, lithology, alteration and structure if possible.</li> </ul>  |
| <i>Sub-sampling techniques and sample preparation</i> | <ul style="list-style-type: none"> <li>• Half core samples were collected on average at 1m intervals, minimum sample length is 0.5m and maximum length is 1.4m.</li> <li>• RC samples for waste sections are collected at 1m intervals, with a 1m split and bulk residual collected on the drill rig. The bulk residual samples are composited to 4m intervals by spear sampling. If RC composites returned above background copper or gold values, the stored original 1m split was sent to the laboratory for analysis.</li> <li>• Samples taken are appropriate for the Murrawombie mineralisation style (Copper VMS – “Besshi style”).</li> <li>• Sample blanks and industry standards are routinely submitted for the resource definition drill holes conducted by Straits Resources only. Pulps are retained and re-submitted to test for reproducibility where required.</li> <li>• No field duplicates have been collected for the Murrawombie Primary mineralisation.</li> <li>• The sample sizes are considered appropriate to the grain size of the material being sampled.</li> </ul> |
| <i>Quality of assay data and laboratory tests</i>     | <ul style="list-style-type: none"> <li>• All assays for drill holes drilled by Straits Resources were conducted at accredited assay laboratories. Samples from the drill holes in the Murrawombie resource estimate are primary sulphide. They were analysed by a 3 stage aqua regia digestion with an ICP finish (suitable for Cu 0.01-40% - ALS method ME-ICP41).</li> <li>• All Cu samples greater than or equal to 1% Cu were re-submitted for an aqua regia digest using ICP-AES analysis (ALS method ME-OG46). Au analysis was performed from 30g fire assay fusion with an AAS finish (suitable for Au 0.01-100ppm - ALS method Au-AA22). All Au samples greater than or equal to 1 g/t were re-submitted for an ore grade fire assay 30g charge (ALS method Au-AA25).</li> <li>• Laboratory QA/QC samples including the use of blanks, duplicates, standards (commercial and site made certified reference materials are used) and replicates (as part of in-house procedures).</li> </ul>  |
| <i>Verification of</i>                                | <ul style="list-style-type: none"> <li>• Significant mineralised intersections are reviewed by the logging geologist and senior geologist.</li> </ul>   |

| Criteria   | Commentary  |
|--|---|
| <i>sampling and assaying</i>                                   | <ul style="list-style-type: none"> <li>No twinned holes were conducted.</li> <li>All Straits Resources geological data is logged directly into Straits Resources logging computers following the corporate geology codes. Data is transferred to the corporate AcQuire database and validated on entry. Down hole survey data is validated and checked for potential deviation from magnetic mineralisation before data entry.</li> <li>No adjustments to assay data were made. If survey data is affected by mineralisation, the survey is omitted and a general trend being applied based on the survey above and below the affected value.</li> </ul>  |
| <i>Location of data points</i>                                 | <ul style="list-style-type: none"> <li>All recent surface drill hole collars have been surveyed by using a DGPS or by a local survey contractor.</li> <li>All pre 2003 holes are surveyed by theodolite.</li> <li>All underground drill hole collars are surveyed with a theodolite by company surveyors. Surveys are entered into the Straits Corporate Acquire database. A 3D topographic surface was generated and nearby infrastructure is picked up by company and contract surveyors.</li> <li>A local Murrawombie Mine Grid is used. Rotation of the grid is 41.7° to the west from AMG North (True North). The Mine Grid RL has 5000m added.</li> <li>Quality and accuracy of the drill collars are suitable for resource work and resource evaluation for Proved and Probable reserve.</li> </ul>                    |
| <i>Data spacing and distribution</i>                           | <ul style="list-style-type: none"> <li>The Murrawombie surface resource delineation drilling was conducted on a nominal 100m x 100m to 50m x 50m grid with infill grade control drilling conducted on a nominal 20m x 20m spacing.</li> <li>The underground grade control drilling was only completed between 5060mRL to 4975mRL (underground development levels 1 and 2 are at 5050mRL and 5030mRL).</li> <li>The Murrawombie mineralisation is deemed sufficient to define both geology and grade continuity for a Mineral Resource estimate and Ore Reserve evaluation.</li> <li>Samples are collected at 1m intervals and/or to geology breaks. The minimum sample interval is 0.5m and the maximum sample interval is 1.4m</li> <li>For the resource estimate composites have been generated at 1m intervals.</li> </ul> |
| <i>Orientation of data in relation to geological structure</i> | <ul style="list-style-type: none"> <li>This deposit may have minor BIAS due to the “fan” nature of the underground drilling used in the upper section of the resource estimation.</li> <li>No significant material issues due to sampling BIAS is expected due to the extensive geological knowledge and mining history of the resource based on the initial underground development up to mine closure in 2008, and from mining of the oxide resource as an open pit in the early to mid-1990’s along with mining similar mineralisation styles within the Tritton Copper Operation field for the last 20 + years.</li> </ul>  |
| <i>Sample security</i>   | <ul style="list-style-type: none"> <li>Chain of Custody is managed by the Company. Samples are stored on site in polyweave bags containing approximately 5 samples. These bags are securely tied, then loaded and wrapped onto a pallet for dispatch to the laboratory. The samples are freighted directly to the laboratory with appropriate documentation listing sample numbers and analytical methods requested. Samples are immediately receipted by the lab on arrival, with a notification to the Company Senior Geologist of the number of samples that have</li> </ul>   |

| Criteria                 | Commentary   |
|--------------------------|--|
|                          | arrived.   |
| <i>Audits or reviews</i> | 1. External reviews and audits have been conducted by AMC in 2010 and 2013. No fatal flaws or significant issues with the past Murrawombie models were identified. |

