



DELECTA TO ACQUIRE COPPER (Cu) PROJECT IN UTAH, USA

21 October 2019

ASX:DLC

HIGHLIGHTS

- **The Copper Ridge project covers 4 historic copper mines/prospects over a 9km strike.** The Tibbets Mine (Hoosier), lying on a state lease at the northern end of the claims, has produced an unspecified tonnage of ore at a grade of 8% copper that contained 100,000 ounces of silver¹. Exploration to commence immediately.
- The State of Utah is ranked 7th in the mining friendly jurisdictions by the Fraser Institute and is the **2nd largest copper producer in the USA.**
- **The project shares a similar geological setting to the copper mineralisation being exploited at the Lisbon Valley Copper Mine 95 km to the southeast.** The Project is within trucking distance of the Lisbon Valley Mine that has surplus production capacity and will toll treat ore for regional miners. The Lisbon Valley Copper Mine is currently producing between 20-30 million lbs of copper per annum (www.lisbonmine.com).
- Acquisition is consistent with the Company's objective of obtaining exposure to battery commodities and the Electric Vehicle revolution.
- In addition to the Copper Ridge project, the Company is also acquiring 3 Uranium/Vanadium projects in Utah and Colorado, USA. **The Projects cover a total area of 2,420 ha and have been subjected to previous mining and exploration for Uranium and Vanadium.** The Radium Mountain and Wedding Bell Projects lie within the Uravan Mineral Belt. This belt and adjacent areas have a total reported production from 1947 to 1979 of 34,754,000 kg of U₃O₈ and 187,443,300 kg of V₂O₅².
- Plans to complete drilling at the Vanadium King Project to test for the presence of mineralisation reported by previous owners. At the Radium Mountain and Wedding Bell Projects exploration will commence with geological mapping, sampling and data compilation followed by drilling of identified targets.
- **The 3 projects are all located within trucking distance of White Mesa Mill,** the only operating conventional uranium mill in the USA that has a large surplus production capacity.
- USA has placed both uranium and vanadium on its' strategic minerals list.
- The Company will continue to develop the Calvista wholesale business and implement some efficiencies and marketing initiatives which should improve the operational and financial performance of the business unit.
- Proposed capital raising of at least \$2.5 million as part of re-compliance with Chapters 1 and 2 of the ASX Listing Rules with CPS Capital Group Pty Ltd (CPS) appointed as Lead Manager.
- The Company will appoint new experienced directors: Bryan Hughes as Chairman and Greg Smith as Technical Director.
- The Company will seek to consolidate its Shares on a 2 for 5 basis as part of re-compliance.
- The proposed transaction is conditional on the Company obtaining all necessary regulatory and shareholder approvals to effect the acquisition and satisfying all other requirements of ASX for the official quotation of the Company's Shares on the ASX (among other things) as the acquisition involves a re-compliance in accordance with ASX Listing Rule 11.1.3.

¹ Harvey W. Merrell 1981, No. 143, Report of Investigation Utah Geological and Mineral Survey, Mineral Resource Inventory of the Paradox Salt Basin, Utah and Colorado, page 54

² William I Chenoweth, 1981, THE URANIUM-VANADIUM DEPOSITS OF THE URAVAN MINERAL BELT AND ADJACENT AREAS, COLORADO AND UTAH, US Department of Energy ONWI-290

The Board of Delecta Limited (ASX: DLC) (the “Company”, “DLC” or “Delecta”) is excited to announce that the Company has entered into a binding conditional agreement to acquire 100% of the issued capital of American Vanadium Pty Ltd (“AVP”) (“Acquisition” or “Proposed Acquisition”). AVP controls 100% of the Copper Ridge Project in Utah, USA and 3 uranium - vanadium projects in Utah and Colorado (collectively referred to as the Projects).

DETAILED GEOLOGY OF THE PROJECTS

Copper Ridge Project, Utah

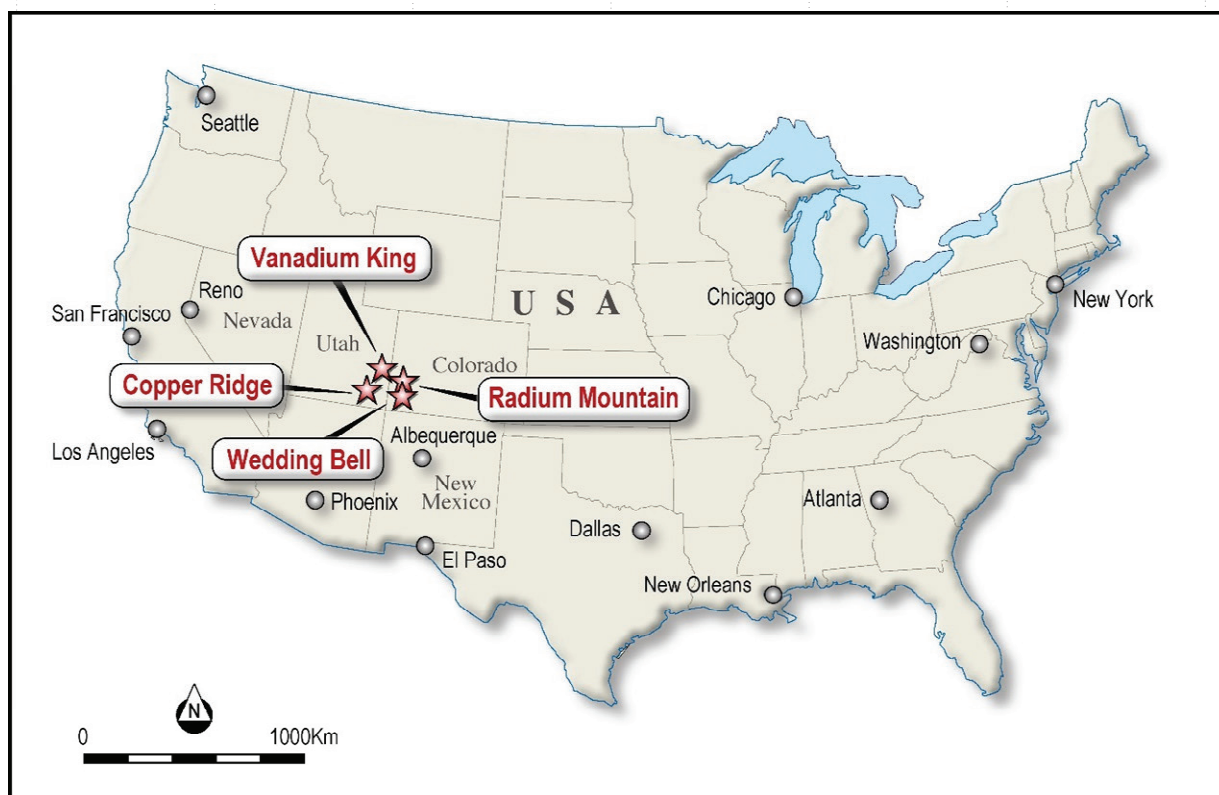
Utah is the second largest copper producer in the US and is ranked at 7th on the Fraser Institutes Annual Survey of Mining Companies, 2018. The majority of the copper production in Utah comes from the Bingham Canyon Mine, a porphyry deposit owned by Rio Tinto, just outside of the capital of Salt Lake City. The mine has been in production since 1906 and has produced just over 19M tonnes of copper up to 2013. In 2012, the Bingham Canyon Mine produced 179,317 tons of copper, 279,200 ounces of gold, 2.4 million ounces of silver, and 20 million pounds of molybdenum. (https://www.riotinto.com/media/media-releases-237_9226.aspx)

Lisbon Valley Copper Mine, one of the other copper producers in the state, lies 95km southeast of the Copper Ridge Project. In 2013 it has quoted resources of 116,363 tonnes of copper and produced between 20-30 million lbs of copper per annum (www.lisbonmine.com).

The Lisbon Valley Copper Mine and the Copper Ridge Project share a similar geology and mineralization style. At both areas the mineralisation occurs in a regional collapsed salt anticlinal structure. Copper minerals in the deposits occur as disseminated and fracture fillings in favourable stratigraphic horizons.

Overview

The Copper Ridge Project is located approximately 55km from the town of Moab, Utah. It is readily accessible by sealed State Route 191 from Moab with the final 15km on unsealed roads (Figure 1 below). The project consists of 169 BLM mining claims covering a total of 3,368 ha.



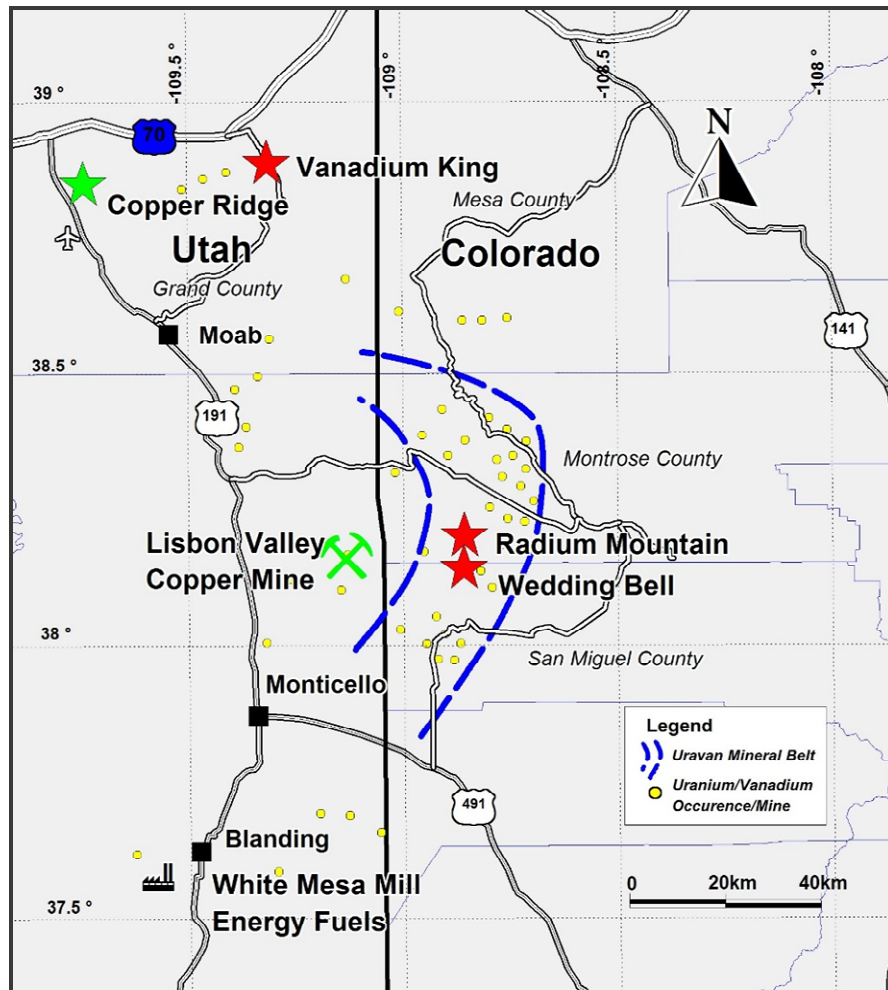


Figure 1 – Project Location Plan

Several copper and copper/silver mines were active on the south western limb of the Salt Valley anticline within or near the project area. These deposits were worked intermittently from the early 1900's to 1930's and are now abandoned.

The Hoosier Mine (Tibbets), that lies within a State Lease, is inferred to be on a fault splay on the southwest flank of the anticline in close proximity to the main north striking fault and is reported to have produced 100,000 ounces of silver from within the copper ore mined which was at a grade quoted in the Utah Geological and Mineral Survey Report 1979 of 8% copper³.

The same report also refers to a second mining operation on the south-west flank of the anticline where copper was acid leached from disseminated ore. The mining was active in the 1970's but was discontinued due to operational inefficiencies³.

The Cobalt # 1 Mine, lying within the Harrison Prospect is listed in the USGS database (MRDS W027242). It was exploited in 1952 via a shaft, some levels and trenches producing a malachite ore containing Uranium, Copper, Vanadium, Silver, Magnesium, Cobalt and Nickel.

³ Harvey W. Merrell 1981, No. 143, Report of Investigation Utah Geological and Mineral Survey, Mineral Resource Inventory of the Paradox Salt Basin, Utah and Colorado,

Geology

The Copper Ridge mineralisation occurs in a faulted and partially collapsed anticlinal structure with the residual sedimentary beds of the Paradox formation exposed at surface. The resulting valley is over 40 km long and 1 km wide. The sedimentary sequence flanking the graben comprise sandstones, siltstones, limestones and shales deposited from Paleozoic to Mesozoic times.

A complex fault system forms the valley sides resulting from some dextral movement along the major extensional northwest trending graben bounding/collapse faults. These faults are part of a larger fault system that can be traced over significant distances which have been active throughout the geologic history of the area.

Mineralisation is interpreted to have resulted as fluid movement along the bounding faults and structural zones. The fluids have pervasively flooded and bleached the host sandstones resulting in both narrow high-grade fractures and vein fills and broad areas of low grade disseminated copper.

The geological setting and mineralogy are similar to the currently producing Lisbon Valley Copper Mine (Figure 1). Both the Lisbon Valley Copper Mine and the Copper Ridge mineralisation lie on what is potentially the same northwest trending structure.

At the Lisbon Valley Copper Mine, copper ore body bleached sandstones of the Cretaceous Burro Canyon Formation host the mineralisation, with subsidiary mineralisation in the overlying Dakota Sandstone. Copper minerals occur in pore spaces in the medium to coarse grained, bleached sandstones. The upper oxide zone contains the copper bearing minerals malachite, azurite, and tenorite, while the lower sulfide zone mineralization consists of chalcocite, bornite, chalcopyrite, and cuprite. At Copper Ridge the known mineralisation is hosted in sandstones of the Morrison and Summerville Formations that lie stratigraphically below the sedimentary hosts at Lisbon Valley.

