



Sirius Resources NL ACN 009 150 083

ACQUISITION SCHEME BOOKLET

A RECOMMENDED SCHEME OF ARRANGEMENT
IN RELATION TO THE PROPOSED ACQUISITION OF ALL OF
YOUR SIRIUS SHARES BY INDEPENDENCE GROUP NL

Your Sirius Directors unanimously recommend that you **VOTE IN FAVOUR** of the Acquisition Scheme, in the absence of a Superior Proposal.

Your Sirius Directors intend to **VOTE IN FAVOUR** of the Acquisition Scheme in respect of the Sirius Shares over which they have voting control, in the absence of a Superior Proposal.

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Acquisition Scheme. If you are in any doubt as to how to deal with this Acquisition Scheme Booklet, you should consult your broker or your financial, legal or other professional adviser immediately.

If you have any questions in relation to this Acquisition Scheme Booklet or the Acquisition Scheme, you should call the Sirius Shareholder Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (from outside Australia) on week days between 6.30am and 5.30pm (Perth time).



Corporate adviser to Sirius



Legal adviser to Sirius

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IMPORTANT NOTICES

Nature of this document

This Acquisition Scheme Booklet is important. Sirius Shareholders should carefully read this Acquisition Scheme Booklet in its entirety before deciding how to vote on the Acquisition Scheme Resolution.

This Acquisition Scheme Booklet provides Sirius Shareholders with information about the proposed acquisition of all the Scheme Shares by IGO, by way of a scheme of arrangement between Sirius and Sirius Shareholders under Part 5.1 of the Corporations Act.

This Acquisition Scheme Booklet constitutes an explanatory statement pursuant to section 412(1) of the Corporations Act and contains certain information which is material to the decision of Sirius Shareholders to vote in favour of, or against, the Acquisition Scheme Resolution at the Acquisition Scheme Meeting.

The Notice of Acquisition Scheme Meeting is contained in Annexure D of this Acquisition Scheme Booklet. The Yellow Proxy Form accompanying this Acquisition Scheme Booklet should be used in respect of voting on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting.

If you require further information or have questions regarding the Acquisition Scheme, please call the Sirius Shareholder Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (from outside Australia) on week days between 6.30am and 5.30pm (Perth time). If you are in doubt about anything in this Acquisition Scheme Booklet, please contact your legal, financial or other professional adviser.

If you no longer hold any Sirius Shares, please disregard this Acquisition Scheme Booklet.

Purpose of this Acquisition Scheme Booklet

This Acquisition Scheme Booklet is the explanatory memorandum issued by Sirius in connection with the proposed acquisition of Sirius by IGO, pursuant to which each Scheme Participant will receive the Acquisition Scheme Consideration.

This Acquisition Scheme Booklet is not a prospectus under Chapter 6D of the Corporations Act in respect of IGO Shares. Section 708(17) of the Corporations Act provides that an offer of securities does not need disclosure under Chapter 6D of the Corporations Act if it is made pursuant to a

compromise or arrangement under Part 5.1 of the Corporations Act and approved at a meeting held as a result of an order made by the Court under section 411(1) or 411(1A) of the Corporations Act.

Responsibility for information

Sirius has been solely responsible for preparing the Sirius Information. IGO, the IGO Directors and IGO's officers and advisers do not assume any responsibility for the accuracy or completeness of the Sirius Information. To avoid any doubt, IGO, the IGO Directors and IGO's officers and advisers:

- have not verified the Sirius Information;
- have relied on Sirius to verify the Sirius Information; and
- disclaim all liability associated with the Sirius Information.

IGO has been solely responsible for preparing the IGO Information. Sirius, the Sirius Directors and Sirius' officers and advisers do not assume any responsibility for the accuracy or completeness of the IGO Information. To avoid any doubt, Sirius, the Sirius Directors and Sirius' officers and advisers:

- have not verified the IGO Information;
- have relied on IGO to verify the IGO Information; and
- disclaim all liability associated with the IGO Information.

The Independent Expert, BDO Corporate Finance, with assistance from the Independent Geologist, Optiro, has prepared the Independent Expert's Report in relation to the Acquisition Scheme and takes responsibility for that report. Neither Sirius nor IGO assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report. The Independent Expert's Report is set out in Annexure E.