### 5.1.2 Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

| Criteria                         | Commentary  |
|----------------------------------|---|
| <i>Database integrity</i>        | <ul style="list-style-type: none"> <li>All assay results are logged against unique sample numbers. A sampling sheet detailing sample numbers and core / RC intervals is completed prior to sampling commencing. During the sampling process each sample interval is cross-referenced to the sample number and checked off against the sampling sheet. Pre-numbered bags are used to minimize errors. Assay data is received via email in a common electronic format and verified against the AcQuire database.</li> <li>Data validation checks are run by the database manager and checked by the logging geologist.</li> </ul>   |
| <i>Site visits</i>               | <ul style="list-style-type: none"> <li>Byron Dumpleton (Straits Resources – Mineral Resource Manager at 30<sup>th</sup> June 2014) has made numerous site visits during the multiple drilling programs at Murrawombie deposit between 2008 and 2014.</li> <li>Mr Dumpleton was also part of the team that developed the geological interpretation and grade control procedures for the Murrawombie underground section of the deposit.</li> </ul>   |
| <i>Geological interpretation</i> | <ul style="list-style-type: none"> <li>The confidence in the Murrawombie geology model is reasonable due to underground exposure and open pit mining history. The geological model is considered good for this style of deposit. The geological setting is close to a traditional “Besshi style” VMS mineralised system.</li> <li>Surface drill holes generally intersect the mineralisation at good angles. Current underground grade control holes for the upper two levels are at oblique angles.</li> <li>The deposit is tabular in nature with good visible mineralisation. Geological risk for alternative interpretation is still possible; the impact of different interpretations will not greatly affect the position of grade distribution.</li> <li>Surveyed geological mapping of mineralised zones and core logging were used to guide estimation domain contacts. Estimation domains are based on a nominal 0.5% Cu shell.</li> <li>Factors that may affect grade and geology could be due to localised folding and faulting. These factors will only affect the grade and geology locally and will not have a significant impact globally.</li> </ul> |
| <i>Dimensions</i>                | <ul style="list-style-type: none"> <li>The Murrawombie resource occurs as several discrete/stacked tabular lenses covering an area approximately 750m north – south and 750m east – west with mineralisation starting from near surface. Fresh mineralisation begins at approximately 140m below</li> </ul>   |

| Criteria                                   | Commentary   |
|--|--|
|  | <p>surface.</p> <ul style="list-style-type: none"> <li>The tabular lenses have strike lengths ranging from 50m to 250m and down dip extents ranging from 90m to 900m with an over added length of approximately 1100m. The lenses vary in true width from 2m to 30m, with an average true width between 5m to 10m.</li> <li>Internal non mineralised zones of material between the mineralised lenses vary between sub 2m to +10m. The overall thickness of the mineralised package including the internal non-mineralised horizons varies between 2m to 60m. The current Murrawombie resource has been interpreted to a depth of approximately 650m below the current surface and is still open at depth. The current resource is closed off along strike.</li> </ul>   |
| <i>Estimation and modelling techniques</i> | <ul style="list-style-type: none"> <li>The estimation technique used for estimating grade was ordinary kriging (OK). The software package used for grade estimation and geological interpretation was Surpac. Variography analysis was conducted by OPTIRO using Supervisor. OPTIRO also set the estimation parameters used for the estimate. Variography and estimation was carried out for Cu, Au, Ag, Zn, and density. Estimation was run in a single pass with a search radius of 150m. The same search ellipsoid was applied to each variable. Estimation domain boundaries are treated as hard contacts (based on a nominal 0.5% copper solid (closed wireframe) with a minimum width of 2m down hole). Estimation and variography are based on 1 metre composites. The Estimation technique is appropriate for this resource style.</li> <li>Murrawombie resource has been mined historically both as an open pit for its oxide copper mineralisation (in the 1990's) and underground development to 187m below surface to mine fresh ore (chalcopyrite). Ore development commenced on level 5050mRL (150m below surface) and 5030mRL (170m below surface). Underground development was ceased in 2008 and placed on care and maintenance before stoping had commenced. The Murrawombie resource model as outlined for this JORC2012 Table 1 is only suitable for fresh sulphides (chalcopyrite mineralisation) evaluation and for total copper for reporting. Due to the minimal amount of ore development (levels 5050 and 5030) not enough tonnage data was collected to develop meaningful reconciliation. Two dedicated diamond holes for geotechnical and metallurgical information (holes TMWD006 and TMWD007) have been drilled through the main section of the resource that has been identified to be mined. These holes intersected the mineralisation horizons as predicted by the resource model to within the level of accuracy expected for an Indicated Mineral Resource. Intersected grades are in line with modelled grades for the level of accuracy expected for an Indicated Resource.</li> <li>Gold and silver were estimated which is a potential by-product credit within the copper concentrate.</li> <li>Block model parent cell size dimensions are 10mN x 10mE x 5mZ with sub celling down to 1.25mN x 1.25mE x 1.25mZ. Each estimation domain has been flagged and modelled separately.</li> <li>Block model parent cell size dimension takes into account both the drill spacing and the orientation of the estimation domains to ensure that parent cell centroids are an appropriate size to be captured within the ore solids (wireframes).</li> <li>No assumptions have been applied to the model for selective mining unit.</li> <li>No correlation has been made between variables.</li> <li>Top-cuts were applied to certain elements within specific domains after reviewing the characteristics of grade outliers using a population disintegration technique (top cuts were set by OPTIRO).</li> <li>Block model volume validation was validated against estimation domain wireframes for each domain. Block model validation for grade was conducted both by visually expecting model sections by northings at 20m increments, by benches at 10m increments and</li> </ul> |