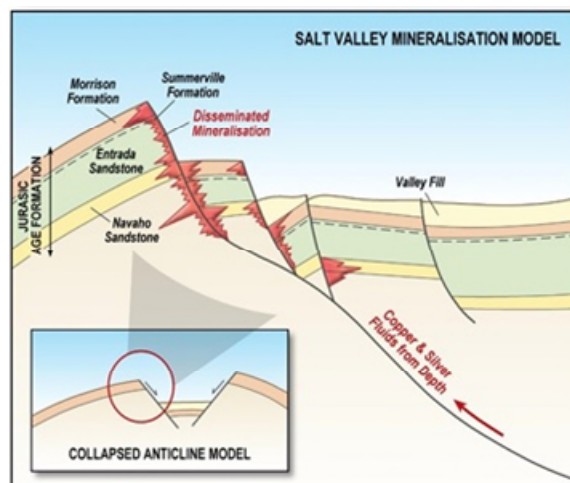


Figure 2 - Mineralisation Model

This simplified model demonstrates the potential mineralised locations at the Copper Ridge Project to occur both along the conduits and following/mineralising preferred stratigraphy either as a result of rock porosity/chemistry or the presence of an aquitard blocking and ponding the fluid flow. As a result of the faulting the only mineralisation that is observable on the project area is that in the upper exposed Morrison or Summerville Formations. This is similar to Lisbon Valley and the possibility for blind mineralisation associated with major structural zones, aquitards and porous rock units is excellent.

Previous Exploration

In February 2014, ASX listed Firestrike Resources Limited completed regional rock chip sampling identifying 3 prospects within the Project; Mealey, Xaz and Harrison (Figure 4). Of the 135 samples collected; 11 exceeded 1% copper, 105 were above 0.1% copper with 0.61% copper average grade across all samples above a 0.1% cut off grade (Table 1)⁴.

Table 1 –Significant Rock Chip Results >1%Cu, 2013

Samp_ID	Easting	Northing	Cu %	Pb ppm	Zn ppm	Ag ppm	Co ppm	Mo ppm
3107	608,817	4,300,000	1.08	9	15	13.4	2	0
3120	608,466	4,300,219	1.08	33	215	7.1	25	8
3114	608,804	4,300,008	1.34	11	23	18.4	3	0
3113	608,806	4,300,006	1.37	9	18	12.4	4	0
3188	607,667	4,301,036	1.61	173	204	44.7	91	25
3145	610,822	4,297,755	1.79	147	624	23.5	1760	100
3103	608,824	4,299,997	1.91	16	21	16.4	3	0
3208	608,542	4,300,009	1.98	1800	1700	3.3	68	12
3128	610,775	4,297,696	2.34	30	809	31.1	367	14
3104	608,822	4,299,998	3.50	22	29	19.5	2	0
3201	607,639	4,301,049	10.60	>5000	5520	15.2	135	2220

Note: Easting and Northing Coordinates: NAD83 / UTM 12N

Refer to Schedule 1 for details of all rock chip results from the sampling undertaken above.

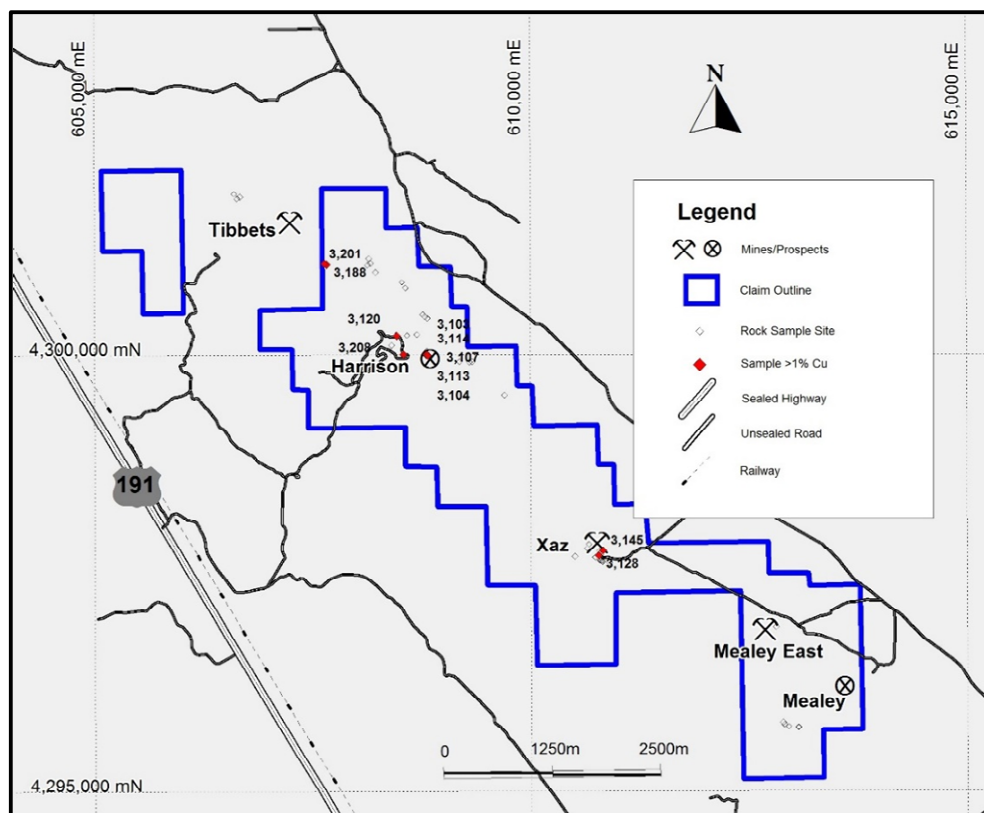


Figure 3 – Sample Location Plan Regional Rock Chip (Table 1)

A follow up second phase of exploration work in April 2014 focused on areas between the already identified prospects. Results of the second phase identified 83 sites containing visual copper mineralisation (Figure 4). Of these, 54 sites returned > 0.1% Cu and 33 of those > 0.5% Cu. The maximum result was 17.01% Cu with an average uncut average of 0.76% Cu (excluding the 17.01% Cu result) (Table 2)⁵.

⁴ Firestrike ASX Announcement February 6, 2014, Firestrike confirms copper discovery in Utah

⁵ Firestrike Resources ASX Announcement, April 15, 2014, Sample results confirm extensive copper present at Copper Ridge Project

Table 2 – Significant Rock Chip Results >1%Cu, February 2014

Samp_ID	Easting	Northing	Cu%	Pb ppm	Zn ppm	Ag ppm	Co ppm	Mo ppm
320726	609,530	4,299,745	1.07	0	0	1	0	0
320728	609,304	4,299,812	1.23	600	50	4	0	0
30907	607,636	4,301,057	1.32	5,200	3,040	1	100	560
320776	608,871	4,300,042	1.42	300	0	15	0	0
320777	608,872	4,300,042	1.60	7,200	0	32	0	20
320767	608,935	4,300,475	1.76	200	20	3	10	10
320795	608,883	4,300,284	1.87	0	20	4	0	0
320717	609,728	4,299,515	1.87	200	20	4	30	30
320716	612,758	4,295,947	1.88	0	0	11	50	10
320727	609,502	4,299,762	1.94	0	0	1	0	0
320773	608,831	4,300,028	2.37	0	0	44	10	0
40102	613,640	4,296,451	2.50	0	0	1	0	0
320768	608,775	4,300,451	2.55	0	440	1	10	0
320786	608,823	4,300,079	2.64	21,200	300	11	30	10
320719	609,191	4,298,255	3.35	21,600	2,360	6	280	80
320783a	608,839	4,299,491	4.18	0	0	10	0	0
320774	607,644	4,301,028	4.73	363,000	440	97	40	1190
320724	610,159	4,298,273	4.97	46,400	1,710	32	40	160
320730	610,159	4,298,273	17.01	29,300	3,310	33	180	160

Note: Easting and Northing Coordinates: NAD83 / UTM 12N

Refer to Schedule 2 for details of all rock chip results from the sampling undertaken above.

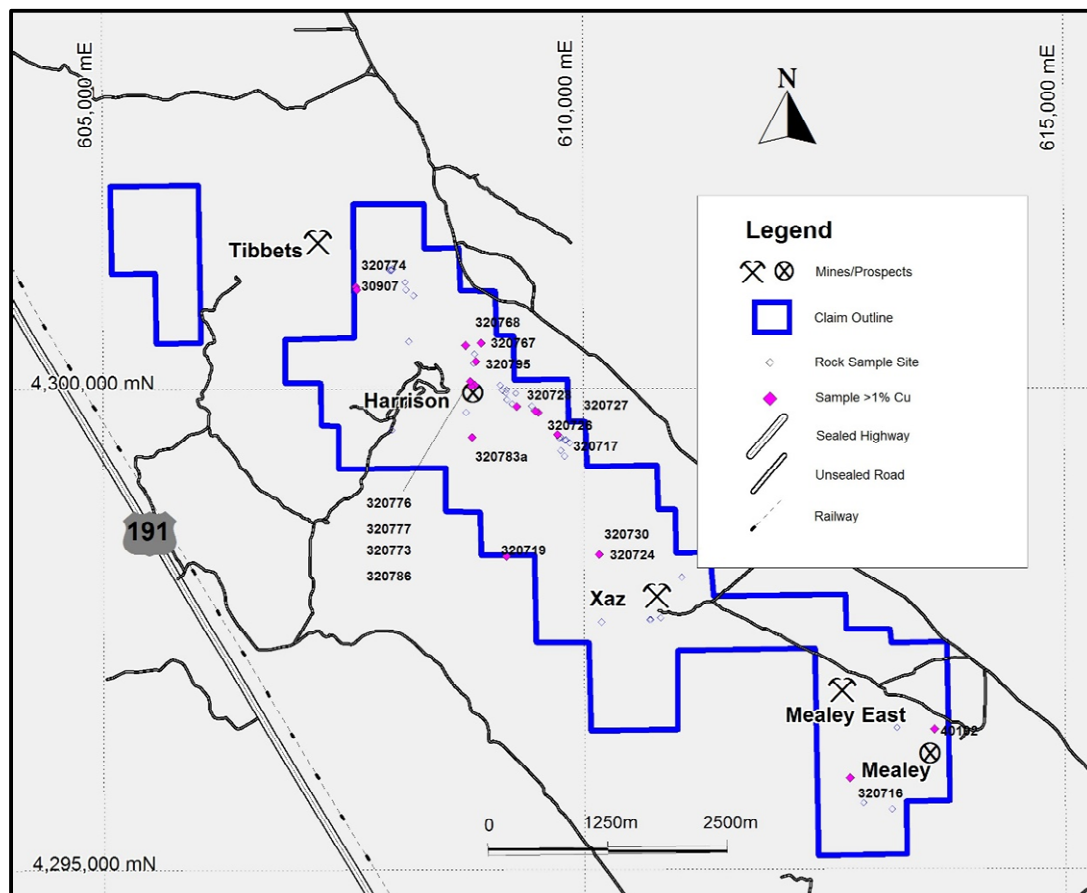


Figure 4 – Sample Location Plan, Phase 2 Sampling (Table 2)

In May 2014 shallow core drilling commenced using a lightweight man portable rig. The drilling was completed by September 2014 at Harrison (25 holes totaling 154m, deepest 14m), Xaz (16 holes totaling 123m, deepest 12m) and Mealey (3 holes totaling 22m, deepest 9m) (Figure 5). The drilling was meant to test the surficial copper mineralisation at depth. Of the holes drilled, 18 confirmed the

presence of significant copper and silver mineralization while 10 of the holes, 5 holes at Harrison, 2 holes at Xaz and all 3 holes at Mealey terminated in mineralisation. Best drill intercept in the program was 3.66m @ 0.56% Cu⁶.

Sampling by AVP in 2018 (6 grab samples CRC18001 - 6, Table 3) (Figure 5) identified the presence of elevated levels of cobalt (>100ppm) to 8,290 ppm in addition to the known copper and silver mineralisation. Cobalt was present in the original program (up to 1,760 ppm Co in the 2013 program).