Sirius' Australian tax adviser, KPMG, has prepared the taxation implications section of this Acquisition Scheme Booklet, set out in Section 12 and takes responsibility for that Section only.

The Investigating Accountant, EY, has prepared the Independent Limited Assurance Report set out in Section 10 of this Acquisition Scheme Booklet and takes responsibility for that Independent Limited Assurance Report only.

Regulatory information and role of ASIC and ASX

A copy of this Acquisition Scheme Booklet has been provided to ASIC in accordance with section 411(2)(b) of the Corporations Act. This Acquisition Scheme Booklet was then registered by ASIC under section 412(6) of the Corporations Act before being sent to Sirius Shareholders.

ASIC has examined a copy of this Acquisition Scheme Booklet. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Acquisition Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date because it is only at this time that ASIC will have been able to observe the entire Acquisition Scheme process. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Date. Neither ASIC nor any of its officers take any responsibility for the contents of this Acquisition Scheme Booklet.

A copy of this Acquisition Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Acquisition Scheme Booklet.

Court order

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Acquisition Scheme Meeting be convened and has approved the Acquisition Scheme Booklet required to accompany the Notice of Acquisition Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Acquisition Scheme or as to how Sirius Shareholders should vote on the Acquisition Scheme Resolution (on this matter Sirius Shareholders must reach their own decision); or
- has prepared, or is responsible for the content of, this Acquisition Scheme Booklet.

Forward looking statements and intentions

Certain statements in this Acquisition Scheme Booklet are about the future. Such statements and information are not based solely on historical facts, but rather reflect the current expectations of the Sirius Board, or, in relation to the IGO Information, IGO, concerning future results, events or other matters.

Sirius Shareholders should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Sirius, IGO and the Merged Group to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause the future conduct, results, performance or achievements to be materially different from historical conduct, results, performance or achievements.

These risks, uncertainties, assumptions and other important factors include, among other things, the risks set out in Section 9 of this Acquisition Scheme Booklet.

The Definitive Feasibility Study (DFS) referred to in this Acquisition Scheme Booklet is based on a Probable Ore Reserve derived from an Indicated Mineral Resource, plus a small proportion of mining inventory, which comprises material that is currently classified as Inferred Mineral Resource. There is a lower level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or Probable Ore Reserves or that the production target contingent on this material will be realised. Sirius advises that the Probable Ore Reserve provides 92% of the total tonnage and 96% of the total nickel metal underpinning the forecast production target and financial projections, and that the additional life of mine plan material comprises less than 8% of the total tonnage and 4% of the total nickel metal.

Furthermore, in the first two years of production, 94% of the material planned to be mined is based on Probable Ore Reserves and only 6% of the material planned to be mined in the life of mine plan is based on Inferred Mineral Resources. As such, the dependence of the outcomes of the DFS and the guidance provided in this Acquisition Scheme Booklet on the lower confidence Inferred Mineral Resource material contained in the life of mine plan is minimal.

Sirius notes that an Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource and that the JORC Code advises that to be an Inferred Mineral Resource it is reasonable to expect that the majority of the Inferred Mineral Resources would be upgraded to an Indicated Mineral Resource with continued exploration. Based

on advice from the relevant Competent Persons, Sirius has a high degree of confidence that the Inferred Mineral Resources for the Nova-Bollinger Project will upgrade to Indicated Mineral Resources with further exploration work. The Inferred Mineral Resources have not been extrapolated past the last drill hole and therefore have only been extrapolated to the last data point. The drillhole density was only reduced once there was evidence of reducing mineralisation.

Sirius believes it has a reasonable basis for making the forward looking statements in this Acquisition Scheme Booklet, including with respect to any production targets, based on the information contained in Sirius' announcement to ASX titled "Definitive Feasibility Study indicates Nova is a goer" dated 14 July 2014, and, in particular, the Mineral Resource for the Nova-Bollinger Project as at July 2014, independently compiled by Optiro, together with independent geotechnical studies, determination of mining inventory, mine design and scheduling, metallurgical testwork, external commodity price and exchange rate forecasts and worldwide operating cost data.

Neither IGO or Sirius, nor any of their respective directors, officers or advisers, or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Acquisition Scheme Booklet will actually occur.

Sirius Shareholders are cautioned about relying on any such forward looking statements. The forward looking statements in this Acquisition Scheme Booklet reflect views held only as at the date of this Acquisition Scheme Booklet.