| Criteria                                    | Commentary   |
|---|--|
|   | exposed underground ore development.   |
| <i>Moisture</i>                             | <ul style="list-style-type: none"> <li>Tonnages are estimated on a dry basis.</li> </ul>   |
| <i>Cut-off parameters</i>                   | <ul style="list-style-type: none"> <li>The nominal 0.5% copper cut-off grade used for the mineralised interpretation was chosen as this appears to reflect the natural background grade cut off.</li> </ul>  |
| <i>Mining factors or assumptions</i>        | <ul style="list-style-type: none"> <li>The only consideration to the mining method is the minimum interpreted width ( 2m). Otherwise no other mining assumptions have been applied to the Murrawombie model.</li> <li>The model is setup for mining evaluation and stope delineation. Material not estimated is set to zero.</li> </ul>  |
| <i>Metallurgical factors or assumptions</i> | <ul style="list-style-type: none"> <li>The dominant copper mineral associated with the Murrawombie deposit is chalcopyrite. Material mined from Murrawombie will be processed at the Tritton Copper Operations copper concentrator processing plant.</li> <li>Processing recoveries for Murrawombie are currently being assessed and current indications expect the Murrawombie ore to have a 94.5%recovery, which is consistent with the Tritton Copper Operation field average.</li> </ul>   |
| <i>Environmental factors or assumptions</i> | <ul style="list-style-type: none"> <li>Waste from processing is disposed at the current tailings storage facility at Tritton (or utilised as paste fill). Waste from underground development is planned to be stored within the Murrawombie pit and/or as backfill in the mining process. Any potentially acid forming waste will be encapsulated within the waste dump on the surface or placed underground as stope backfill.</li> <li>No significant environmental impacts have been identified for the Murrawombie mining operation.</li> </ul>  |
| <i>Bulk density</i>                         | <ul style="list-style-type: none"> <li>Bulk density for the Murrawombie resource model for waste material type has been assign by the average values measured across the field. Density for material within mineralised domains has been estimated using OK.</li> <li>Bulk density for the resource has been measured using the Archimedes Principle Method' (weight in air v's weight in water). A total of 6,969 density measurements have been used for the Murrawombie resource estimate.</li> <li>Bulk density has been estimated by the actual measurements for fresh ore material. For material oxide and transitional material have not been flag. The main purpose for the current model is for underground evaluation of "Primary" copper – chalcopyrite.</li> </ul>   |
| <i>Classification</i>                       | <ul style="list-style-type: none"> <li>The classification has been guided by: <ul style="list-style-type: none"> <li>drill density (currently at nominal 20m x 20m above 5030mRL which includes face samples and surveyed underground mapping (levels 5050 and 5030 only). Below current underground development levels (&lt;5030mRL) the average drill spacing is at a nominal 50m x 50m to approximately the 4700mRL level)</li> <li>geological knowledge of the Murrawombie deposit and the Tritton VMS field</li> <li>grade continuity.</li> </ul> </li> <li>In summary all areas that occur within the nominal 50m x 50m drilled area and approximately 30m down dip of this drilling has been classified as Indicated. All material outside this area has been flagged as Inferred. No Measured Mineral Resource has been classified.</li> <li>The drill and input data density has suitable coverage for the resource to allow confidence in the tonnage and grade distribution to</li> </ul> |

| Criteria  | Commentary  |
|---|---|
|   | <p>the levels of Indicated and Inferred.</p> <ul style="list-style-type: none"> <li>The Mineral Resource is estimated appropriately and reflects the view of the competent person.</li> </ul>   |
| <i>Audits or reviews</i>                          | <ul style="list-style-type: none"> <li>External reviews and audits have been conducted by AMC for early generations of the Murrawombie resource model pre JORC 2012. No fatal flaws or significant issues were identified at the time.</li> </ul>   |
| <i>Discussion of relative accuracy/confidence</i> | <ol style="list-style-type: none"> <li>The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC code.</li> <li>The statement relates to a global estimate of the tonnes and grade.</li> <li>No significant underground ore production has occurred, apart from the small amount of ore development completed before the mine was closed and placed on care and maintenance in 2008.</li> </ol> |

## 6 ORE RESERVE ESTIMATE

### 6.1 RESULTS

The Murrawombie Ore Reserve Estimate as at 30<sup>th</sup> June 2014 is reported in Table 3. It is reported according to JORC 2012.

|                                | June 2014    |            |           |
|--------------------------------|--------------|------------|-----------|
|                                | Tonnes (kt)  | Cu (%)     | Cu (kt)   |
| <b>Murrawombie Underground</b> |              |            |           |
| Proved                         | -            | -          | -         |
| Probable                       | 3,342        | 1.3        | 43        |
| <b>TOTAL</b>                   | <b>3,342</b> | <b>1.3</b> | <b>43</b> |
| <b>Murrawombie Open Cut</b>    |              |            |           |
| Proved                         | -            | -          | -         |
| Probable                       | 701          | 1.2        | 8         |
| <b>TOTAL</b>                   | <b>701</b>   | <b>1.2</b> | <b>8</b>  |
| <b>Murrawombie Combined</b>    |              |            |           |
| Proved                         | -            | -          | -         |
| Probable                       | 4,043        | 1.3        | 51        |
| <b>TOTAL</b>                   | <b>4,043</b> | <b>1.3</b> | <b>51</b> |

**Table 3: Ore Reserve Table for Public Reporting of Murrawombie deposit as at 30 June 2014<sup>1,2</sup>**

1. Ore Reserves are reported as Inclusive of the supporting Mineral Resource estimate
2. Discrepancies in summation will occur due to rounding

### 6.2 CHANGES FROM PREVIOUS ESTIMATE

The Ore Reserve estimate presented in this report is a significant revision arising from re-design of the proposed underground mining method plus inclusion of an open pit Ore Reserve estimate. No depletion of the Mineral Resource has taken place due to mining. Hence all changes in the Ore Reserve estimate are due to re-design.

The previous Ore Reserve estimate was made in 2011 and has been re-stated without revision at 30 June in each subsequent year.



|                                | June 2014    |            |           | June 2013                |            |           |
|--------------------------------|--------------|------------|-----------|--------------------------|------------|-----------|
|                                | Tonnes (kt)  | Cu (%)     | Cu (kt)   | Tonnes (kt)              | Cu (%)     | Cu (kt)   |
| <b>Murrawombie Underground</b> |              |            |           |                          |            |           |
| Proved                         | -            | -          | -         |                          |            |           |
| Probable                       | 3,342        | 1.3        | 43        |                          |            |           |
| <b>TOTAL</b>                   | <b>3,342</b> | <b>1.3</b> | <b>43</b> |                          |            |           |
| <b>Murrawombie Open Cut</b>    |              |            |           |                          |            |           |
| Proved                         | -            | -          | -         |                          |            |           |
| Probable                       | 701          | 1.2        | 8         |                          |            |           |
| <b>TOTAL</b>                   | <b>701</b>   | <b>1.2</b> | <b>8</b>  |                          |            |           |
| <b>Murrawombie Combined</b>    |              |            |           | <b>Murrawombie Total</b> |            |           |
| Proved                         | -            | -          | -         | -                        | -          | -         |
| Probable                       | 4,043        | 1.3        | 51        | 1,370                    | 1.7        | 23        |
| <b>TOTAL</b>                   | <b>4,043</b> | <b>1.3</b> | <b>51</b> | <b>1,370</b>             | <b>1.7</b> | <b>23</b> |