Table 3 – Rock Chip Sample Results

Sample No	Easting	Northing	Ag ppm	Co ppm	Cu %	Mo ppm	Ni ppm	U ppm	Zn ppm
CRC18001	612,782	4,297,052	2.22	8290	0.17	42.2	1905	342	>10000
CRC18002	610,763	4,297,696	9.42	172.5	0.12	2.71	117.0	5.8	237
CRC18003	610,763	4,297,696	15.90	865	1.265	8.86	282	26.1	737
CRC18004	610,763	4,297,696	83.9	787	2.30	36.3	1270	17.6	235
CRC18005	609,000	4,302,021	24.1	232	1.265	12.30	83.4	5.6	118
CRC18006	608,599	4,302,409	23.5	5.8	2.41	24.1	2.9	2.3	109

Note: Easting and Northing Coordinates: NAD83 / UTM 12N

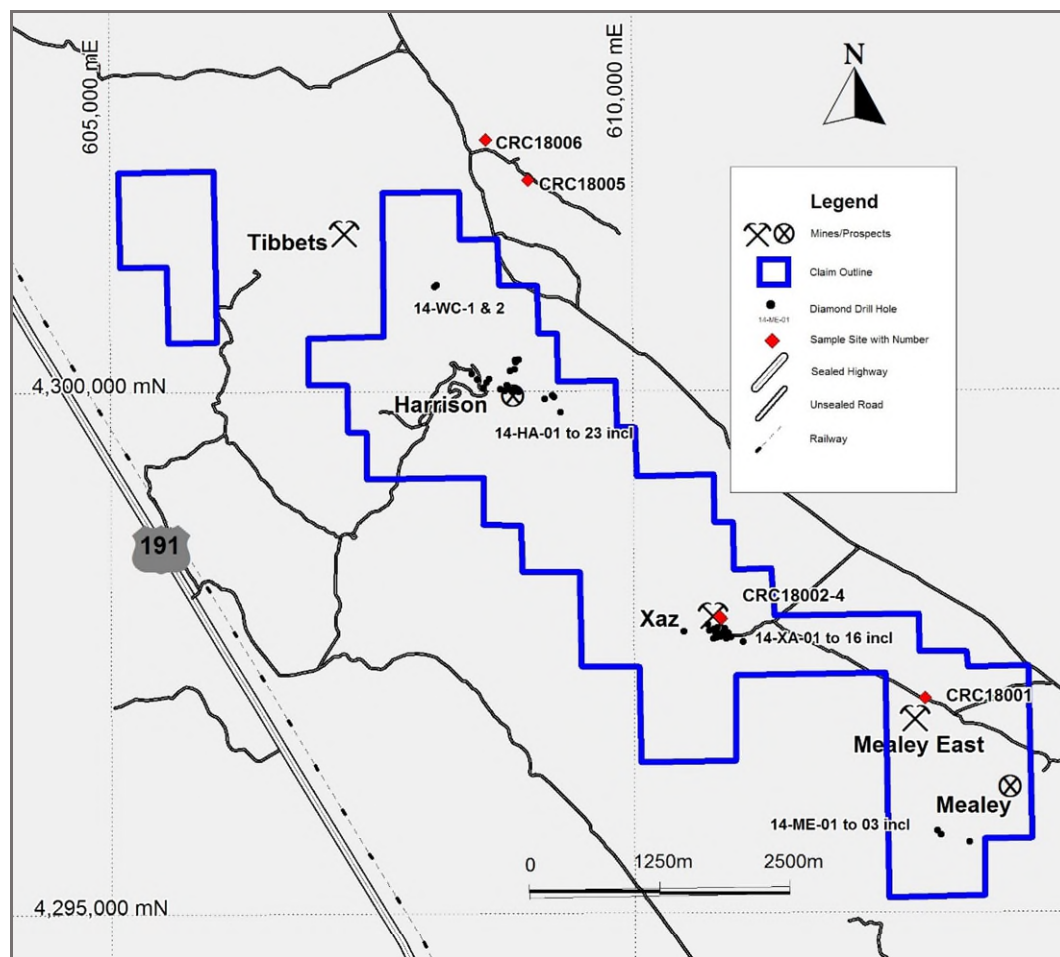


Figure 5 – Claims, Mines/Prospects, Drill Holes, Roads and Samples

Refer to Schedule 3 for details of drill hole locations and results and Schedule 4 for JORC Table 1 for all previous exploration.

⁶ Firestrike Resources ASX Announcement, Sept 2014, Final assays continue to confirm abundant mineralisation at Copper Ridge Project

Preliminary metallurgical investigations and acid digestion analytical work were completed on selected chip and channel samples from the February 2014 sampling program. This work was completed by SGS in Perth, Western Australia as a 5 stage sequential copper digest comprising analytical codes AAS73F, CSC65D, DIG72Q/AAS72Q, DIG23B/ASS23B and DIG43B/AAS43B. This work confirmed that the copper is readily soluble and excluding sample 3210 recoveries average 83%⁷.

Table 4 – Percentage Soluble Copper

Samp_ID	Total Copper %	% Soluble Copper of Total Copper
3103-3115	1.04	85
3143-3146	0.69	89
3201	12.1	82
3208	1.98	81
3123 -3128	0.52	92
3215-3220	0.35	86
3222 -3229	0.38	90
3188	1.49	81
3117 – 3120	0.69	85
3210	0.56	11

Exploration Potential

- Previous exploration programs focused on shallow mineralisation in the exposed, relatively thin, Salt Wash sandstones along the southwestern graben margin. The underlying Entrada, Navajo and Wingate sandstones with a cumulative thickness of 200m have excellent potential to host similar mineralization to that observed in the Salt Wash. The Tibbets Mine is described as occurring on a fault splay in close proximity to the main north striking fault demonstrating the importance of both structural and stratigraphic controls on the mineralisation.
- Mineralisation may occur at depths greater than tested by previous drilling (12m). 10 holes of the prior exploration program ended in mineralisation.
- Recent sampling by the vendors has demonstrated the presence of significant levels of cobalt in 5 out of the 6 grab samples (CRC18001 – 06). Previous sampling also demonstrated the presence of anomalous cobalt. In addition to the copper mineralisation, this could add significantly to the economic potential.
- The Cobalt #1 Mine located in the Harrison Prospect demonstrates the historic presence of cobalt as well as uranium in the malachite mineralization.

Exploration Program

- Exploration will commence with geological mapping, a photogeological interpretation and a soil sampling program to identify potentially mineralised targets over the project area.
- Geophysics will be assessed as a potential method to identify buried copper sulphides occurring below the base of oxidation.
- Drilling will be undertaken on targets identified by these programs.

⁷ Firestrike ASX Announcement May 12, 2014, Firestrike confirms soluble copper present at Copper Ridge Project

Uranium - Vanadium project Overview

AVP also currently controls (Figure 1):

- the Vanadium King Project located in Grand County, Utah; and
- the Radium Mountain and Wedding Bell Projects located in Montrose and San Miguel Counties Colorado.

Regional Geology

All of the projects lie within what is geologically referred to as the Colorado Plateau that covers all of southeast Utah, the western portion of Colorado, the northern third of Arizona and the north-western portion of New Mexico. The plateau consists of a great thickness of Lower Jurassic to Cretaceous terrestrial sediments consisting of sandstones, siltstones and mudstones. Within western Colorado and eastern Utah these sandstones host uranium-vanadium mineralisation in what is known as the UraVan Mineral Belt. This belt and adjacent areas have a total reported production from 1947 to 1979 of 34,754,000 kg of U_3O_8 and 187,443,300 kg of V_2O_5 ⁸.

Vanadium King Project

Overview

The Vanadium King Project lies on a predominantly flat, high desert plain with little vegetation and consists of 100 BLM (Bureau of Land Management) claims of 20 acres each covering a total of 809 ha located in Grand County, Utah. It is readily accessible from Moab, Utah by a 2-lane sealed highway, a distance of approximately 40 km (Figure 1).

Local geology

The Vanadium King Project is underlain predominantly by sediments of the Brushy Basin Member of the Upper Jurassic Morrison Formation that dip shallowly, 4° to 6°, to the north and west (Figure 6). The Brushy Basin Member consists mainly of an upper sequence of marine shales (units Kmu, Km and Kml) and a lower sandstone unit interpreted to host the mineralisation (Kmf). The overlying Burro Canyon Formation (Kbc) consisting of fluvial sandstones, occurs in the eastern portion of the claim group.

⁸ William I Chenoweth, 1981, THE URANIUM-VANADIUM DEPOSITS OF THE URAVAN MINERAL BELT AND ADJACENT AREAS, COLORADO AND UTAH, US Department of Energy ONWI-290

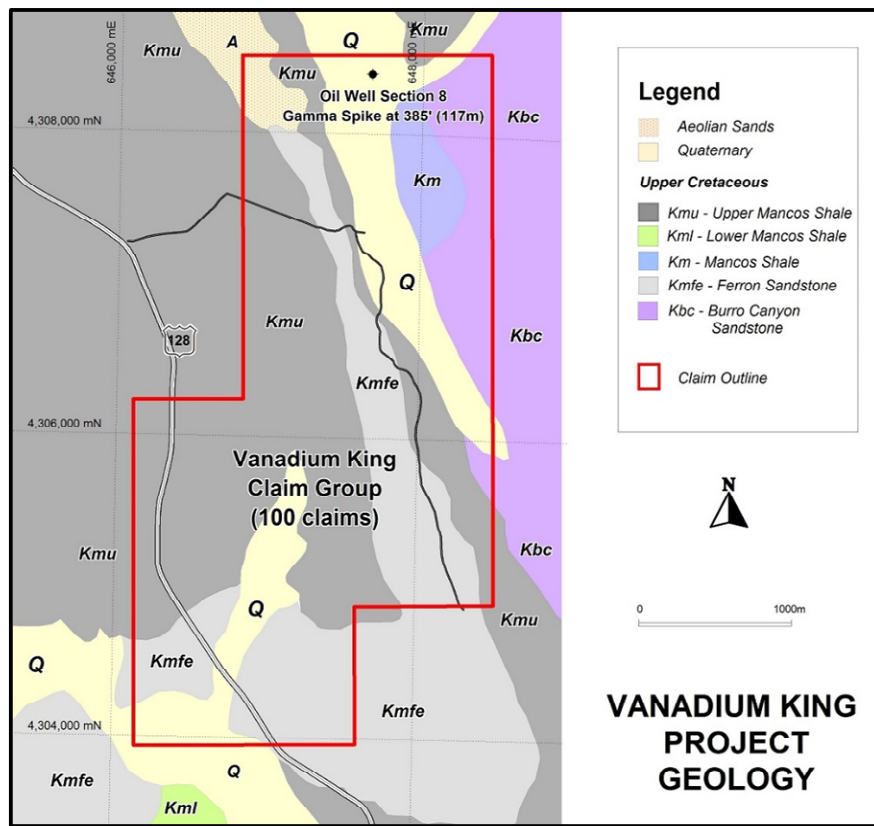


Figure 6– Vanadium King Surface Geology and Claim Outline

Previous Exploration

The Vanadium King Project has no history of mining. However, previous exploration is reported to have been completed by Hunt Oil, Mineral Division, during 1980 and 1981. In an announcement by Terra Ventures, a TSX-V listed company (TAS), on May 21 2007 it is reported that Hunt Oil encountered widespread low to intermediate grade uranium mineralisation, mostly in stacked fluvial channel sandstones near the middle of the Brushy Basin Member of the Jurassic Morrison Formation⁹.

Exploration Program

It is planned to complete a Phase 1, 9-hole drill program at the Vanadium King Project to test for the presence of the reported mineralisation. This will define stratigraphy and location of mineralised horizon enabling the planning of a Phase 2 resource drill program.

Radium Mountain and Wedding Bell Projects

Overview

The Radium Mountain and Wedding Bell Projects are contiguous and share geology and style of mineralization (Figure 1). The projects consist of 199 BLM (claims covering a combined area of 1,611 ha.

Local geology

The Radium Mountain and Wedding Bell Projects lie within the Uravan Mineral Belt (Figure 1). The mineralisation in this belt is hosted in reduced permeable, carbonaceous sandstones of the Salt Wash Member of the Morrison Formation where they occur as individual deposits or groups of deposits. Many of the deposits in the area are within well-defined, sandstone filled paleo river channels which are several hundred metres wide and up to a few kilometres long. The tabular ore bodies typically are elongated parallel to sedimentary trends and are concordant with the bedding. The ore averages about 1.2 m thick, but in a part ore thicknesses approaching 9 m have been mined.

⁹ Terra Ventures, May 21, 2007, Terra Obtains Option to Purchase 100% of 4,720 acre Uranium Property in Utah

Previous Exploration and Mining

Following the discovery of a yellow mineral (cartonite) containing uranium, vanadium, and radium in 1899 in the western part of Colorado four periods of mining followed, initially for uranium from about 1900 to 1910 and then for radium to about 1923. Uranium mining resumed in the early 1930's until 1944 and again in 1949, with vanadium mined as a by-product. This period lasted until 1983, ending when the price of uranium went into serious decline. A period of exploration occurred during the spike in uranium prices in the late 2000's.

The Uravan Mineral Belt stretches from eastern Utah into southwest Colorado. This belt and adjacent areas have a total reported production from 1947 to 1979 of 34,754,000 kg of U_3O_8 and 187,443,300 kg of V_2O_5 ¹⁰. No detailed production records are available on a mine by mine basis.

The mines within the project areas were subject to varying levels of exploration and development. The majority of the exploration consisted of drilling in advance of development during the periods of mining. Much of the drilling was completed with wagon drills (RAB) with a depth capacity of 30m and few records were kept.

Exploration Program

Exploration consisting of geological mapping is planned over the claims to identify mineralised zones and allow correlation with the available historical data. Any accessible underground workings will be mapped and sampled. This work will identify drill targets with the aim of identifying potentially economic mineralization.

Competent person statement:

The information in this announcement that relates to Exploration Results and Metallurgy is based on information compiled by Gregory Smith, a proposed director of DLC, who is a Member of The AusIMM and who has more than five years' experience in the field of activity being reported on. Mr. Smith is a consultant of the Company. The information in the report is an accurate representation of the available data and studies for the projects.

Mr. Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

¹⁰ William I Chenoweth, 1981, THE URANIUM-VANADIUM DEPOSITS OF THE URAVAN MINERAL BELT AND ADJACENT AREAS, COLORADO AND UTAH, US Department of Energy ONWI-290

1. Overview of the Company and its current activities

The Company was incorporated on 3 September 1985 as Western Minerals Ltd. In June 1999 the Company acquired a business selling adult products and after re-complying with Listing Rule 11.1.3 changed its name to Adultshop.com Ltd.

In September 2000, the Company entered the adult products wholesale market with the acquisition of Calvista Australia Pty Ltd ("Calvista"). Calvista, the largest wholesaler of adult products in Australia, has been in operation for over 30 years and operates with its head office, showroom and warehouse in Melbourne.

Since 2005 the Company has had a wholesale operation in New Zealand which the group continues to operate under the name Calvista New Zealand Limited.

The Company also holds 11 million shares in European Lithium Ltd (ASX code: EUR) ("EUR").