Additionally, statements of the intentions of IGO reflect present intentions as at the date of this Acquisition Scheme Booklet and may be subject to change.

Subject to the Corporations Act and any other applicable laws, the Sirius Board and IGO Board disclaim any duty to update any forward looking statements, other than with respect to information that they become aware of prior to the Acquisition Scheme Meeting, and which the Sirius Board consider, is material to the making of a decision regarding whether or not to vote in favour of the Acquisition Scheme.

This document is not investment advice

This Acquisition Scheme Booklet does not take into account the investment objectives, financial and taxation situation and particular

needs of each individual Sirius Shareholder or any other person. Before making any investment decision in relation to the Acquisition Scheme, you should consider, with or without the assistance of an independent securities adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

Sirius Shareholders outside Australia

This Acquisition Scheme Booklet and the Acquisition Scheme itself are subject to Australian disclosure requirements, which may differ from the applicable requirements in other jurisdictions. The information contained in this Acquisition Scheme Booklet may not be the same as that which would have been disclosed if this Acquisition Scheme Booklet had been prepared in accordance with laws and regulations outside Australia. This Acquisition Scheme Booklet and the Acquisition Scheme do not constitute an offer of securities in any place in which, or to any person whom, it would not be lawful to make such an offer.

A Scheme Participant:

- who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than Australia or New Zealand and their respective external territories; or
- who is recorded in the Sirius Register at the Scheme Record Date as having a registered address outside Australia or New Zealand and their respective external territories,
- will be a Sirius Overseas Shareholder for the purposes of the Acquisition Scheme.

Sirius Overseas Shareholders should refer to Section 13.10 of this Acquisition Scheme Booklet to determine whether they are eligible to receive the New IGO Shares as part of the Acquisition Scheme Consideration or whether they are Ineligible Overseas Shareholders. Ineligible Overseas Shareholders will not be issued with New IGO Shares. Instead, they will receive the net proceeds from the sale of the New IGO Shares to which they would otherwise have been entitled to receive. Ineligible Overseas Shareholders should refer to Section 13.10 for further information. Any Sirius Shareholders that are resident outside Australia for taxation purposes should seek individual advice from their professional tax advisers in relation to the taxation implications of their participation in the Acquisition Scheme.

Mineral Resources and Ore Reserves

Mineral Resources and Ore Reserves estimates contained in this Acquisition Scheme Booklet are stated in accordance with the JORC Code and are expressions of judgment based on knowledge, experience and industry practice. Although Mineral Resources and Ore Reserves estimates contained in this Acquisition Scheme Booklet comply with the JORC Code, they may not comply with the relevant guidelines in other countries. See Section 9.1(d) for further limitations and risks associated with the Mineral Resources and Ore Reserves estimates contained in this Acquisition Scheme Booklet.

Diagrams, charts, maps, graphs and tables

Any diagrams, charts, maps, graphs and tables appearing in this Acquisition Scheme Booklet are illustrative only and may not be drawn to scale.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value, and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Acquisition Scheme Booklet.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

Timetable and dates

All times and dates referred to in this Acquisition Scheme Booklet are Perth, Western Australia time, unless otherwise indicated. All times and dates relating to the implementation of the Acquisition Scheme Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

Implied value

Any reference to the implied value of the Acquisition Scheme Consideration should not be taken as an indication that Sirius Shareholders will receive cash. The implied value of the New IGO Shares is not fixed. As Sirius Shareholders are being offered New IGO Shares and a cash component under the Acquisition Scheme, the implied value of the New IGO Shares component of the Acquisition Scheme Consideration will vary with the market price of IGO Shares. This also applies to Ineligible Overseas Shareholders, whose Acquisition Scheme Consideration will be remitted to the Nominee to sell on the Ineligible Overseas Shareholders' behalf. Any cash remitted to Ineligible Overseas Shareholders under this arrangement will depend on the market price of IGO Shares at the time of sale by the Nominee.

Privacy

Sirius and IGO may need to collect personal information to effect the Acquisition Scheme.

The personal information may include the names, contact details and holdings details of Sirius Shareholders, together with the contact details of individuals appointed as proxies, attorneys or corporate representatives for the Acquisition Scheme Meeting.

The collection of some of this information is required or authorised by the Corporations Act.