**Table 4: Change in Ore Reserve from previous estimate**

### 6.3 STATEMENT OF COMPLIANCE WITH JORC CODE REPORTING

This Ore Reserve statement has been compiled in accordance with the guidelines defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

#### 6.3.1 Competent Person Statement

I, Ian Sheppard, confirm that I am the Competent Person for the Murrawombie Ore Reserve section of this Report and:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).
- I am a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in the Report and to the activity for which I am accepting responsibility.
- I am a Member of The Australasian Institute of Mining and Metallurgy, No. 105998.
- I have reviewed the Report to which this Consent Statement applies.

I am a full time employee of Straits Resources Limited.

I have disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest. Specifically I have rights to 4,870,921 shares in Straits Resources. Title to the shares will vest when a range of conditions have been satisfied as defined in an Employee Share Acquisition Plan. These conditions have not been met at this time.

I verify that the Ore Reserve section of this Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Ore Reserve.

#### 6.3.2 Competent Person Consent

With respect to the sections of this report for which I am responsible – Murrawombie Ore Reserve Estimate - I consent to the release of the 2013 Mineral Resources and Ore Reserves Statement as at 30 June 2014 for Murrawombie.

**6.4 CONSENT TO RELEASE**

|  |                                 |
|--|---------------------------------|
| <b>Signature of Competent Person</b><br><br>Ian Sheppard Member No.105998 AusIMM | <b>Date</b>                     |
| <b>Signature of Witness</b>  | <b>Witness Name and Address</b> |

**6.5 EXPERT INPUT**

A number of persons have contributed key inputs to the Ore Reserves determination. These are listed below.

In compiling the Ore Reserve the Competent Person has reviewed the supplied information for reasonableness, but has relied on this advice and information to be correct.

| <b>Expert Person / Organization</b> | <b>Area of Expertise</b>                                     |
|-------------------------------------|--|
| <b>Byron Dumpleton</b>              | Mineral Resource geology and resource estimating block Model |
| <b>Tom Cooney</b>                   | Mine design and commercial analysis                          |
| <b>Pells Sullivan Meyrick</b>       | Geotechnical stability analysis                              |
| <b>CORE Process Engineering</b>     | Metallurgy of ore processing                                 |
| <b>Deswick Mining Consultants</b>   | Open pit optimisation  |

**Table 5: Expert contribution to Ore Reserve.**

## 6.6 SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

| Criteria  | Commentary  |
|---|---|
| <b>Mineral Resource estimate for conversion to Ore Reserves</b> | <ul style="list-style-type: none"> <li>The Ore Reserve estimate is based on the 30<sup>th</sup> June 2014 Mineral Resource, supported by the February 2011 update of the Murrawombie digital block model; : <i>mwb_update_08feb2011.mdl</i>. Mr Byron Dumbleton is the competent person responsible for Mineral Resource Estimation.</li> <li>The June 2014 Mineral Resource is a restatement of the estimate to meet JORC 2012 reporting standards using the existing drill-hole data. There has been no additional drilling for resource estimation purposes since the previous Mineral Resource estimate.</li> <li>Mineral Resources are quoted as INCLUSIVE of the Ore Reserve Estimate</li> </ul>  |
| <b>Site visits</b>  | <ul style="list-style-type: none"> <li>Mr Ian Sheppard, competent person for the Murrawombie Ore Reserve, has visited the Murrawombie project site on several occasions, including walking inspections of the decline and visual inspection of the current open pit.</li> </ul>   |
| <b>Study status</b>   | <ul style="list-style-type: none"> <li>Murrawombie underground Ore Reserve has been derived with support from studies at pre-feasibility standard. These studies have included geotechnical investigation of the rock mass and evaluation of stability of proposed stopes, mineral processing testing and assessment of metal recoveries to concentrate, mine design and commercial analysis. Modifying factors applied in the Ore Reserve estimate have been derived from these studies and experience from current underground mining operations worked by the Company in similar rock mass adjacent to the Murrawombie deposit; ore loss and dilution; metal recovery; mining costs; and ore treatment costs. The studies have concluded that development and operation of an underground mine will be technically and commercially viable.</li> <li>Murrawombie open pit Ore Reserve has been derived with support from studies at pre-feasibility standard. These studies have included geotechnical investigation of the rock mass and evaluation of pit slope stability and pit optimisation studies. Previous successful treatment of 570kt of ore from the Murrawombie pit through the Tritton sulphide ore processing plant has provided evidence that the Ore Reserve can be treated to recover copper.</li> <li>The Murrawombie ore can be treated at the Tritton ore processing plant within the capacity of the plant and requires no significant capital expenditure on plant. The 2015 Tritton Life of Mine production plan and schedule shows how the Murrawombie underground and Murrawombie pit expansion projects fit within the overall Tritton Resources ore processing schedule. No significant capital for ore processing is required to support the Murrawombie mining projects reported in this Ore Reserve.</li> </ul> |
| <b>Cut-off parameters</b>                                       | <ul style="list-style-type: none"> <li>The June 2014 Ore Reserve uses copper grade, Cu%, as the cut-off grade criteria.</li> </ul>  |