On 17 September 2018, the Company announced an option to acquire a cobalt-copper project in the Goodsprings district of Nevada (the Highline project). Given the Company's investment in EUR, the Company has continued to seek and evaluate other investment opportunities in the battery minerals space. The increased demand for battery minerals, like lithium and cobalt, is primarily due to the rapid advancement and demand for electric vehicles.

The Highline project comprises 5 patented mining claims totalling 90.4 acres located within the Goodsprings mining district in southern Nevada USA, 48 kms southwest of Las Vegas and approximately 3 kms southwest of the town of Goodsprings, Nevada. They form 2 groups, the Highline Claim Group consisting of the Chance, Chance 2, Redstreak and Highline Claim and the Pocahontas claim. The claims are readily accessible via interstate route I15 from Las Vegas to Los Angeles.

The Goodsprings region has a history of high-grade mineral production. Given the Highline mine's previous mining and exploration was circa 100 years ago, the Company believes that the Highline Cobalt-Copper project represents a relatively low risk opportunity in an area of known mineralisation.

2. Material terms of Proposed Acquisition

The Company and AVP have entered into a binding agreement ("Agreement") with the four shareholders of AVP ("AVP Shareholders") to acquire, subject to satisfaction or waiver of certain conditions, 100% of the shares in AVP ("AVP Shares").

A summary of the key terms of the Agreement is set out below:

- (a) **Conditions:** Completion of the Acquisition is subject to a number of conditions precedent, including, but not limited to:
 - a. the Company obtaining all necessary shareholder and regulatory approvals required by the Corporations Act, ASX Listing Rules or other applicable laws in relation to the Acquisition (**Approvals**);
 - b. the Company preparing a prospectus and lodging the prospectus with the ASIC to complete an offer to raise not less than \$2,500,000 via the issue of fully paid ordinary shares ("Shares") at an issue price of \$0.02 per Share and to re-comply with Chapters 1 and 2 of the ASX Listing Rules and receiving valid acceptances under the prospectus to the value of not less than \$2,500,000;
 - c. the ASX providing conditional approval for the re-instatement to trading of the Company on completion of the Acquisition on terms acceptable to the Parties; and
 - d. all AVP Shareholders delivering to the Company signed restriction agreements relating to all the Consideration Shares, Performance Shares and Consideration Options issued as consideration, in accordance with the ASX Listing Rules (to the extent that ASX requires those securities to be escrowed).

If the conditions precedent to completion of the Acquisition are not all fulfilled or waived by the parties by 31 December 2019 or such later date as agreed in writing between the Company and the AVP Shareholders' representative, a party who is entitled to waive the condition that has not been satisfied (or waived), or either party in respect of a condition which cannot be waived, may give notice to the other parties of termination of the Agreement, such that the Agreement shall be deemed to be at an end and of no force or effect with none of the parties being subject to any of the obligations contained in the Agreement and with no party claiming any rights at law or equity against the another party, save for the performance of those covenants and agreements (if any) which should have been performed and all damages for breach of the same (other than in relation to a breach of warranty).

(b) **Consideration:** Subject to satisfaction or waiver of conditions precedent to the Acquisition (summarised above), in consideration for acquiring 100% of the AVP Shares, the Company has agreed to issue upon settlement of the Acquisition, the following securities to the AVP Shareholders, on a post-Consolidation basis:

- a. 100,000,000 fully paid ordinary shares in the capital of the Company ("Vendor Shares");
- b. 100,000,000 Class A Performance Shares - convertible into Shares on a 1:1 basis upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category of a minimum of 15,000 tonnes of copper or copper equivalent (in accordance with clause 50 of the JORC Code 2012) at an average grade no less than 0.7% copper equivalent on any one or more AVP Project within five (5 years from the date of issue of the Performance Shares; and
- c. 100,000,000 Class B Performance Shares - convertible into Shares on a 1:1 basis upon completion of a positive Scoping Study (as defined in the JORC Code 2012) in relation to any one or more AVP Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant AVP Project is over \$US50,000,000, and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release within five (5 years from the date of issue of the Performance Shares.

In addition, a royalty of 3% of the net smelter return from the AVP Projects will be granted to Coral Brook Pty Ltd (or its nominee), one of the AVP Shareholders. Coral Brook Pty Ltd (or its nominee) will also receive 40,000,000 options (with a 3-cent exercise price and a term of 3 years from the date of issue).

(c) **Settlement:** Settlement of the Acquisition will take place that date which is 5 business days after the satisfaction or waiver of the last outstanding Condition, or such other date as is agreed in writing between the parties at such time and place as the parties may agree.

3. **Benefits of Proposed Acquisition**

The Board of the Company believes that the Proposed Acquisition will:

- (a) provide an opportunity for the Company to grow shareholder wealth through the successful exploration of the copper, uranium, vanadium and cobalt projects and create a battery minerals division; and
- (b) allow the Company to continue to develop the Calvista wholesale business and implement some efficiencies and marketing initiatives which should improve the operational and financial performance of the business unit.

4. **Change to nature of activities and DLC shareholder approval**

If the Proposed Acquisition occurs, a change in scale and nature of DLC's activities will occur and the Company must, pursuant to listing rule 11.1.3, re-comply with Chapters 1 and 2 of the Listing Rules.

The issue of DLC securities in consideration for the Proposed Acquisition will also require DLC shareholder approval. The Directors of DLC anticipate that this approval will be forthcoming.

5. **Capital raising**

To assist the Company to re-comply with Chapters 1 and 2 of the Listing Rules, and in order to fund the Proposed Acquisition and planned work programs, the Company intends to complete a placement to retail and sophisticated investors of a minimum of 125,000,000 Shares at an issue price of \$0.02 per Share to raise \$2,500,000 and up to a maximum of 150,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$3,000,000 (**Capital Raising**) (on a post-Consolidation basis). The shares will be issued pursuant to a prospectus.

DLC has engaged CPS Capital Group Pty Ltd ("CPS") to act as Lead Manager in relation to the Capital Raising. In consideration for acting as lead manager to the Capital Raising, CPS will receive a management fee of 2%, plus GST, and a placing fee of 4%, plus GST, for funds raised via the Capital Raising.

In addition, subject to receipt of prior shareholder approval and upon completion of the Acquisition, the Company proposes to issue 25,500,000 options to acquire Shares to CPS (or its nominee) in 3 equal tranches comprising 8,500,000 options, with exercise prices of 3, 4 and 5 cents respectively and each class expiring 3 years from date of issue, as part of the consideration for CPS's services.

Upon completion of the Capital Raising and re-compliance with Chapters 1 and 2 of the Listing Rules, CPS will receive a monthly Corporate Advisory fee of \$5,000 plus GST, per month for a minimum term of 12 months.

6. **Consolidation of Capital**

As part of the Acquisition, and the Company's proposed re-compliance with Chapters 1 and 2 of the Listing Rules, the Company also proposes to undertake a consolidation of its capital on a '2 for 5' basis with fractional entitlements rounded down to the nearest whole Share ("Consolidation") and will seek approval of its shareholders at a general meeting to approve the Acquisition. The number of shares on issue post-consolidation is set out in section 12 of this announcement.

7. **Business Model of Company following Proposed Acquisition**

Following completion of the Capital Raising, the Company's proposed business model will be to further explore its Projects and develop identified mineral deposits. The Company's main objectives on completion of the Offer are to:

- (a) systematically explore the Proposed Acquisition Projects (being those Projects in which AVP has an interest) and the recently acquired Highline Project;
- (b) explore for copper, cobalt, vanadium and uranium mineralisation through geological mapping, surface sampling and drilling on the Projects;
- (c) continue to pursue other acquisitions that have a strategic fit for the Company;
- (d) implement a growth strategy to seek out further exploration and acquisition opportunities; and
- (e) provide working capital for the Company.

The Company will also continue to develop the Calvista wholesale business and implement some efficiencies and marketing initiatives which should improve the operational and financial performance of the business unit.

8. **AVP Company history**

Company History

AVP is an Australian private company, incorporated on 31 August 2018, established specifically to acquire the Projects. AVP's share capital comprises 10,000,000 fully paid ordinary shares. AVP (or its subsidiaries) have expended approximately \$280,000¹ on its Projects to date and has raised \$406,000 in seed capital via private placements to sophisticated investors. The funds raised were / will be used for:

- paying the Bureau of Land Management (BLM- Federal Government) claims that are renewable each year on 1 September;
- advancing the work programs for the Projects as detailed above; and
- supporting corporate overheads.

The sole director and secretary of AVP is Mr Paul Lloyd.

Corporate Structure

	Group Interest	Class of Shares
Parent Entity	%	
American Vanadium Pty Ltd	N/A	
Subsidiaries		
Standard Minerals INC	100	ORD
Cisco Minerals INC	100	ORD
Sunrise Minerals INC	100	ORD

¹. Refer to Schedule 6 for Audited Financial Statements of AVP since incorporation.

9. **Composition of the Board of Directors, Company Secretary and security issues**

It is intended that the Board, following Settlement of the Proposed Acquisition and the Capital Raising will comprise:

Mr Malcolm Day – Managing Director

Mr Day worked in the civil construction industry for approximately ten years, six of which were spent in senior management roles, as a Licensed Surveyor and then later as a Civil Engineer. In June 1999 Mr Day joined the Board. In July 2012, Mr Day was appointed as a non-executive director of European Lithium Limited (previously Paynes Find Gold Limited).

Mr Bryan Hughes – B.Com, CA, MAICD (*Proposed Independent Non-Executive Chairman – to be appointed immediately prior to re-listing*)

Mr Hughes is the Chairman of Pitcher Partners Perth Accountants, Auditors and Advisors and specialises in corporate advisory, turnaround and reconstruction. His experience in these areas, as well as his roles personally as a director of both ASX listed and private companies provide a comprehensive and complimentary skillset and knowledge base to apply to the resolution of disputes and negotiating commercial outcomes in challenging commercial circumstances.

Mr Hughes has many years' experience working closely with, and consulting to, various corporate stakeholders on a wide range of matters.

Mr Hughes has undertaken postgraduate studies in insolvency law and successfully concluded negotiation and management courses at Columbia University Executive Business School in New York. He has given numerous presentations on restructuring ASX listed companies.

Greg Smith - BSc, AUSIMM (Proposed Independent Technical Director to be appointed immediately prior to re-listing)

Mr Smith holds a Bachelor of Science degree in Geology from Dalhousie University, Nova Scotia, Canada. He is a Fellow of the Geological Association of Canada and a Member of the Australasian Institute of Mining and Metallurgy.

Mr Smith commenced his career in 1975 and has worked over a wide cross section of minerals and countries including in Canada, Australia and Africa. Mr Smith was the exploration manager for Moto Gold Mines Ltd, responsible for the discovery of 22.5 million ounces of gold in the Democratic Republic of Congo. He has also previously held the position of Managing Director of ASX listed Elemental Minerals Limited and Lindian Resources Limited. Mr Smith has a proven track record of identifying substantial company making mineral projects and developing those projects, resulting in major value creation for shareholders.

Hans-Rudolf Moser (Non-Executive Director)

Mr Moser is a resident of Switzerland with over 20 years' experience in the Swiss banking and finance industry. He is currently a principal of European portfolio manager, Innoinvest AG.

Paul Jurman (Proposed Company Secretary to be appointed immediately prior to re-listing)

Mr Jurman is a Certified Practising Accountant with over 15 years' experience and has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles. He is also company secretary of Carnavale Resources Limited and Platina Resources Limited.

As part of the Proposed Acquisition and subject to receipt of prior shareholder approval, DLC will issue three separate tranches of 25,500,000 unlisted options each (76,500,000 in total), to acquire Shares ("Director Options").

The Director Options are to be issued equally to each of Mr Day, Mr Hughes and Mr Smith (or their nominees) on the following terms.

- Tranche 1 – 25,500,000 DLC unlisted options exercisable at \$0.03 per option and expiring 3 years from the date of issue;
- Tranche 2 – 25,500,000 DLC unlisted options exercisable at \$0.04 per option and expiring 3 years from the date of issue; and
- Tranche 3 – 25,500,000 DLC unlisted options exercisable at \$0.05 per option and expiring 3 years from the date of issue.

Subject to receipt of prior shareholder approval, DLC will also issue three tranches of 2,000,000 unlisted options each (6,000,000 in total), to acquire Shares to Mr Jurman ("KMP Options"), on the following terms.

- Tranche 1 – 2,000,000 DLC unlisted options exercisable at \$0.03 per option and expiring 3 years from the date of issue;
- Tranche 2 – 2,000,000 DLC unlisted options exercisable at \$0.04 per option and expiring 3 years from the date of issue; and
- Tranche 3 – 2,000,000 DLC unlisted options exercisable at \$0.05 per option and expiring 3 years from the date of issue.

10. Control Issues

Following completion of the Capital Raising and the Proposed Acquisition, the Company expects to have the following substantial holder(s):

Shareholder	No. of Shares	Interest
Malcolm Raymond Day and Goldshore Investments Pty Ltd	68,455,907	13.60%
Coral Brook Pty Ltd (Lloyd Super Fund)	44,000,000	8.74%
Paranoid Enterprises Pty Ltd	42,000,000	8.34%

Note: Calculated on the basis that, at completion of the Offer, the Company will have 503,398,482 Shares on issue.

No person will have a voting power of 20% or more in the Company.

11. Indicative Timetable

Activity	Date
Dispatch of notice of meeting seeking DLC shareholder approval	24 October 2019
Lodgment of Prospectus by DLC	29 October 2019
Opening date of Prospectus Offer	29 October 2019
DLC shareholder meeting to approve Proposed Acquisitions	25 November 2019
Closing date of Prospectus Offer	29 November 2019
Issue of Securities under the Prospectus	6 December 2019
Completion of Proposed Acquisition of AVP	6 December 2019
Expected date for reinstatement to official quotation of DLC on ASX	16 December 2019

The above table is an indication only and is subject to change. Shareholders should also note that the Company's securities will be suspended from the date of the general meeting of shareholders until such time as the Company has satisfied Chapters 1 and 2 of the ASX Listing Rules. This is usually a process that can take on average approximately 4 to 6 weeks to complete.