The information may be disclosed to Sirius, IGO and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Acquisition Scheme.

Sirius Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Sirius Shareholders may contact the Share Registry if they wish to exercise these rights.

If the information outlined above is not collected, Sirius may be hindered or prevented from conducting the Acquisition Scheme Meeting or implementing the Acquisition Scheme. Sirius Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Acquisition Scheme Meeting should inform that individual of the matters outlined above.

External websites

Unless expressly stated otherwise, the content of IGO's and Sirius' websites do not form part of this Acquisition Scheme Booklet and Sirius Shareholders should not rely on any such content.

Glossary and defined terms

Capitalised terms used in this Acquisition Scheme Booklet are defined in the Glossary in Section 15.1 of this Acquisition Scheme Booklet. Section 15.2 sets out rules of interpretation which apply to this Acquisition Scheme Booklet. Unless expressly stated otherwise, the definitions of the capitalised terms in the Glossary do not apply to the capitalised terms set out in any of the Annexures to this Acquisition Scheme Booklet.

The calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Acquisition Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations set out in this Acquisition Scheme Booklet.

Date of this Acquisition Scheme Booklet

This Acquisition Scheme Booklet is dated 31 July 2015.

Important Dates and Expected Timetable for the Acquisition Scheme

Key Dates

Announcement date of the Acquisition Scheme	Monday, 25 May 2015
Date of this Acquisition Scheme Booklet	Friday, 31 July 2015
Deadline for receipt of Yellow Proxy Forms or powers of attorney by the Share Registry for the Acquisition Scheme Meeting	10.00am on Tuesday, 1 September 2015
Time and date for determining eligibility to vote at the Acquisition Scheme Meeting	5.00pm on Tuesday, 1 September 2015
Acquisition Scheme Meeting to be held at the Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia	10.00am on Thursday, 3 September 2015

If the Acquisition Scheme is approved by Sirius Shareholders

Second Court Hearing for approval of the Acquisition Scheme	Wednesday, 9 September 2015
Effective Date Court order lodged with ASIC and announcement to ASX Last day of trading in Sirius Shares on ASX	Thursday, 10 September 2015
Scheme Record Date for determining entitlements to Acquisition Scheme Consideration	5.00pm on Tuesday, 15 September 2015
Acquisition Scheme Implementation Date Payment of Acquisition Scheme Consideration to Scheme Participants	Tuesday, 22 September 2015
Longstop Date for Sirius Shareholders to be eligible for the IGO FY2015 Final Dividend (if declared)	Wednesday, 30 September 2015

All dates following the date of the Acquisition Scheme Meeting are indicative only and, among other things, are subject to receipt of all necessary approvals from the Court and any Government Agency. The actual timetable will depend on many factors outside the control of Sirius and IGO, including the Court approval process and satisfaction of other Conditions. Sirius reserves the right to vary the times and dates set out above. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced on ASX and set out on Sirius' website at www.siriusresources.com.au.

Letter from Chairman of Sirius

Friday, 31 July 2015

Dear Sirius Shareholder

Recommended Acquisition Scheme of Arrangement

On behalf of the Board of Sirius Resources NL (**Sirius**), I am pleased to present you with this Acquisition Scheme Booklet.

On 25 May 2015, Sirius announced two separate but inter-conditional schemes of arrangement, being the Acquisition Scheme, whereby IGO would acquire all of the Scheme Shares, and the Demerger Scheme, under which Sirius would create a new listed company, S2 Resources Ltd, (together, the **Transaction**).

Should it be approved by Sirius Shareholders, the Acquisition Scheme will see Sirius Shareholders receive the following Acquisition Scheme Consideration:

- Scheme Participants holding Sirius Ordinary Shares will receive 0.66 New IGO Shares and A\$0.52 cash per Sirius Ordinary Share; and
- Scheme Participants holding Sirius Partly Paid Shares will receive consideration proportionate with the amount paid up on their Sirius Partly Paid Shares, being 0.63 New IGO Shares and A\$0.49 cash per Sirius Partly Paid Share.