| Criteria                             | Commentary  |
|--------------------------------------|---|
|                                      | <ul style="list-style-type: none"> <li>Underground mine cut-off grade of 1.0% Cu has been applied. Stopes are designed within the Mineral Resource grade shell at 0.6% Cu with the aim of rejecting as much mineralisation less than 1.0% Cu as practical. Sub grade mineralisation with the stope design is included in the whole stope grade estimate. Dilution from surrounding rock and from backfill is estimated. The stope average diluted grade must exceed the 1.0% Cu cut-off grade to be accepted. All material mined as development within the Mineral Resource and above 0.6% Cu is classified as ore, since a lower marginal cost can be applied to this ore.</li> <li>Open pit mine cut-off grade of 0.6% Cu has been applied. All resource model blocks above the cut-off grade are included in the Ore Reserve. Dilution and ore loss is applied to the aggregated ore blocks to estimate the Ore Reserve.</li> <li>Gold and silver grades in the ore are moderately important as economic by- products. However, gold and silver grades are strongly correlated with copper grade and hence can be ignored in the cut-off grade criteria.</li> <li>There are no significant impurities in the mineralisation that require inclusion in the cut-off grade criteria.</li> </ul>   |
| <b>Mining factors or assumptions</b> | <ul style="list-style-type: none"> <li>June 2014 Mineral Resources have been converted to; underground Ore Reserve by a process of detailed stope and development design; open pit Ore Reserve by pit optimisation.</li> <li>The Mineral Resource model used in Ore Reserve estimation is : <i>mwb_update_08feb2011.mdl</i> digital block model. The same model is used for the underground and open pit Ore Reserve estimates.</li> <li>The mining method to be applied at Murrawombie underground, as described in the pre-feasibility study, is underground sub level open stoping under introduced dry fill. Primary stopes are mined and left as voids. In the next step, rib and crown pillar stopes are mass fired into the primary stope voids. Un-cemented dry fill is introduced through holes from surface to fill the remaining void to support the hanging wall. Pillar ore is drawn out until dilution from the fill becomes excessive. This method has been compared to alternatives and found to give the best outcome of low operating cost, high extraction of the Mineral Resource and management of the hanging wall.</li> </ul> <p>Access to the ore will be from a spiral decline mined by conventional drill and blast methods. The decline and sub level access drives will be mined 5.5m high by 5, wide, sufficiently large to allow the use of diesel powered loaders and trucks. Ventilating air for the underground mine will be provided by near vertical rises and surface fans.</p> <ul style="list-style-type: none"> <li>Geotechnical stability analysis of the proposed underground mine stoping method has been completed using data from logging and laboratory testing of three diamond drill holes, as well as review of geology resource drill hole logs. Stability has been estimated using the Mathews stability graph method. Cable bolting of the mined stopes will be used to improve the stability of the rock mass surrounding the stopes. Dilution estimates are based on the stability analysis and review of industry experience with similar extraction methods</li> </ul> |

| Criteria                        | Commentary   |
|---------------------------------|--|
|                                 | <ul style="list-style-type: none"> <li>The underground mine Ore Reserve is based on engineer designed stopes, pillars and development drives. Dilution and ore loss factors are applied separately to; primary stopes; pillar stopes; crown pillar ore.</li> <li>For Murrawombie underground the Ore Reserve estimates for development and stope ore include the volume of material that is below the cut-off grade and which is considered impractical to exclude from the surrounding or adjacent volume of ore. Such diluting material is inclusive to the design ore volume and estimate of grade.</li> </ul> <p>Mining dilution from external to the stope design ore volume is assumed to have nil grade and will increase ore tonnage by;</p> <ul style="list-style-type: none"> <li>a. Primary stopes; 10%</li> <li>b. Rib pillar stopes; 10%</li> <li>c. Crown pillar; 20%</li> </ul> <p>Ore grades are reduced to reflect the inclusion of nil grade dilution tonnage. Dry fill dilution will low grades of sulphide copper. This copper content has been ignored in the dilution calculation.</p> <p>Mining dilution of development ore is assumed as 0%. Intensive ground support of development drives will be applied.</p> <ul style="list-style-type: none"> <li>For Murrawombie underground the mining recovery of ore from stope is assumed as           <ul style="list-style-type: none"> <li>a. Primary stope; 92.5%,</li> <li>b. Pillar stope; 90%,</li> <li>c. Crown pillar; 70%,</li> </ul>           , recovery factor applied after dilution         </li> </ul> <p>Pillar and crown pillar ore is drawn from under dry fill. Hence ore recovery and dilution are interrelated in practice and lower recovery would be result in lower dilution and visa versa.</p> <p>Mining recovery of ore from development is assumed as 100%.</p> <ul style="list-style-type: none"> <li>For Murrawombie open pit the Ore Reserve assumes 10% dilution and 10% ore loss. Nil grade for the dilution. Selective mining with excavator under geology visual control of a wide and flat dipping ore body will result in moderate dilution and ore loss.</li> <li>Inferred Mineral Resources have not been used in the Murrawombie underground or the Murrawombie open pit studies that support the Ore Reserve estimate.</li> </ul> |
| <b>Metallurgical factors or</b> | <ul style="list-style-type: none"> <li>The Murrawombie ore will be treated at the existing Tritton ore processing plant located 24km by road from the proposed mine. Copper, gold and silver metal will be recovered to a copper concentrate by sulphide flotation.</li> </ul>   |