12. Pro Forma Capital Structure

Set out below is the indicative capital structure of the Company following completion of the Proposed Acquisition and associated capital raising. The anticipated capital structure of the Company is only an estimate and is subject to variation.

12.1 Shares

	Number
Shares currently on issue ¹	695,996,205
Reconstruction to be undertaken – 2 for 5	278,398,482
Proposed Acquisition ²	100,000,000
Capital Raising ³	125,000,000
Total Shares on completion of the Capital Raising and Proposed Acquisition	503,398,482

Notes:

1. Assuming no other Shares are issued prior to Settlement of the Proposed Acquisition
2. Refer above for details of terms of the Proposed Acquisition.
3. The Company will seek to raise a minimum of \$2,500,000 through the issue of 125,000,000 Shares at 0.02 per Share.

12.2 Options

	Number
Options currently on issue	40,000,000 ¹
Reconstruction to be undertaken – 2 for 5	16,000,000 ¹
Director and KMP Options to be issued ²	82,500,000
Options to be issued to Lead Manager ³	25,500,000
Options to be issued to Coral Brook Pty Ltd (pursuant to Agreement) ⁴	40,000,000
Total Options on completion of the Capital Raising and Proposed Acquisition	164,000,000

Notes:

1. Exercisable at 1.5 cents each expiring 30 June 2020. Assuming reconstruction mentioned above occurs, options will convert to exercisable at 3.75 cents each expiring on 30 June 2020.
2. It is proposed that, subject to receipt of prior shareholder approval, Messrs Day, Hughes and Smith will be each be issued a total of 25.5 million options in 3 equal tranches (8.5 million), with exercise prices of 3, 4 and 5 cents and each class expiring 3 years from date of issue. It is proposed that, subject to shareholder approval, Mr Jurman will be issued a total of 6 million options in 3 equal tranches (2 million), with exercise prices of 3, 4 and 5 cents and each class expiring 3 years from date of issue.
3. Subject to receipt of prior shareholder approval, the Lead Manager will be issued a total of 25.5 million options in 3 equal tranches (8.5 million), with exercise prices of 3, 4 and 5 cents and each class expiring 3 years from date of issue.
4. Exercisable at 3 cents each expiring 3 years from date of issue.

12.3 Performance Shares

	Number
Performance Shares currently on issue	Nil
Reconstruction to be undertaken – 2 for 5	Nil
Proposed Acquisition ¹	200,000,000
Total Performance Shares on completion of the Capital Raising and Proposed Acquisition	200,000,000

Note:

1. Consisting of 100 million Class A Performance Shares and 100 million Class B Performance Shares with the milestones set out in section 2(b). These Performance Shares will be issued to the AVP Shareholders at settlement of the Acquisition subject to receipt of prior shareholder approval.

Recent Share Issues - AVP

In the six months preceding the date of this announcement, AVP has issued a total of 9 million shares as follows:

- 9 million AVP shares were issued by way of placements to sophisticated and professional investors;
- the consideration provided for the AVP shares was:
 - 5 million AVP Shares at \$0.001 per AVP Share. These AVP Shares were issued on 13 April 2019;
 - 4 million AVP Shares at \$0.10 per AVP Share. These AVP Shares were issued on 20 April 2019;
- the issue of these AVP shares was not underwritten; and
- the amount raised by the above issues was \$405,000 (\$5,000 and \$400,000 respectively) and the purposes for which the funds were or will be used are noted at Section 8.

13. Indicative use of funds table

It is proposed that the funds raised will be applied in the next 12 months as follows:

Item	Amount (based on Minimum raising) \$	Percentage
Funds raised under the Public Offer	2,500,000	100.00%
TOTAL	2,500,000	100.00%
<u>Use of Funds:</u>		
Exploration at Copper Ridge (including diamond drilling) ¹	552,500	22.10%
Exploration at Vanadium King (including diamond drilling) ¹	475,750	19.03%
Exploration at Radium and Wedding Bell project (mapping and sampling of surface and previous workings followed by drilling) ¹	426,000	17.04%
Exploration at Highline project ¹	75,000	3.00%
Expenses of the Capital Raising ²	350,000	14.00%
Administration Costs ³	550,000	22.00%
Working capital ⁴	70,750	2.83%
TOTAL	2,500,000	100.00%

Notes:

1. Exploration expenditure in respect of granted licences only.
2. Expenses of the Capital Raising include legal fees, ASX fees, advisor fees, Investigating Accountant fees, Independent Geological Advisory Fees, Share Registry Fees and brokerage costs.
3. Administration costs include, without limitation, general corporate costs such as the provision of contract services to the Company, annual ASX listing fees, Board and executive remuneration, office rent, and ongoing audit and accounting costs.
4. Working capital provides for additional capital to be used for additional exploration following the planned exploration programs, as well as investment in new mineral exploration projects not yet identified by the Directors.

The above table is a statement of current intentions as at the date of this announcement. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. A more detailed use of funds budget will be provided in the Prospectus proposed to be issued in connection with the \$2.5 million Capital Raising.

14. Effect of the Proposed Acquisition on the Company's Consolidated total assets and total equity interests

The principal effects of the Proposed Acquisition on the Company's consolidated statement of financial position are reflected in the proforma balance sheet in Schedule 5 below.

15. Effect of the Proposed Acquisition on the Company's revenue, expenses and profit before tax

There will be no significant effect on the Company's consolidated statement of financial performance for the financial year ended 30 June 2019 as the Proposed Acquisition will be completed after 30 June 2019.

16. Pro forma balance sheet

An indicative pro-forma balance sheet showing the indicative effect on the Company of the acquisition of AVP (together with its subsidiaries) and associated Capital Raising is set out in Schedule 5 and is prepared

on the basis of unaudited management accounts of DLC and audited accounts of AVP (and its subsidiaries) as at 30 April 2019.

The unaudited pro-forma statement of financial position as at 30 April 2019 has been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all the disclosures required by Australian Accounting Standards applicable to annual financial statements.

17. Audited Financial Statements

A copy of the audited financial statements for AVP for the period ended 30 April 2019 are included in Schedule 6 to this announcement.

18. Key Risks and Dependencies of DLC

The key general risks to the activities of the Company are set out below.

The securities of DLC should be considered highly speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the successful commercial exploitation of its business and operations.

An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The list of risk factors in this section and in the announcement generally should not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The risk factors, and others not specifically referred to, may in the future materially affect the financial performance of the Company and the value of its shares.

18.1 Key Risks

The business assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which it can effectively manage them is limited.

(a) Re-quotations of shares on ASX

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX listing rules. It is anticipated that the Company's securities will be suspended from the date of the general meeting convened to seek Shareholder approval for the Proposed Acquisition until completion of those transactions, the \$2.5 million public offer, re-compliance by the Company with Chapters 1 and 2 of the ASX listing rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation. The Company however, following the recent detailed discussions with the ASX surrounding these acquisitions and the Company's re-compliance obligations, at the moment sees no reason why the Company should not be able to re-comply according with these conditions within a few weeks of the upcoming intended shareholder meeting.

(b) Completion Risk

The Company has agreed to acquire 100% of the issued share capital of American Vanadium, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of Proposed Acquisition cannot be fulfilled and, in turn, that completion of the Proposed Acquisition does not occur.

If the Proposed Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(c) **Tenure, access and grant of applications**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

Tenements are subject to the applicable mining acts and regulations. The renewal of the term of a granted tenement is also subject to the discretion of the relevant authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

(d) **Exploration and operating**

Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that future exploration of the tenements, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the mineral exploration licences comprising the Projects and obtaining all required approvals for their contemplated activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of the mineral exploration licence comprising the Projects.

(e) **Exploration Costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainty, and accordingly, the actual costs may materially differ from the estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely impact the Company's viability.

(f) **Operating and Development Risks**

The Company's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured. The business of mining involves many risks and may be impacted by factors including ore tonnes, grade and metallurgical recovery, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents, occupational and health hazards, cave-ins and rock bursts. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition, the Company's profitability could be adversely affected if for any reason its production and processing of or mine development is unexpectedly interrupted or slowed. Examples of events which could have such an impact include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communications systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions.

(g) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(h) **Resource and reserves and exploration targets**

The Company has identified a number of exploration targets based on geological interpretations and limited geophysical data, geochemical sampling and historical drilling. Insufficient data however, exists to provide certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.

Reserve and Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.

(i) **Failure to satisfy Expenditure Commitments**

Interests in tenements are governed by the mining acts and regulations that are current in the relevant location of the tenements and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(j) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions

or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its Projects.

(k) Equipment and availability

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

(l) Exploration and Mining Titles

The ability of the Company to carry out successful exploration and mining activities will depend on the ability to maintain or obtain tenure to mining titles. The maintenance or issue of any such titles must be in accordance with the laws of the relevant jurisdiction and in particular, the relevant mining legislation. Conditions imposed by such legislation must also be complied with. No guarantee can be given that tenures will be maintained or granted, or if they are maintained or granted, that the Company will be in a position to comply with all conditions that are imposed or that they will not be planted by third parties.

(m) Environmental

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(n) Regulatory risk

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that the Company will not obtain these permits 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 materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.

(o) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

18.2 Specific Risks of AVP

The business, assets and operations of American Vanadium are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company and include those set out in Section 18.1 as they relate to AVP's Projects: tenure, access and grant of applications, exploration and operating, commodity price volatility (specifically in relation to copper), resources and reserves and exploration targets, failure to satisfy expenditure commitments and environmental and regulatory risks as they relate to operating in the United States of America.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

19. ASX Waivers and Confirmations

ASX has granted the Company a waiver from the requirements of Listing Rule 2.1 (Condition 2) to enable it to issue Shares at an issue price less than \$0.20 per Share. The terms of the waiver are as follows:

Based solely on the information provided, ASX grants the Company, in connection with the acquisition of 100% of the issued capital of AVP and a proposed capital raising of between \$2,500,000 and \$3,000,000 via the issue of Shares, a waiver from Listing Rule 2.1 condition 2 to the extent necessary to permit the issue of up to 150,000,000 fully paid ordinary shares pursuant to the Capital Raising at an issue price less than \$0.20 per Share, subject to the following conditions:

- (a) The issue price of the Shares is not less than \$0.02 per Share.*
- (b) The terms of the waiver are disclosed to the market and, along with the terms and conditions of the Shares, are clearly disclosed in the notice of meeting pursuant to which the Company will seek the approval required under Listing Rule 11.1.2 for the Acquisition and in the prospectus to be issued in respect of the Capital Raising.*
- (c) The Company's shareholders approve the issue price of the Shares in conjunction with the approval obtained under Listing Rule 11.1.2 in respect of the Acquisition.*
- (d) The Company completes a consolidation of its capital structure in conjunction with the Acquisition such that its securities are consolidated at a ratio that will be sufficient, based on the lowest price at which the Company's securities traded over the 20 trading days preceding the date of the announcement of the Acquisition, to achieve a market value for its securities of not less than \$0.02 each.*

ASX has also granted the Company a waiver from Listing Rule 1.1 (Condition 12) to the extent necessary to permit the Company to issue Options with an exercise price below \$0.20.

The Company has received ASX's approval of the proposed terms and milestones of the Performance Shares to be issued as part of the consideration for the Acquisition.

20. Regulatory Statements

(a) The Company notes that:

- (i) the Proposed Acquisition requires Shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;
- (ii) ASX has absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities following the Proposed Acquisition and associated re-compliance with Chapters 1 and 2 of the ASX listing rules, and therefore the transaction may not proceed if ASX exercises that discretion. The directors of DLC and its legal team have been in engaging in discussions with ASX and have no reason to believe that ASX will exercise its discretion against the Company, or that the Company will not fulfill the requirements of Chapters 1 and 2 of the ASX listing rules for the Proposed Acquisition to take place; and
- (iii) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

(b) Furthermore, the Company:

- (i) notes that ASX takes no responsibility for the contents of this announcement; and
- (ii) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

The Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of AVP and the directors of DLC are satisfied that it is in the best interests of all shareholders that there is 100% ownership of AVP. The consideration of the Directors at all times is to develop the Company and its business initiatives in order to increase DLC shareholder wealth.