Separately, under the Demerger Scheme, Sirius intends to demerge certain of its exploration assets into a new vehicle, S2 Resources, which intends to apply for admission to the official list of ASX as soon as practicable and, in any event, within seven days after implementation of the Demerger Scheme. Listing is at ASX's discretion, and there is a risk that S2 Resources may not meet the requirements for admission to the official list of ASX. Should this occur, the S2 Shares received by Scheme Participants as Demerger Scheme Consideration will not be able to be traded on ASX until such time as the requirements for Listing can be met (if at all), and Scheme Participants will hold shares in an unlisted public company. The Sirius Board expects, however, that S2 Resources will be admitted to the official list of ASX within six to eight weeks after the Demerger Scheme Implementation Date. Sirius Shareholders will receive shares in S2 Resources as consideration under the Demerger Scheme. Full details of the Demerger Scheme and S2 Resources can be found in the Demerger Scheme Booklet, which has been sent to Sirius Shareholders at the same time as this Acquisition Scheme Booklet.

Sirius Directors' Recommendation

Your Sirius Directors believe that the Acquisition Scheme is in the best interests of Sirius Shareholders and, therefore, unanimously recommend that you vote in favour of the Acquisition Scheme, in the absence of a Superior Proposal.

Each Sirius Director intends to vote in favour of the Acquisition Scheme in respect of the Sirius Shares they own or control, in the absence of a Superior Proposal.

The Acquisition Scheme Consideration for Sirius Ordinary Shares represents a substantial premium for your Sirius Shares of:

- 35% compared to the closing Sirius Share price on the Pre-Announcement Trading Day, being 22 May 2015; and
- 47% compared to the two-month VWAP prior to the Pre-Announcement Trading Day.

Your Sirius Directors believe the composition of the Acquisition Scheme Consideration is attractive in so far as it provides Sirius Shareholders with:

- continued exposure to the Nova-Bollinger Project and Fraser Range exploration potential through approximately 53.2% ownership of the Merged Group;
- the certainty of A\$0.52 per Sirius Share in cash;
- immediate interest in IGO's operating mines and thus access to IGO's cash flow; and
- the potential to receive dividends earlier than would be expected by continuing to hold Sirius Shares.

Following implementation of the Acquisition Scheme, Sirius Shareholders will own approximately 53.2% of a company with a diverse portfolio of producing assets spanning a range of commodities including gold, nickel, zinc and copper, and with an ongoing exposure to the Nova-Bollinger Project and Fraser Range exploration projects.

Letter from Chairman of Sirius (cont)

The immediate access to the strong cash flows being generated by the IGO assets will further de-risk the financing of the Nova-Bollinger Project and is anticipated to bring forward Sirius Shareholders' access to dividends. The Merged Group's balance sheet will be considerably stronger than Sirius' standalone balance sheet.

The Merged Group will have increased scale, with an expected market capitalisation in excess of A\$2.238 billion,¹ together with greater liquidity and index weighting, which has the potential to make the Merged Group more attractive to a wider range of investors.

The Independent Expert, BDO Corporate Finance, has concluded that the Acquisition Scheme is in the best interests of Sirius Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the full underlying value of Sirius to be in the range of A\$2.18 to A\$3.29, with a preferred value of A\$2.72 per Sirius Ordinary Share. The implied value of the Acquisition Scheme Consideration and the Demerger Scheme Consideration combined to be in the range of A\$2.29 to A\$3.25 with a preferred value of A\$2.75 per Sirius Ordinary Share. The Independent Expert's Report is included in Annexure E of this Acquisition Scheme Booklet.

The reasons to vote in favour of the Acquisition Scheme are set out in detail in Section 1.2, and the reasons why you may choose to vote against the Acquisition Scheme are set out in Section 1.3.

If the Acquisition Scheme is not implemented

If the Acquisition Scheme is not implemented, Sirius will continue to be an independent entity listed on ASX, and Sirius Shareholders will not receive the Acquisition Scheme Consideration for their Sirius Shares. If the Acquisition Scheme does not proceed and no alternative proposal emerges, the Sirius Board considers that the market price of Sirius Shares is likely to trade at a lower price than the current Sirius Share price level (in the absence of further exploration success, or substantially improved market conditions).

Acquisition Scheme Meeting

The Acquisition Scheme must be approved by Sirius Shareholders and is subject to a number of other Conditions. These Conditions include approval by the Court at the Second Court Hearing and are summarised in Annexure A of this Acquisition Scheme Booklet.

The Acquisition Scheme Meeting is scheduled to be held at the Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia on Thursday, 3 September 2015 at 10.00am.