| Criteria              | Commentary   |
|-----------------------|--|
| <b>assumptions</b>    | <p>The sulphide flotation treatment method is proved on Murrawombie ore. 570kt of Murrawombie primary sulphide ore from the base of the current pit was treated through the Tritton Ore processing plant in 2005 (at plant commissioning). Successful recovery of copper from this parcel at 89 to 90% during plant commissioning (and prior to installation of tower mill grinding capacity that improves recovery) supports the assumption that the sulphide ore deeper in the deposit can be treated in the Tritton concentrator.</p> <ul style="list-style-type: none"> <li>• Laboratory scale flotation tests that simulate the grind size and flotation circuit of the Tritton ore processing plant have been conducted on two (2) samples of Murrawombie mineralisation recovered from diamond drill core intersecting the proposed underground mine area. The conclusion from the tests is that Murrawombie underground ore can be successfully treated in the Tritton ore processing plant to produce a saleable copper concentrate with 24% copper. Average recovery of 89% of copper for underground ore is a conservative estimate based on this limited test work.</li> <li>• The recovery of metal to copper concentrate is estimated at; <ul style="list-style-type: none"> <li>a. Copper           92.5% for open pit, 89% for underground</li> <li>b. Gold             75%</li> <li>c. Silver           60%</li> <li>d. Concentrate grade: 24% copper</li> </ul> </li> <li>• The Ore Reserve assumes that no allowances are required for deleterious elements in the copper concentrate. This is supported by metallurgy testing results.</li> <li>• Copper concentrate from Murrawombie ore will be blended with concentrate from Tritton and North East – Larson mine and possibly other ore bodies into parcels of 10,000 tonne to suit shipping and smelter customer requirements.</li> </ul> |
| <b>Environmental</b>  | <ul style="list-style-type: none"> <li>• The Murrawombie deposit is located on ML1280. The site is already significantly disturbed by previous mining and heap leach processing operations. The Murrawombie pit and Murrawombie underground will not increase the disturbance or environmental impact at the site.</li> <li>• Mine Operations Plans have previously been approved for Murrawombie underground mining. This was amended when the operation was placed in to care and maintenance. As an extension of previous mining operations the existing EIS and environmental licenses will remain valid for the Murrawombie underground and Murrawombie pit extension that are the basis of this Ore Reserve estimate. Modification of the Mine Operations Plan and Mine Closure Plan will be necessary to achieve regulatory approval for the underground and pit extension. There are no known reasons why approval would not be granted for a restart of mining on ML1280.</li> <li>• Tailing from ore treatment will be disposed to the existing Tritton Resources tailing storage facility.</li> </ul>   |
| <b>Infrastructure</b> | <ul style="list-style-type: none"> <li>• The Murrawombie mine project site has existing infrastructure installed to support previous mining operations and maintained for use by the adjacent North East – Larsens underground mine. Infrastructure includes change facilities, offices, workshops, electrical power,</li> </ul>   |

| Criteria     | Commentary   |
|--------------|--|
|              | <p>water, and road access. Sufficient skilled labour is available in region to support the mine and accommodation is available in the town of Nyngan located within 50km distance from the mine.</p> <ul style="list-style-type: none"> <li>Land on which the Murrawombie mine is located is freehold lease owned by Tritton Resources Pty Ltd.</li> </ul>   |
| <b>Costs</b> | <ul style="list-style-type: none"> <li>Capital cost estimates for the Murrawombie underground mine project have been made to pre-feasibility study level of accuracy (<math>\pm 25\%</math>). Engineering design and cost estimation for underground development has been completed by Tritton Resources staff using cost experience from the nearby North East – Larsens mine and the Tritton mine. Engineering design and cost estimation for the limited surface works and infrastructure required to support the development of the mine (principally ventilation infrastructure) have been derived from recent similar estimates made for Tritton Resources at adjacent mines.</li> <li>Murrawombie open pit extension requires no capital infrastructure or equipment purchase. Estimation of mine waste mining costs that will be capitalized has been made by Tritton Resources staff using their view of Australian industry rates for contract mining.</li> <li>Murrawombie underground mine operating cost estimates are based on experience at the existing Tritton and North East – Larsens mines operated by Tritton Resource and using similar equipment to that planned for Murrawombie. Accuracy is considered to be <math>\pm 15\%</math>.</li> <li>Murrawombie open pit extension operating cost estimates are based on Australian contract mining rates for small open pit mining. Accuracy is considered to be <math>\pm 15\%</math>.</li> <li>There are no known deleterious elements that will impact capital or operating costs in either an underground mine or the open pit extension.</li> <li>Metal price assumptions for copper, gold and silver are Straits Resources corporate long term assumptions derived from a variety of market sources. The assumptions vary between open pit and underground due to timing of when the technical and commercial studies were completed.</li> <li>Exchange rates used in the studies that support the Ore Reserve estimate are Straits Resources corporate long term assumptions derived from a variety of market sources. The assumptions vary between open pit and underground due to timing of when the technical and commercial studies were completed.</li> </ul> |

| Criteria               | Commentary   |
|------------------------|--|
|                        | <ul style="list-style-type: none"> <li>• For Murrawombie underground the product transportation charges assumed in the study that supports the Ore Reserve estimate are 2014 actual cost experience for Tritton Resources; \$122/dry tonne concentrate</li> <li>• For Murrawombie open pit extension the product transport charges assumed in the study that supports the Ore Reserve estimate are \$158/dry tonne concentrate, as per experience at the time of estimate.</li> <li>• Copper concentrate treatment and refining charges assumed in the study are actual cost experience at the time of the study; <ul style="list-style-type: none"> <li>a. Underground as at 2014; \$92/t concentrate smelting and 9.2c/lb copper refining,</li> <li>b. Open pit as at 2011; \$60/t concentrate smelting and 6.0c/lb copper refining</li> </ul> </li> <li>• NSW government royalty of 4% is payable on revenue less deductible items. After deductions, the effective royalty rate on revenue is approximately 3% for Tritton Resources. No private royalties will apply.</li> </ul>  |
| <b>Revenue factors</b> | <ul style="list-style-type: none"> <li>• For Murrawombie underground the metal price assumptions used in the study that supports the Ore Reserve are; <ul style="list-style-type: none"> <li>a. Copper price of USD\$6967/tonne</li> <li>b. Gold price of USD\$1300/oz</li> <li>c. Silver price of USD\$20/oz</li> <li>d. AUD:USD exchange rate of 0.9</li> <li>e. Copper treatment charge of USD\$92/t</li> <li>f. Copper refinery charge of USD9.2c/lb</li> <li>g. Standard Tritton Resources contract smelter terms for payable metal, copper payable of 96.5%</li> <li>h. Assumptions were current at May 2014</li> </ul> </li> <li>• For Murrawombie open pit extension the metal price assumptions used in the study that supports the Ore Reserve are; <ul style="list-style-type: none"> <li>a. Copper price of AUD\$7714/tonne</li> <li>b. Gold price of AUD\$1300/oz</li> <li>c. Silver price not specified</li> <li>d. Copper treatment charge of USD\$65/tonne</li> <li>e. Copper refinery charge of USD6.0c/lb</li> <li>f. Copper payable of 97.5%</li> <li>g. Assumptions were current April 2011</li> </ul> </li> </ul> <p>Studies that support underground and open pit were completed at different times explaining the difference in the revenue assumptions. The net copper price realized after charges is within 1.5% between the two sets of assumptions and not considered material; Underground AUD\$6073/tonne copper; Open pit extension AUD\$6161/tonne copper.</p> |
| <b>Market</b>          | <ul style="list-style-type: none"> <li>• The world market for copper concentrate is large compared to production from Murrawombie. The Murrawombie copper concentrate will</li> </ul>  |