Malcolm Day
Managing Director

For further information, please contact:

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041 777 0315

Schedule 1 – February 2014 Rock Chip Sampling Location Data and Results

Samp_ID	Easting	Northing	Cu %	Pb ppm	Zn ppm	Ag ppm	Co ppm	Mo ppm
3101	608,814	4,300,043	0.103	121	8	2.9	6	0
3102	608,815	4,300,044	0.221	8	8	3.5	4	0
3103	608,824	4,299,997	1.91	16	21	16.4	3	0
3104	608,822	4,299,998	3.5	22	29	19.5	2	0
3105	608,821	4,299,999	0.98	8	22	10.5	2	0
3106	608,820	4,300,000	0.984	12	19	17.8	2	0
3107	608,817	4,300,000	1.08	9	15	13.4	2	0
3108	608,816	4,300,001	0.892	7	15	10.5	2	0
3109	608,814	4,300,003	0.5	6	19	6.2	2	0
3110	608,812	4,300,004	0.566	7	16	8.5	2	0
3111	608,810	4,300,004	0.475	7	18	9.6	5	0
3112	608,808	4,300,006	0.387	0	19	4.6	3	0
3113	608,806	4,300,006	1.37	9	18	12.4	4	0
3114	608,804	4,300,008	1.34	11	23	18.4	3	0
3115	608,804	4,300,009	0.296	7	15	4.7	3	0
3117	608,464	4,300,217	0.453	77	61	5.1	15	6
3118	608,464	4,300,218	0.626	158	34	27.6	13	6
3119	608,465	4,300,219	0.645	99	86	10.2	22	10
3120	608,466	4,300,219	1.08	33	215	7.1	25	8
3121	610,895	4,297,616	0.187	68	139	29.5	72	5
3122	610,894	4,297,616	0.137	21	49	37.7	53	0
3123	610,779	4,297,701	0.0674	12	56	2.4	13	0
3124	610,778	4,297,701	0.0325	13	103	1.4	14	0
3125	610,777	4,297,700	0.223	108	278	3.1	33	0
3126	610,776	4,297,699	0.0422	322	74	31.6	10	15
3127	610,776	4,297,698	0.75	43	250	25.5	65	13
3128	610,775	4,297,696	2.34	30	809	31.1	367	14
3129	610,821	4,297,629	0.185	12	152	8.2	52	6
3130	610,822	4,297,630	0.125	7	103	3.1	73	0
3131	610,808	4,297,635	0.0664	0	36	1	10	0
3132	610,798	4,297,640	0.201	28	48	4.1	96	20
3133	610,790	4,297,642	0.0358	22	27	2.1	23	15
3134	610,787	4,297,659	0.0628	86	259	3	36	12
3135	610,800	4,297,677	0.951	14	243	3.1	276	7
3136	610,795	4,297,707	0.0416	37	80	1.1	52	9
3137	610,792	4,297,723	0.0285	43	83	0.6	32	0
3138	610,785	4,297,749	0.0059	16	37	0	4	0
3139	610,645	4,297,781	0.0116	282	591	0	8	0
3140	610,503	4,297,687	0.342	12	12	0	6	0
3141	610,734	4,297,676	0.0612	136	255	3.5	16	17
3142	610,820	4,297,756	0.0521	360	168	5.8	32	34
3143	610,820	4,297,754	0.0131	23	113	0	23	8
3144	610,821	4,297,754	0.235	438	416	3.6	138	66
3145	610,822	4,297,755	1.79	147	624	23.5	1760	100

Note: Easting and Northing UTM 84_12N

Schedule 1 – February 2014 Rock Chip Sampling Location Data and Results (cont.)

Samp_ID	Easting	Northing	Cu %	Pb ppm	Zn ppm	Ag ppm	Co ppm	Mo ppm
3146	610,823	4,297,756	0.86	46	312	12	557	46
3147	606,604	4,301,843	0.24	0	21	0.6	6	8
3148	606,605	4,301,843	0.60	0	23	1.1	7	0
3149	606,606	4,301,843	0.53	5	20	1.5	5	0
3150	606,607	4,301,843	0.97	8	36	2	5	0
3151	606,640	4,301,791	0.06	0	9	0	1	0
3152	606,640	4,301,790	0.15	0	24	0.6	4	0
3153	606,674	4,301,812	0.26	0	33	0.6	5	0
3188	607,667	4,301,036	1.61	173	204	44.7	91	25
3189	608,147	4,301,105	0.16	9	20	2.6	6	9
3190	608,168	4,301,052	0.18	17	25	3.1	11	6
3191	608,134	4,301,031	0.09	8	9	1.1	3	0
3192	608,226	4,300,950	0.13	6	12	4.4	2	0
3193	608,527	4,300,832	0.05	0	13	1	5	0
3194	608,564	4,300,760	0.01	0	8	0	1	0
3195	608,767	4,300,458	0.86	69	35	1.7	4	0
3196	608,766	4,300,458	0.07	19	11	6.3	1	0
3197	608,791	4,300,434	0.02	22	9	3	3	56
3198	608,821	4,300,417	0.21	0	48	0.7	3	11
3199	608,696	4,300,235	0.01	0	17	0	11	6
3200	608,584	4,300,226	0.00	0	14	0	2	0
3201	607,639	4,301,049	10.60	>5000	5520	15.2	135	2220
3202	612,805	4,296,884	0.20	99	43	0	5	175
3203	613,422	4,295,985	0.01	13	15	0	2	50
3204	612,948	4,295,741	0.39	20	16	0.7	2	25
3205	612,947	4,295,741	0.50	28	7	1.5	2	16
3206	612,946	4,295,741	0.38	11	9	0.9	3	11
3207	610,666	4,297,828	0.02	59	21	0	12	9
3208	608,542	4,300,009	1.98	1800	1700	3.3	68	12
3209	608,542	4,300,008	0.01	56	15	0	5	7
3210	608,410	4,300,108	0.57	>5000	71	8.4	27	3220
3211	609,298	4,299,922	0.33	423	29	3.4	6	215
3212	609,184	4,299,926	0.05	279	9	0.8	1	14
3213	609,332	4,299,927	0.26	13	7	24.3	2	6
3214	609,699	4,299,547	0.61	31	9	1.2	2	0
3215	612,887	4,295,786	0.15	15	11	0	3	6
3216	612,888	4,295,784	0.91	21	16	1.8	4	6
3217	612,888	4,295,782	0.44	15	11	0.6	3	5
3218	612,888	4,295,780	0.25	11	8	0.6	2	0
3219	612,889	4,295,778	0.16	13	6	0	2	0
3220	612,889	4,295,777	0.30	7	8	0	2	0
3221	612,888	4,295,788	0.13	0	20	0	10	6
3222	612,921	4,295,749	0.38	7	8	1.5	2	0
3223	612,920	4,295,748	0.36	0	0	2.4	3	0
3224	612,920	4,295,745	0.50	9	11	2.9	2	0
3225	612,920	4,295,743	0.37	6	8	2.1	3	0

Note: Easting and Northing UTM 84_12N

Schedule 1 – February 2014 Rock Chip Sampling Location Data and Results (cont.)

Samp_ID	Easting	Northing	Cu %	Pb ppm	Zn ppm	Ag ppm	Co ppm	Mo ppm
3226	612,920	4,295,741	0.31	5	11	2.8	4	0
3227	612,920	4,295,739	0.41	6	14	9.4	12	0
3228	612,920	4,295,737	0.46	12	28	10.3	8	8
3229	612,920	4,295,735	0.32	13	66	1.5	14	9
3230	613,062	4,295,729	0.28	0	0	0.6	2	0
3231	613,062	4,295,726	0.31	0	0	0	2	0
3232	613,062	4,295,724	0.38	5	8	0	1	0
3233	613,062	4,295,723	0.27	0	5	0	2	0
3234	613,062	4,295,721	0.24	0	10	0	2	0
3235	613,062	4,295,718	0.26	0	8	0	2	0
3236	613,062	4,295,716	0.55	7	7	0.6	3	0
3237	613,062	4,295,714	0.43	6	6	0.6	1	0
3238	613,062	4,295,712	0.25	0	7	0	2	0
3240	613,062	4,295,708	0.32	0	0	0	2	0
3241	613,062	4,295,706	0.22	0	0	0	2	0
3242	613,062	4,295,704	0.51	0	0	0.8	2	0
3243	613,062	4,295,702	0.40	5	0	0.6	2	0
3244	613,062	4,295,700	0.30	0	0	0	2	0
3245	613,062	4,295,698	0.20	0	0	0.5	2	0
3246	613,062	4,295,696	0.51	6	0	1.6	3	0
3247	613,062	4,295,694	0.41	7	0	1.9	3	0
3248	613,062	4,295,692	0.30	0	0	1.2	2	0
3249	613,062	4,295,689	0.35	0	0	1.7	2	0
3250	613,062	4,295,687	0.34	0	0	2.3	2	0
3251	613,062	4,295,685	0.56	5	0	2.1	4	0
3252	613,063	4,295,733	0.18	0	0	0	2	0
3253	613,063	4,295,736	0.18	0	0	0	3	0
3254	613,063	4,295,738	0.12	0	0	0.7	2	0
3255	613,063	4,295,740	0.15	0	6	0.8	2	0
3256	613,063	4,295,742	0.19	0	6	4.2	2	0
3257	613,063	4,295,744	0.27	0	5	8.4	3	0
3258	613,063	4,295,746	0.15	0	0	6.9	3	0
3259	613,063	4,295,748	0.26	0	7	18	2	0
3260	613,063	4,295,749	0.12	0	6	29.3	4	0
3261	613,063	4,295,751	0.05	0	6	3.8	3	0
3262	613,063	4,295,753	0.02	0	5	0	1	0
3263	613,063	4,295,755	0.01	0	6	0	1	0
3264	612,899	4,295,764	0.33	0	6	1.4	17	0
3265	612,899	4,295,766	0.50	6	7	0.9	4	0
3266	612,899	4,295,768	0.34	0	0	0.6	2	0
3267	612,899	4,295,769	0.28	5	10	0	3	0
3268	612,899	4,295,771	0.27	0	7	1	10	0
3269	612,899	4,295,773	0.15	0	5	2.7	7	0
3270	612,898	4,295,775	0.05	0	0	5.1	2	0
3271	612,898	4,295,777	0.08	0	8	4.4	4	0

Note: Easting and Northing UTM 84_12N

Schedule 2 – April 2014 Rock Chip Sampling Location Data and Results

Samp_ID	Easting	Northing	Cu%	Pb ppm	Zn ppm	Ag ppm	Co ppm	Mo ppm	U ppm	V ppm
30900	607,638	4,301,063	0.43	15,500	1,400	1	82	472	98	24
30914	612,086	4,293,918	0.00	200	180	0	0	50	1,020	5,670
30915	612,201	4,293,806	0.00	300	90	0	10	40	270	530
30916	612,201	4,293,806	0.00	500	130	0	10	30	2,090	5,880
30917	612,202	4,293,806	0.00	0	30	0	0	0	360	5,040
30918	612,329	4,293,714	0.01	5,000	400	22	0	30	10,950	50,100
30919	609,196	4,299,988	0.00	300	100	0	0	10	2,270	4,700
30920	609,155	4,299,987	0.04	0	0	0	0	0	0	40
30921	609,136	4,300,038	0.88	0	0	1	10	0	60	210
30922	609,205	4,299,883	0.03	0	30	0	0	0	0	60
40101	613,249	4,296,464	0.23	0	0	1	0	0	0	0
40102	613,640	4,296,451	2.50	0	0	0	0	0	0	10
320715	613,198	4,295,622	0.23	0	40	22	10	0	0	20
320716	612,758	4,295,947	1.88	0	0	11	50	10	0	20
320717	609,728	4,299,515	1.87	200	20	4	30	30	0	60
320718	612,900	4,295,685	0.01	400	20	0	0	10	0	10
320719	609,191	4,298,255	3.35	21,600	2,360	6	280	80	430	90
320720	608,015	4,301,239	0.14	0	0	4	0	0	0	10
320722	608,866	4,300,359	0.55	0	60	1	0	0	0	10
320724	610,159	4,298,273	4.97	46,400	1,710	32	40	160	130	130
320726	609,530	4,299,745	1.07	0	0	1	0	0	0	10
320727	609,502	4,299,762	1.94	0	0	1	0	0	0	10
320728	609,304	4,299,812	1.23	600	50	4	0	0	0	20
320729	609,256	4,299,838	0.09	0	0	0	0	0	0	20
320730	610,159	4,298,273	17.01	29,300	3,310	33	180	160	280	60
320731	607,989	4,301,233	0.65	200	30	5	10	10	0	10
320738	609,463	4,299,812	0.23	0	0	2	0	0	0	10
320739	609,191	4,299,956	0.08	0	0	1	0	0	0	10
320740	609,298	4,299,953	0.07	0	0	1	0	0	0	10
320746	609,836	4,299,750	0.69	0	40	0	0	10	0	80
320747	609,836	4,299,750	0.01	0	20	0	0	0	0	50
320748	608,779	4,299,750	0.04	0	30	0	0	0	0	30
320759	609,856	4,299,428	0.47	0	0	2	0	0	0	10
320760	609,801	4,299,291	0.00	0	0	0	0	0	0	10
320761	608,005	4,301,233	0.33	0	0	6	10	0	0	20
320762	608,004	4,301,233	0.02	0	0	1	0	0	0	10
320763	608,156	4,301,028	0.55	0	0	4	10	0	0	20
320764	608,148	4,301,102	0.45	0	0	1	10	0	0	40
320765	608,148	4,301,102	0.18	0	60	1	940	0	0	60
320766	608,236	4,300,969	0.51	0	0	50	10	0	0	10
320767	608,935	4,300,475	1.76	200	20	3	10	10	0	20
320768	608,775	4,300,451	2.55	0	440	1	10	0	0	10
320769	609,484	4,299,769	0.11	0	0	2	0	0	0	10
320772	610,181	4,297,576	0.01	7,900	60	2	0	250	820	1,620

Note: Easting and Northing UTM84 12N

Schedule 2 – April 2014 Rock Chip Sampling Location Data and Results (cont.)