Your vote is important for the Acquisition Scheme

Your vote is important, and I strongly encourage you to vote on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting.

For details of how you may vote at the Acquisition Scheme Meeting, refer to the Notice of Acquisition Scheme Meeting contained in Annexure D of this Acquisition Scheme Booklet.

I encourage you to read this Acquisition Scheme Booklet carefully and in its entirety, as it contains important information that will need to be considered before you vote on the Acquisition Scheme.

If you have any questions about the Acquisition Scheme, please contact the Sirius Shareholder Information Line on 1800 992 793 (within Australia) or +61 1800 992 793 (from outside Australia) at any time between 6.30am and 5.30pm (Perth time) on week days.

Yours sincerely



Jeff Dowling
Chairman
Sirius Resources NL

1. Based on the closing Sirius Share and IGO Share prices of A\$3.15 and A\$3.99 respectively on the Last Practical Trading Day. The market capitalisation of the Merged Group immediately following implementation of the Transaction could be higher or lower than the amount set out above. The market capitalisation of the Merged Group set out above is for illustrative purposes only.

Letter from Chairman of IGO

Friday, 31 July 2015

Dear Sirius Shareholder

Proposal to create a leading Australian diversified mining company

Independence Group NL (**IGO**) is pleased to provide the shareholders of Sirius with the opportunity to participate in the creation of a leading Australian diversified mining company. The transaction will combine IGO's strong cash flows and balance sheet with Sirius' class leading Nova-Bollinger Project, creating a company with a pro forma market capitalisation in excess of A\$2.238 billion.²

The IGO Board believes that the transaction has a strong strategic rationale and is in the best interest of all shareholders. Details of the transaction, including IGO's intentions for the Merged Group, are contained in this Acquisition Scheme Booklet, which I encourage you to read in full.

IGO and Sirius have complementary assets and capabilities, which together deliver a compelling and unique opportunity for the shareholders of both companies. The Merged Group will have a portfolio of operating mines, a major development project (being the Nova-Bollinger Project) and a highly prospective consolidated exploration ground position. This creates scale and a platform for continued growth.

The Sirius Board has unanimously recommended that you vote in favour of the Acquisition Scheme, in the absence of a Superior Proposal. Sirius' major shareholder, Mr Mark Creasy, who controls the Creasy Group of companies that own 34.59% of Sirius, also supports the transaction and has advised that, in the absence of a superior proposal, the Creasy Group intends to vote the shares he controls in favour of the Acquisition Scheme. I encourage you to also vote in favour of the Scheme.

On behalf of the board and management of IGO, I look forward to welcoming you as a shareholder in IGO at the completion of the Acquisition Scheme as we create a leading Australian diversified mining company.

Yours sincerely



Peter Bilbe
Chairman
Independence Group NL

2. Based on the closing Sirius Share and IGO Share prices of A\$3.15 and A\$3.99 respectively on the Last Practical Trading Day. The market capitalisation of the Merged Group immediately following implementation of the Transaction could be higher or lower than the amount set out above. The market capitalisation of the Merged Group set out above is for illustrative purposes only.



1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE ACQUISITION SCHEME

1. Considerations Relevant to Your Vote on the Acquisition Scheme

1.1 Summary

Reasons to vote in favour of the Acquisition Scheme

- ✓ Your Sirius Directors unanimously recommend that you vote in favour of the Acquisition Scheme, in the absence of a Superior Proposal
- ✓ The Independent Expert has concluded that the Acquisition Scheme is fair and reasonable, and in the best interests of Sirius Shareholders, in the absence of a Superior Proposal
- ✓ The implied value of the Acquisition Scheme Consideration of A\$4.38* represents a significant premium for your Sirius Shares
- ✓ If the Acquisition Scheme is implemented by the Longstop Date, Scheme Participants will be eligible for the IGO FY2015 Final Dividend (if declared)
- ✓ Mr Mark Creasy, who controls the Creasy Group of companies that own 34.59% of Sirius, has advised that the Creasy Group intends to vote in favour of the Acquisition Scheme, in the absence of a superior proposal
- ✓ The Acquisition Scheme Consideration represents an attractive mix of consideration types and enables Sirius Shareholders to retain exposure to the world class Nova-Bollinger Project (on a diluted basis)
- ✓ The Acquisition Scheme will create a significant diversified mining company with a strong financial position
- ✓ No Superior Proposal has emerged as at the date of this Acquisition Scheme Booklet
- ✓ The Sirius Share price is likely to fall if the Acquisition Scheme is not implemented, and no Superior Proposal emerges
- ✓ No brokerage or duty will be payable on the transfer of your Sirius Shares under the Acquisition Scheme
- ✓ Scheme Participants may be eligible for partial CGT rollover relief. The tax implications for Scheme Participants will be confirmed via a Class Ruling.