| Criteria              | Commentary  |
|-----------------------|---|
| <b>assessment</b>     | <p>be a clean product with low impurities and demand for this product from copper smelters is expected to remain high.</p> <p>All copper concentrate is sold under life of mine contract to Glencore International AG.</p>  |
| <b>Economic</b>       | <ul style="list-style-type: none"> <li>For Murrawombie open pit the optimisation study that supports the Ore Reserve estimate has estimated that the project will generate positive cash of AUD\$11 million to AUD\$17 million. The cost of waste mining up to 15% in excess of the pit optimisation shell would reduce cash by \$1.5 to \$2million. The project remains economic under this stress test. Since the mine life will be less than one year no Net Present Value is calculated.</li> <li>For Murrawombie underground the pre-feasibility level studies that support the Ore Reserve have estimated the project will generate a positive Net Present Value (10%) of AUD\$15 million real, in a simple pre-tax analysis. Taxation calculations are complex where the project will be mined within a broader business.</li> <li>Valuation of both the open pit extension and the underground are most sensitive to metal price assumptions and operating cost assumptions.</li> </ul> |
| <b>Social</b>         | <ul style="list-style-type: none"> <li>The Murrawombie deposit is located on existing Mining Lease. Approval to mine both underground and open pit mines will require only amendments to current Bogan Shire Council and NSW state government approvals. The Murrawombie mines will be additions to the existing Tritton Resources operations, based in the township of Nyngan in the Bogan Shire NSW. Strong community support for the continued operation of Tritton Resources has been evidenced in regular community consultation sessions. There are no known objections from the community against the Tritton Resources operations. Tritton Resources owns the land on which Murrawombie deposit is located.</li> </ul>  |
| <b>Other</b>          | <ul style="list-style-type: none"> <li>No material natural risks have been identified for the project.</li> <li>All copper concentrate produced by Tritton Resources from the Murrawombie mining project will be sold to Glencore International AG under an existing life of mine contract.</li> <li>The Murrawombie deposit is located on a Mining Lease; ML1280. A process of consultation with the Bogan shire council and NSW State Government regulatory authorities is required before full approval to re-start mining will be granted. Submission of revised Mine Operations Plan and Mine Closure Plan will be necessary to gain consent for the re-start of mining. There are no known reasons why Government approvals would NOT be granted for the mining of the deposit.</li> </ul>  |
| <b>Classification</b> | <ul style="list-style-type: none"> <li>The Murrawombie underground Ore Reserve is classified as Probable since it is a conversion of Indicated Mineral Resource. <ul style="list-style-type: none"> <li>Modifying factors that result in a Probable classification in addition to the Mineral Resource classification are; <ol style="list-style-type: none"> <li>Further laboratory tests of copper recovery from ore are required to obtain an greater statistical confidence in the estimate of copper recovery.</li> </ol> </li> </ul> </li> <li>The Murrawombie open pit extension Ore Reserve is classified as Probable since it is a conversion of Indicated Mineral Resource.</li> </ul>  |