Samp_ID	Easting	Northing	Cu%	Pb ppm	Zn ppm	Ag ppm	Co ppm	Mo ppm	U ppm
320773	608,831	4,300,028	2.37	0	0	44	10	0	0
320774	607,644	4,301,028	4.73	363,000	440	97	40	1,190	290
320775	608,186	4,300,488	0.03	600	60	0	50	20	0
320776	608,871	4,300,042	0.61	1,100	0	12	10	15	0
320782	609,746	4,299,478	0.11	0	0	1	0	0	0
320784	609,759	4,299,493	0.03	0	0	0	0	0	0
320785	609,807	4,299,459	0.39	0	0	1	0	0	0
320786	608,823	4,300,079	2.64	21,200	300	11	30	10	0
320787	609,763	4,299,348	0.08	0	0	1	0	0	0
320789	610,691	4,297,601	0.03	2,800	410	10	250	60	130
320790	610,681	4,297,600	0.05	1,100	350	5	70	90	0
320791	608,860	4,300,263	0.58	0	0	3	0	0	0
320792	610,181	4,297,576	0.01	3,100	40	1	0	70	270
320793	608,004	4,299,566	0.15	0	0	0	0	0	0
320795	608,883	4,300,284	1.87	0	20	4	0	0	0
320796	610,795	4,297,616	0.03	900	60	4	90	10	0
320797	611,017	4,298,037	0.56	0	0	1	0	0	0
320781a	609,814	4,299,461	0.00	0	0	0	0	0	0
320783a	608,839	4,299,491	4.18	0	0	10	0	0	0

Note: Easting and Northing UTM84 12N

Schedule 3 - Drill Hole Location Data and Results**Table 1 – Harrison drilling Assay Results**

HARRISON DRILLING ASSAY RESULTS						
HOLE ID	Easting	Northing	Azimuth	Dip	Total Depth	Mineralisation
14-HA-01	608,840	430,045	0	vertical	25' 5"	0 - 5' @ 0.46% copper(Cu) including 1' @ 0.84% Cu. 6' -19' @ 0.19% Cu. 12' - 21'6" @ 15 g/t Silver (Ag) including 1' @ 31 g/t Ag. Ended in copper mineralisation.
14-HA-02	608,866	4,300,029	0	vertical	22' 11"	0 - 12' @ 0.56% Cu including 3' @ 0.76% Cu. 16' - 22'1 1" @ 0.31% Cu. Ended in copper and silver
14-HA-03	608,904	4,299,995	0	vertical	15'	No significant result.
14-HA-04	608,875	4,300,001	0	vertical	31'6"	No significant result.
14-HA-05	608,842	4,299,997	0	vertical	16'	No significant result.
14-HA-06	608,792	4,300,060	0	vertical	21'7"	0 - 21'7" @ 0.68% Lead (Pb) including 3' @ 1.36% Pb and 3'6" @ 1.5% Pb. 0 - 21'7" @ 28.1 g/t Ag including 3' @ 65 g/t Ag. Ended in lead and silver mineralisation.
14-HA-07	608,775	4,300,007	0	vertical	14'3"	0 - 4' @ 0.51% Cu and 17 g/t Ag.
14-HA-08	608,731	4,300,024	0	vertical	31' 7"	0 to 6' @ 0.20% Cu. 12' - 31'7" @ 0.39% Cu including 4'6" @ 0.68% Cu. Ended in anomalous copper, silver and lead mineralisation.
14-HA-09	608,812	4,300,021	0	vertical	4'	0 to 4' @ 0.38% Cu and 9 g/t Ag. Ended in anomalous copper, silver and lead mineralisation.
14-HA-10	608,621	4,300,120	0	vertical	19' 10"	No reportable result.
14-HA-11	608,596	4,300,086	0	vertical	27'10"	19' to 27' 10" @ 0.14% Cu. 18' to 27' 23 g/t Ag including 2' @ 56 g/t Ag. Ended in silver and copper mineralisation.
14-HA-12	608,567	4,300,036	0	vertical	28' 3"	5' to 26' @ 9 g/t Ag. Ended in anomalous Ag.
14-HA-13	608,511	4,300,114	0	vertical	16'	9' to 12'2" @ 0.12% Pb. Ended in anomalous Pb and Ag.
14-HA-14	608,459	4,300,171			15'	9' to 12' @ 8 g/t Ag. 6' to 12' @ 0.45% Pb. Ended in anomalous Pb and Ag mineralisation.
14-HA-15	609,156	4,299,927	0	vertical	15'	No significant result.
14-HA-16	609,302	4,299,801	0	vertical	46'	No significant result.
14-HA-17	609,244	4,299,945	0	vertical	18'	Not sampled.
14-HA-18	609,225	4,299,961	0	vertical	24'	No significant result.
14-HA-19	608,874	4,300,301	0	vertical	15'	Not sampled.
14-HA-20	608,879	4,300,281	0	vertical	14'	Not sampled.
14-HA-21	608,908	4,300,302	0	vertical	28'	Not sampled.
14-HA-22	608,865	4,300,214	0	vertical	13'	Not sampled.
14-HA-23	608,825	4,300,195	0	vertical	4'	Not sampled.
14-WC-01	608,126	4,301,022	0	vertical	12'	No significant result.
14-WC-02	608,104	4,301,005	0	vertical	28'	No significant result.

Easting and Northings Coordinates: NAD83 / UTM Zone 12N

NOTE: All drill depths and sample intervals are in feet as drilling equipment was imperial. Conversion 1ft = 0.3048m

Schedule 3 - Drill Hole Location Data and Results (cont.)**Table 2 – Xaz Drilling Assay Results**

XAZ DRILLING ASSAY RESULTS						
HOLE ID	Easting	Northing	Azimuth	Dip	Total Depth	Mineralisation
14-XA-01	610,478	4,297,698	0	vertical	26'	0 - 16' @ 97.5 g/t Ag including 6' @ 297 g/t Ag. 0 - 16' @ 0.23% Cu including 2' @ 0.77%. 3' - 6' @ 0.11% Zn. Ended in copper and silver mineralisation.
14-XA-02	610,778	4,297,679	0	vertical	22' 6"	6' - 12' @ 63.5 g/t Ag including 3' @ 170 g/t Ag. 2' - 4' @ 0.22% Cu. 6' - 9' @ 0.28% Cu. 12' - 22' 6" @ 0.28% Cu including 1' @ 0.67% Cu. 15' - 22' 6" @ 16 g/t Ag. Ended in anomalous lead, zinc and silver mineralisation.
14-XA-03	610,825	4,297,643	0	vertical	29' 2"	0.42%. 0 - 12' @ 22.7 g/t Ag including
14-XA-04	610,880	4,297,624	0	vertical	19'	anomalous copper and zinc
14-XA-05	610,927	4,297,639	0	vertical	12'	Not sampled.
14-XA-06	610,851	4,297,682	0	vertical	7'	2' - 7' @ 16 g/t Ag.
14-XA-07	610,900	4,297,679	0	vertical	20'	Not sampled.
14-XA-08	611,041	4,297,596	0	vertical	20'	Not sampled.
14-XA-09	610,866	4,297,725	0	vertical	40'	0 - 1' @ 0.54% Cu. 1' - 4' not sampled. 5' - 18' not sampled. 21' - 22' @ 0.14% Cu. 22'-25' not sampled.
14-XA-10	610,796	4,297,734	0	vertical	38'	0-6' not sampled. 6 - 7' @ 0.46% Cu. 6' - 19' @ 13 g/t Ag. Ended in anomalous silver.
14-XA-11	610,762	4,297,719	0	vertical	34'	0 - 1' not sampled. 1 - 5' @ 0.17% Cu and 16 g/t Ag. 5' - 7' not sampled. 7' - 18' @ 0.29% Cu (incl 1 ft @ 0.78% Cu) and 10.4 g/t Ag. Ended in Cu mineralization.
14-XA-12	610,722	4,297,705	0	vertical	44'	0 - 26' not sampled. 26 - 31' @ 6g/t Ag
14-XA-13	610,704	4,297,761	0	vertical	20'	0 - 6' not sampled. No anomalous Ag or Cu
14-XA-14	610,758	4,297,626	0	vertical	36'	0 - 24' not sampled. No anomalous Ag or Cu
14-XA-15	610,790	4,297,636	0	vertical	20'	0 - 16' @ 16g/t Ag. 12- 14' @ 0.51% Cu
14-XA-16	610,849	4,297,682	0	vertical	15'	Not sampled.

Easting and Northing Coordinates: NAD83 / UTM 12N

Note: All drill depths and sample intervals as all drilling equipment is imperial. Conversion 1ft = 0.3048m

Schedule 3 - Drill Hole Location Data and Results cont.)**Table 3 - Mealey Drilling Assay Results**

MEALEY DRILLING ASSAY RESULTS						
HOLE ID	Easting	Northing	Azimuth	Dip	Total Depth	Mineralisation
14-ME-01	613,198	4,295,671	0	vertical	30'	0–30' @ 0.55% Cu incl 8' @ 1.09% Cu. Ended in copper mineralisation.
14-ME-02	612,927	4,295,744	0	vertical	30'	0–30' @ 0.29% Cu. Ended in Cu mineralisation.
14-ME-03	612,894	4,295,783	0	vertical	16'	0–16' @ 0.16% Cu. Ended in Cu mineralisation.

Easting and Northing Coordinate: NAD83 / UTM 12N

Note: All drill depths and sample intervals as all drilling equipment is imperial. Conversion 1ft = 0.3048m

All of the above quoted intercepts were reported in 2014 to comply with JORC 2012 standards.

Schedule 4 – Copper Ridge Project JORC Table 1**JORC Code, 2012 Edition – Table 1 report template****Section 1 Sampling Techniques and Data**

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> Samples CRC18001 to CRC18006 inclusive, completed by the vendors were random rock chip samples taken of visually mineralised material from prospecting pits and mullock piles. Equipment used consisted of a rock hammer. All samples by the vendor were dispatched to ALS laboratories in Reno, Nevada for analysis. The samples were analysed by method ME-MS61, a 4 acid digest reporting 48 elements. The rock sampling completed by Firestrike Resources Ltd (FIE) and as presented in announcements by FIE to the ASX on the 26th November 2013, 6th and 7th February 2014 and the 12th May 2014 consisted of outcrop rock chip grab sampling and continuous channel rock chip sampling. Equipment used was predominately hammer and or electric rock chisel with the collection of rock fragments within a gouge or track of up to 10 cm wide for the channel sampling. No prescriptive methodology was employed in grab samples however where possible one or more rock fragments over an area of 10cmx10cm was taken. FIE completed no specific quality control procedures for the collection of the samples other than due care exercised to maintain an unbiased and uniform sample as possible. Samples were shipped to SGS laboratories in Ely Nevada for drying and pulverizing and splitting to prepare a pulp of approx. 200 grams which was then shipped to SGS Perth for analytical determinations.

Criteria	JORC Code explanation	Commentary
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> The vendors have completed no drilling. All drilling referred to in this announcement was completed by FIE. A lightweight man portable rig was used. Rods are in feet lengths of nominally 4 foot per rod. A single 4 foot core barrel is affixed to the rod string to enable core to be captured and lifted to surface. Each run of core required all rods to be tripped from the hole. Nominal size core diameter is 42mm. As all holes are vertical and the sediments are essentially flat lying no core orientation was completed.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Brief descriptions of the core were completed by FIE with visual observations on the presence of copper and other metalliferous minerals where recognized. Core was photographed as wet whole and half cores. Drill recoveries were recorded by FIE as a part of the sampling and logging process. Overall core recoveries were reported by FIE as averaging approximately 80 % with the lowest core loss recorded for a hole of 54 %. Clays and fractured broken ground contributed to the core losses. FIE cut the core on a narrow diamond bladed saw with sampling intervals as three feet on average though variation down to 1 foot where geological conditions dictate a reduced sampling interval. Occasionally over 3 feet has been sampled in a single sample where geological or drill sample conditions determine this is more appropriate or efficient. The sampling of ½ core has reduced any sample bias.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> The drilling completed by FIE was for exploration purposes only and is not intended to be used in the calculation of a JORC compliant resource. FIE completed logging on whole, unoriented core to ascertain the relationship between geology, mineralization and results. All observed mineralization was sampled.
Sub-sampling techniques	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample 	<ul style="list-style-type: none"> FIE reported that the core was halved on a narrow diamond bladed saw. The upper half of the core as it sits in the core tray was sampled and samples wherever possible, taken as a maximum of 3 feet and a minimum of 1 foot where geological variation requires. Samples were

Criteria	JORC Code explanation	Commentary
<i>and sample preparation</i>	<p><i>preparation technique.</i></p> <ul style="list-style-type: none"> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<p>sent for analysis where copper was visually noted in the core. Holes containing no visible copper were not sampled.</p> <ul style="list-style-type: none"> FIE collected duplicates from ¼ core every 30 samples.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> FIE described that discrepancies in depth may occur where there is core loss and this may affect the determination of widths of mineralisation and the associated grade. Given the reconnaissance nature of the programme and that the data is not to be used directly in the determination of any JORC resources, it is considered that the grade and intervals will approximate the actual with sufficient confidence relative to the exploration conducted. Assaying was completed by ALS laboratory services with sample preparation in Nevada and prepared pulps samples sent to Vancouver for final determination. FIE inserted duplicates every 30 samples to check analysis repeatability.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> As FIE did not intend to use the drill information for inclusion in a JORC compliant resource no significant intersections were verified. No holes were twinned by FIE. FIE entered all data into a database. Neither FIE nor the vendors have made adjustments to the original data.
<i>Location of data points</i>	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> FIE reported that all samples sites and drill holes were located using a handheld DGPS unit and cross checked onto aerial photographs where relevant. The GPS recorded locations used the WGS 84 datum Zone 12 North.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications</i> 	<ul style="list-style-type: none"> FIE reported that the data was not expected to be incorporated into any Mineral Resource or Ore Reserve estimation and was primarily an initial exploration reconnaissance geochemical sampling programme.