| Criteria   | Commentary   |   |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
|--|--|---|----------|-------------|---------|--|------|---|----------------|-----|--|------------|-----|---|--------------|--------|--|---------------|--------|---|----------------|------|--|--------------------|--------|---|---------------|-----|---|----------------|-----|--|-------|-----|--|
|  | <p>Modifying factors that result in a Probable classification in addition to the Mineral Resource classification are;</p> <p style="padding-left: 40px;">a. Detailed pit design has not been completed to confirm results of the pit optimisation studies.</p> <ul style="list-style-type: none"> <li>• The classification of the Ore Reserve as Probable is appropriate reflection of the overall status of the project technical studies in the opinion of the competent person, Mr Ian Sheppard</li> <li>• No Probable Ore Reserve has been derived from Measured Mineral Resources.</li> </ul>   |   |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| <b>Audits or reviews</b>                                 | <ul style="list-style-type: none"> <li>• No audits of the Ore Reserve have been completed.</li> </ul>  |   |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| <b>Discussion of relative accuracy/confidence</b>        | <ul style="list-style-type: none"> <li>• For Murrawombie underground mine;</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d4af37; color: white;">Criteria</th> <th style="background-color: #d4af37; color: white;">Risk Rating</th> <th style="background-color: #d4af37; color: white;">Comment</th> </tr> </thead> <tbody> <tr> <td>Mineral Resource estimate for conversion to Ore Reserves</td> <td>High</td> <td>There has been no mining from the deposit by underground methods and hence no reconciliation data is available to compare to the resource estimate. The modelling methods applied have been successful at other deposits of similar style in the region and we expect the model to be an accurate estimator. None less without dense grade control drilling and or stope production experience the performance of the model is unknown and remains a high risk.</td> </tr> <tr> <td>Classification</td> <td>Low</td> <td>All Probable Ore Reserve based on Indicated Mineral Resource. No complications from modifying factors.</td> </tr> <tr> <td>Site visit</td> <td>Low</td> <td>Site visits completed and existing decline inspected.</td> </tr> <tr> <td>Study status</td> <td>Medium</td> <td>Studies that support Ore Reserve estimate are at pre-feasibility level. Progression to feasibility level of studies may reveal technical hazards not currently recognised and or cause cost estimates to be revised upwards.</td> </tr> <tr> <td>Cut-off grade</td> <td>Medium</td> <td>Cut-off grade is sensitive to mine operating costs achieved and dilution in addition to the normal metal price volatility risk.</td> </tr> <tr> <td>Mining factors</td> <td>High</td> <td>Dilution and ore loss factors are derived from literature review of experience with similar mining methods. Further work on modelling the dilution and ore loss is required to confirm estimates at feasibility study level.</td> </tr> <tr> <td>Metallurgy factors</td> <td>Medium</td> <td>Additional laboratory test work is required to build statistical confidence in the estimates of recovery.</td> </tr> <tr> <td>Environmental</td> <td>Low</td> <td>Located on existing Mining Lease. Only requires amendments to current approvals to proceed.</td> </tr> <tr> <td>Infrastructure</td> <td>Low</td> <td>All required infrastructure is in place.</td> </tr> <tr> <td>Costs</td> <td>Low</td> <td>Estimates are based on current experience at adjacent mines.</td> </tr> </tbody> </table> |   | Criteria | Risk Rating | Comment | Mineral Resource estimate for conversion to Ore Reserves | High | There has been no mining from the deposit by underground methods and hence no reconciliation data is available to compare to the resource estimate. The modelling methods applied have been successful at other deposits of similar style in the region and we expect the model to be an accurate estimator. None less without dense grade control drilling and or stope production experience the performance of the model is unknown and remains a high risk. | Classification | Low | All Probable Ore Reserve based on Indicated Mineral Resource. No complications from modifying factors. | Site visit | Low | Site visits completed and existing decline inspected. | Study status | Medium | Studies that support Ore Reserve estimate are at pre-feasibility level. Progression to feasibility level of studies may reveal technical hazards not currently recognised and or cause cost estimates to be revised upwards. | Cut-off grade | Medium | Cut-off grade is sensitive to mine operating costs achieved and dilution in addition to the normal metal price volatility risk. | Mining factors | High | Dilution and ore loss factors are derived from literature review of experience with similar mining methods. Further work on modelling the dilution and ore loss is required to confirm estimates at feasibility study level. | Metallurgy factors | Medium | Additional laboratory test work is required to build statistical confidence in the estimates of recovery. | Environmental | Low | Located on existing Mining Lease. Only requires amendments to current approvals to proceed. | Infrastructure | Low | All required infrastructure is in place. | Costs | Low | Estimates are based on current experience at adjacent mines. |
| Criteria   | Risk Rating  | Comment   |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Mineral Resource estimate for conversion to Ore Reserves | High   | There has been no mining from the deposit by underground methods and hence no reconciliation data is available to compare to the resource estimate. The modelling methods applied have been successful at other deposits of similar style in the region and we expect the model to be an accurate estimator. None less without dense grade control drilling and or stope production experience the performance of the model is unknown and remains a high risk. |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Classification   | Low  | All Probable Ore Reserve based on Indicated Mineral Resource. No complications from modifying factors.  |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Site visit   | Low  | Site visits completed and existing decline inspected.   |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Study status   | Medium   | Studies that support Ore Reserve estimate are at pre-feasibility level. Progression to feasibility level of studies may reveal technical hazards not currently recognised and or cause cost estimates to be revised upwards.  |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Cut-off grade  | Medium   | Cut-off grade is sensitive to mine operating costs achieved and dilution in addition to the normal metal price volatility risk.   |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Mining factors   | High   | Dilution and ore loss factors are derived from literature review of experience with similar mining methods. Further work on modelling the dilution and ore loss is required to confirm estimates at feasibility study level.  |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Metallurgy factors                                       | Medium   | Additional laboratory test work is required to build statistical confidence in the estimates of recovery.   |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Environmental  | Low  | Located on existing Mining Lease. Only requires amendments to current approvals to proceed.   |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Infrastructure   | Low  | All required infrastructure is in place.  |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |
| Costs  | Low  | Estimates are based on current experience at adjacent mines.  |          |             |         |  |      |   |                |     |  |            |     |   |              |        |  |               |        |   |                |      |  |                    |        |   |               |     |   |                |     |  |       |     |  |

| Criteria   |                   | Commentary  |   |
|--|-------------------|---|---|
|  | Revenue Factors   | High  | Copper metal price has high annual variability. Murrawombie mine will have moderate margins and operations could be suspended during periods of extended low metal price. |
|  | Market assessment | Low   | Life of mine concentrate sale contract is in place.   |
|  | Economics         | Medium  | Risk reflects impact of metal price variability and modest grade.   |
|  | Social            | Low   | No problems are expected in achieving approval for re-start of mining operations and Tritton Resources has strong community support.                                      |
| <ul style="list-style-type: none"> <li>For Murrawombie open pit extension</li> </ul> |                   |   |   |
| Criteria   | Risk Rating       | Comment   |   |
| Mineral Resource estimate for conversion to Ore Reserves                             | Low               | Relatively dense drilling of the deposit for an Indicated Resource categorisation to be mined by open pit. Previous open pit mining of sulphide ore was successful in achieving similar grades to those modelled. |   |
| Classification   | Low               | All Probable Ore Reserve based on Indicated Mineral Resource. No complications from modifying factors.  |   |
| Site visit   | Low               | Site visits completed and existing pit inspected.   |   |
| Study status   | Medium            | Studies at pre-feasibility level support the Ore Reserve. Progression to feasibility level of studies may reveal technical hazards not currently recognised and or cause cost estimates to be revised upwards.    |   |
| Cut-off grade  | Low               | Once exposed for mining the breakeven cut-off grade of ore is very low for open pit mining since all costs are sunk. Ore cut-off recovers all Mineral Resource. Mining can be very selective.                     |   |
| Mining factors   | Low               | Dilution and ore loss factors are considered low risk for open pit mining with selective mining practices.  |   |
| Metallurgy factors   | Medium            | Additional laboratory test work is required to build statistical confidence in the estimates of recovery.   |   |
| Environmental  | Low               | Located on existing Mining Lease. Only requires amendments to current approvals.  |   |
| Infrastructure   | Low               | All required infrastructure is in place.  |   |
| Costs  | Low               | Estimates based on current industry data.   |   |
| Revenue Factors  | Medium            | Copper metal price has high annual variability..  |   |
| Market assessment  | Low               | Life of mine concentrate sale contract in place.  |   |
| Economics  | Low               | Relatively robust economics provided capital is available to finance waste mining.  |   |
| Social   | Low               | No problems are expected in achieving approval for re-start of mining operations and Tritton Resources has strong community support.  |   |