Criteria	JORC Code explanation	Commentary
	<p><i>applied.</i></p> <ul style="list-style-type: none"> <i>Whether sample compositing has been applied.</i> 	As such the determination of data spacing and distribution is not relevant currently.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> Wherever possible FIE reported that holes were drilled vertically, however no down hole surveys were possible with the on-site equipment that was present and as such the accuracy of the mineralised width and location is affected. Given the reconnaissance nature of the drilling, however this is not seen as a major impact upon the results of the FIE drilling program.
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	All samples were collected by FIE in calico sample bags with sample number tickets included in each bag and the same identification externally on the bag. Bags were then checked against field manifests and loaded into plastic buckets with tape sealed lids for transportation to SGS sample preparation in Ely, Nevada. Given the initial phase of exploration combined with the limited number of field staff involved, the security over sample dispatch was considered adequate.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> No audits or reviews have been completed by the vendors. FIE did not report any audit reviews of sampling techniques or data.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> All claims are current and 100% owned by Cisco Minerals Inc. There are no outstanding issues regarding access or ownership. Claim numbers are: From CR-001 to CR-169 inclusive and lie within Grand County, Utah USA. They are unpatented claims on Federal Land. No native title issues exist.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Historical drill holes and shafts, trenches and adits predating the work by FIE exist at the Mealey and Harrison prospects. No further technical information has yet been found to verify and validate the previous work done other than Geological Survey reports from the State of Utah.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The mineralization tested by the FIE exploration program targeted sandstone hosted copper mineralization located in sediments of the Salt Wash Member of the Jurassic Morrison Formation located on the Colorado Plateau.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> A complete summary of the drilling completed by FIE is presented in Schedule 3 in this announcement. It is copied from data in the relevant announcement by FIE and contains all of the required information as listed in this section titled “Drill Hole Information”. No available information has been excluded from the previous announcements.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such 	<ul style="list-style-type: none"> All downhole intervals reported by FIE are weighted downhole averages using a bottom cut of 0.10% Cu. The higher-grade intervals contained in these larger intercepts are reported separately. No metal equivalent values have been used.

Criteria	JORC Code explanation	Commentary
	<p><i>aggregations should be shown in detail.</i></p> <ul style="list-style-type: none"> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> All drill holes completed by FIE were drilled vertical, perpendicular to the stratigraphy that dips gently to the southwest. Therefore, any intercepts are essentially "true widths".
Diagrams	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> No significant discovery was reported by FIE.
Balanced reporting	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> All drill intercepts listed by FIE have been included in Tables 1, 2 and 3 of Schedule 3 including holes that did not intersect mineralization or those that were not sampled as no mineralization was observed.
Other substantive exploration data	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> Other than the 6 samples taken by the vendors and the previous work by FIE no other information is available on work by previous explorers or miners. FIE undertook initial metallurgical test-work that demonstrated the mineralization to be amenable to acid leaching.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> The company intends to complete work that may define extensions to the known mineralisation and locate mineralisation along feeder structures or buried beneath talus and valley fill. An exploration program has been designed to test these possibilities.

Schedule 5
Pro-Forma Statement of Financial Position

	DLC CONSOLIDATED AUDITED	DLC CONSOLIDATED AUDIT REVIEWED	DLC CONSOLIDATED UNAUDITED	PROFORMA DLC CONSOLIDATED POST ACQUISITION
	30 June 2018 \$'000	31 Dec 2018 \$'000	30 April 2019 \$'000	30 April 2019 \$'000
CURRENT ASSETS				
Cash and cash equivalents	998	741	888	3,247
Trade and other receivables	2,490	2,497	1,965	1,965
Inventories	3,628	4,423	3,560	3,560
Financial assets at fair value through OCI	2,310	902	924	924
Prepayments and deposits	536	1,000	826	826
TOTAL CURRENT ASSETS	9,962	9,563	8,163	10,522
NON-CURRENT ASSETS				
Exploration	-	-	916	3,281
Property, plant and equipment	229	202	227	227
TOTAL NON-CURRENT ASSETS	229	202	1143	3,508
TOTAL ASSETS	10,191	9,765	9,306	14,030
CURRENT LIABILITIES				
Trade and other payables	1,099	2,024	1,420	1,526
Provisions	145	127	130	158
TOTAL CURRENT LIABILITIES	1,244	2,151	1,550	1,684
NON-CURRENT LIABILITIES				
Provisions	108	111	113	113
TOTAL NON-CURRENT LIABILITIES	108	111	113	113
TOTAL LIABILITIES	1,352	2,262	1,663	1,797
NET ASSETS (LIABILITIES)	8,839	7,503	7,643	12,233
EQUITY				
Issued capital	69,493	69,618	70,118	74,013
Reserves	1,923	500	538	2,058
Accumulated losses	(62,577)	(62,615)	(63,013)	(63,838)
TOTAL EQUITY	8,839	7,503	7,643	12,233

Schedule 6
Audited Financial Statements - AVP

AMERICAN VANADIUM PTY LTD
ABN 83 628 536 292
FINANCIAL REPORT
FOR THE PERIOD ENDED 30 APRIL 2019

TABLE OF CONTENTS

	Page
Director's Report	3
Auditor's Independence Declaration	5
Independent Auditor's Report	6
Director's Declaration	9
Statement of Financial Position	10
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14

DIRECTOR'S REPORT

Your director presents his report on the financial report of the Group, comprising American Vanadium Pty Ltd ("the Company") and its subsidiaries for the period ended 30 April 2019.

DIRECTORS

The director of the Company in office at any time during or since the end of the period is Mr Paul Lloyd. Mr Lloyd was in office for the entire period, being from the date of incorporation, 31 August 2018 to the date of this report.

OPERATING RESULTS

The loss of the Group for the period ended 30 April 2019 after providing for income tax was \$18,400.

REVIEW OF OPERATIONS

A review of the operations of the Group during the financial period and the results of those operations were as follows:

- The Company was incorporated on 31 August 2018.
- The Company registered three wholly-owned subsidiaries in the United States of America.
- The principal activity of the Group during the financial period was that of exploration and evaluation of projects subject to Bureau of Land Management ("BLM") claims. These projects comprised the Vanadium King Project in Grand County, Utah, and the Atkinson Mesa Project, Rex Project, Radium Mountain Project and Wedding Bell Project in Montrose County, Colorado.

SUBSEQUENT EVENTS

The Company is in the process of completing negotiations with a listed company for the acquisition of 100% of the issued shares of the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIVIDENDS

No dividends were declared for the financial period.

SHARE OPTIONS

No options over issued shares or interest in the Company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

DIRECTOR'S REPORT

DIRECTOR'S BENEFITS

The director has not received or become entitled to receive, during the period, a benefit because of a contract made by the Company, controlled entity or a related body corporate with that director, a firm of which the director is a member or an entity in which the director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by the director shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

INDEMNIFYING OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

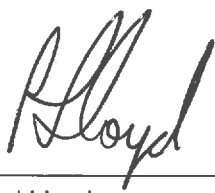
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

AUDITOR'S INDEPENDENCE

The Auditor's Independence Declaration under Section 307C of the Corporations Act is set out on page 4 and forms part of the Director's Report for the period ended 30 April 2019.

Signed in accordance with a resolution of the Board:



Paul Lloyd
Director

Dated at Perth this 22nd day of July 2019.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of American Vanadium Pty Ltd for the period ended 30 April 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
22 July 2019

L Di Giallonardo
Partner

hlb.com.au

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INDEPENDENT AUDITOR'S REPORT

To the Members of American Vanadium Pty Ltd

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of American Vanadium Pty Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 April 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 April 2019 and of its financial performance for the period then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Emphasis of matter – basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist with a corporate transaction that the Company is contemplating. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The director is responsible for the other information. The other information comprises the information included in the Group's financial report for the period ended 30 April 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the director for the financial report

The director of the Company is responsible for the preparation of the financial report that gives a true and fair view and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members. The director's responsibility also includes such internal control as the director determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the director is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with him all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
22 July 2019



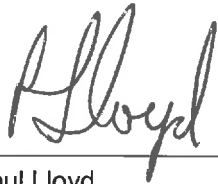
L Di Giallonardo
Partner

DIRECTOR'S DECLARATION

The Director has determined that the Group is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Director of the Group declares that:

1. The financial statements and notes, as set out on pages 10 to 21 are in accordance with the Corporations Act 2001; and
 - a. comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Group's financial position as at 30 April 2019 and performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
 - c. in the Director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Paul Lloyd

Director

Perth, 22 July 2019

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2019

		CONSOLIDATED 2019 \$
CURRENT ASSETS	Notes	
Cash and cash equivalents	7	209,836
Total current assets		209,836
NON-CURRENT ASSETS		
Deferred exploration and evaluation expenditure	3	318,734
Total non-current assets		318,734
Total assets		528,570
CURRENT LIABILITIES		
Trade and other payables	4	135,446
Total current liabilities		135,446
Total liabilities		135,446
Net assets		393,124
EQUITY		
Issued capital	5	406,000
Accumulated losses		(18,400)
Reserves	6	5,524
Total equity		393,124

The accompanying notes form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 APRIL 2019

	Notes	CONSOLIDATED 2019 \$
Accounting fees		(3,538)
Other expenses		(996)
Due diligence costs	2	(13,866)
Loss before income tax		(18,400)
Income tax expense		-
Loss for the period		(18,400)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations		5,524
Other comprehensive income net of tax		5,524
Total comprehensive loss for the period		(12,876)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2019

	Issued capital	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$
CONSOLIDATED				
Loss for the period	-	(18,400)	-	(18,400)
Other comprehensive income	-	-	5,524	5,524
Total comprehensive loss for the period	-	(18,400)	5,524	(12,876)
Shares issue net of costs	406,000	-	-	406,000
Balance at 30 April 2019	406,000	(18,400)	5,524	393,124

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2019

		CONSOLIDATED
		2019
	Notes	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees		(18,400)
Net cash (used in) operating activities	7	(18,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure		(206,560)
Net cash (used in) investing activities		(206,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		28,796
Proceeds from issue of shares		406,000
Net cash provided by financing activities		434,796
Net increase in cash held		209,836
Cash at the beginning of the financial period		-
Cash and cash equivalents at the end of the period	7	209,836

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company for the financial period 30 April 2019 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial report is a special purpose financial report prepared to assist with a corporate transaction that the Company is contemplating (see Note 11). The director has determined that the Group is not a reporting entity.

American Vanadium Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

AASB 101:	Presentation of Financial Statements;
AASB 107:	Statement of Cash Flows;
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors;
AASB 110:	Events after the Balance Date;
AASB 1048:	Interpretation and Application of Standards.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The Group incurred a net loss after tax for the period ended 30 April 2019 of \$18,400. The Director is of the opinion that the Group is a going concern as the Company is currently contemplating a corporate transaction which will see it being acquired by a listed vehicle, thus assisting the Company in accessing funding in future.

The ability of the Group to continue as a going concern is dependent upon completing the transaction outlined above or the Group being successful in sourcing funds by other means to enable it to meet its planned expenditure commitments. Should this transaction not be completed, or if the Group is not successful in sourcing funds by other means, there is a material uncertainty which may cast significant doubt as to the ability of the Group to continue as a going concern and whether it can realise its assets and extinguish its liabilities in the ordinary course of business.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historic costs except for certain financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Company's ownership interest in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

a) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item or expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating activities.

c) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

d) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Trade receivables are assessed at initial recognition and subsequently at every balance date for expected credit losses with an appropriate provision raised. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income in other expenses.

e) Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables are assessed at initial recognition and subsequently at every balance date for expected credit losses with an appropriate provision raised. Debts which are known to be uncollectible are written off. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loan or receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income in other expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

h) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) **Deferred Exploration and Evaluation Expenditure**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the period in which they are incurred where the following conditions are satisfied:

- a) the rights to tenure of the area of interest are current; and
- b) at least one of the following conditions is also met:
 - i. the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - ii. exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous periods.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

k) **Adoption of new and revised standards**

Standards and Interpretations applicable to 30 April 2019

In the period ended 30 April 2019, the Director has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period.

As a result of this review, the Director has determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to the Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Director has also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 30 April 2019.

As a result of this review the Director has determined that based on the Group's current level of operations, no new and revised Standards and Interpretations will have a material effect in future periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019

2019
\$

NOTE 2: LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax has been determined after the following items:

(a) EXPENSES

Due diligence costs	13,866
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NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Opening balance	-
Expenditure incurred during the period	313,210
Exchange differences	5,524
	<u>318,734</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 4: TRADE AND OTHER PAYABLES

CURRENT

Trade creditors	106,650
Loans – director related entities	28,796
	<u>135,446</u>

NOTE 5: ISSUED CAPITAL

	No of shares	\$
Fully paid ordinary shares	<u>10,000,000</u>	<u>406,000</u>
Movement in shares and issued capital		
Shares issued at \$0.10	4,000,000	400,000
Shares issued at \$0.001	6,000,000	6,000
	<u>10,000,000</u>	<u>406,000</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019

2019
\$

NOTE 6: RESERVES

Foreign currency translation reserve:

Opening balance	-
Exchange differences during the period	5,524
Closing balance	5,524

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 7: CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

Cash at bank	209,836
	209,836

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(b) Reconciliation of loss for the period to net cash flows from operating activities

Net loss for the period	(18,400)
Net cash (used in) operating activities	(18,400)

(c) Changes in liabilities arising from financing activities

	Loans – director related entities	Total
Net cash provided by financing activities	28,796	28,796
Balance as at 30 April 2019	28,796	28,796

NOTE 8: CONTINGENT LIABILITIES

The director is not aware of any contingent liabilities that exist at balance date.

NOTE 9: COMPANY DETAILS

The registered office and principal place of business of the Company is:

38B King Edward Street
SOUTH PERTH WA 6151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019

NOTE 10: RELATED PARTIES

INTEREST IN SUBSIDIARIES

The consolidated financial statements include the financial statements of American Vanadium Pty Ltd and the subsidiaries listed in the following table.

		Equity Interest	Investment
	Country of incorporation	2019	2019
		%	\$
CISCO Minerals Inc	United States of America	100	1
Sunrise Minerals Inc	United States of America	100	1
Standard Minerals Inc	United States of America	100	1

American Vanadium Pty Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

The following balances were outstanding at the end of the period.

	Amounts owed by related parties 2019
	\$
CISCO Minerals Inc	46,202
Sunrise Minerals Inc	121,514
Standard Minerals Inc	149,031

NOTE 11: SUBSEQUENT EVENTS

The Company is in the process of completing negotiations with a listed company for the acquisition of 100% of the issued shares of the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.