* Based on the closing share price of IGO Shares of A\$5.85 on 22 May 2015, being the Pre-Announcement Trading Day

These reasons are discussed in more detail in Section 1.2.

Reasons why you may choose to vote against the Acquisition Scheme

- ✗ You may disagree with the Sirius Directors' recommendation and the Independent Expert's conclusion
- ✗ You may wish to remain a Sirius Shareholder
- ✗ You may consider that there is potential for a Superior Proposal to emerge
- ✗ Scrip for scrip CGT rollover relief may not be available or the tax consequences may not be suitable to the individual circumstances of Scheme Participants. The tax implications for Scheme Participants will be confirmed via a Class Ruling. The outcome of the Class Ruling application may not be known at the time of the Acquisition Scheme Meeting.

These reasons are discussed in more detail in Section 1.3.

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

1.2 Reasons to vote in favour of the Acquisition Scheme

(a) Your Sirius Directors unanimously recommend you vote in favour of the Acquisition Scheme, in the absence of a Superior Proposal

Your Sirius Directors consider that the Acquisition Scheme is in the best interests of Sirius Shareholders and unanimously recommend that, in the absence of a Superior Proposal, Sirius Shareholders vote in favour of the Acquisition Scheme at the Acquisition Scheme Meeting.

Each Sirius Director intends to vote in favour of the Acquisition Scheme at the Acquisition Scheme Meeting in relation to the Sirius Shares they hold or control, in the absence of a Superior Proposal. The interests of the Sirius Directors in Sirius are set out in Section 14.1 of this Acquisition Scheme Booklet.

In reaching their recommendation and determining how to vote on the Acquisition Scheme, the Sirius Directors have assessed the Acquisition Scheme having regard to the reasons to vote in favour of, or against, the Acquisition Scheme, as set out in Sections 1.2 and 1.3 of this Acquisition Scheme Booklet, as well as the risk factors set out in Section 9.

The Sirius Directors believe that the combination of Sirius and IGO creates substantial benefits and value for shareholders of both Sirius and IGO, and is in the best interests of Sirius Shareholders.

The Acquisition Scheme and the Demerger Scheme are separate transactions. However, they are necessarily inter-conditional. Therefore, if the Demerger Scheme does not proceed, the Acquisition Scheme will not proceed, and Sirius Shareholders will not receive the Acquisition Scheme Consideration. Information in relation to the Demerger Scheme is set out in the Demerger Scheme Booklet, which was sent to Sirius Shareholders at the same time as this Acquisition Scheme Booklet.

(b) The Independent Expert has concluded that the Acquisition Scheme is fair and reasonable, and in the best interests of Sirius Shareholders, in the absence of a Superior Proposal

The Independent Expert has concluded that the Acquisition Scheme is fair and reasonable, and in the best interests of Sirius Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the full underlying value of Sirius to be in the range of A\$2.18 to A\$3.29, with a preferred value of A\$2.72 per Sirius Ordinary Share. The implied value of the Acquisition Scheme Consideration and the Demerger Scheme Consideration combined is assessed to be in the range of A\$2.29 to A\$3.25 with a preferred value of A\$2.75 per Sirius Ordinary Share. The Independent Expert's Report is included in Annexure E of this Acquisition Scheme Booklet.

In forming its opinion, the Independent Expert considered:

- (i) whether the Acquisition Scheme Consideration being offered per Sirius Share, on a 100% control basis, is fair;
- (ii) whether the Acquisition Scheme Consideration includes a premium for control based on IGO's assessed fair value and based on its share trading price;
- (iii) the advantages and disadvantages to Sirius Shareholders of the Acquisition Scheme proceeding; and
- (iv) alternatives to the Acquisition Scheme.

The Sirius Board encourages you to read the Independent Expert's Report, which is set out in Annexure E.

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

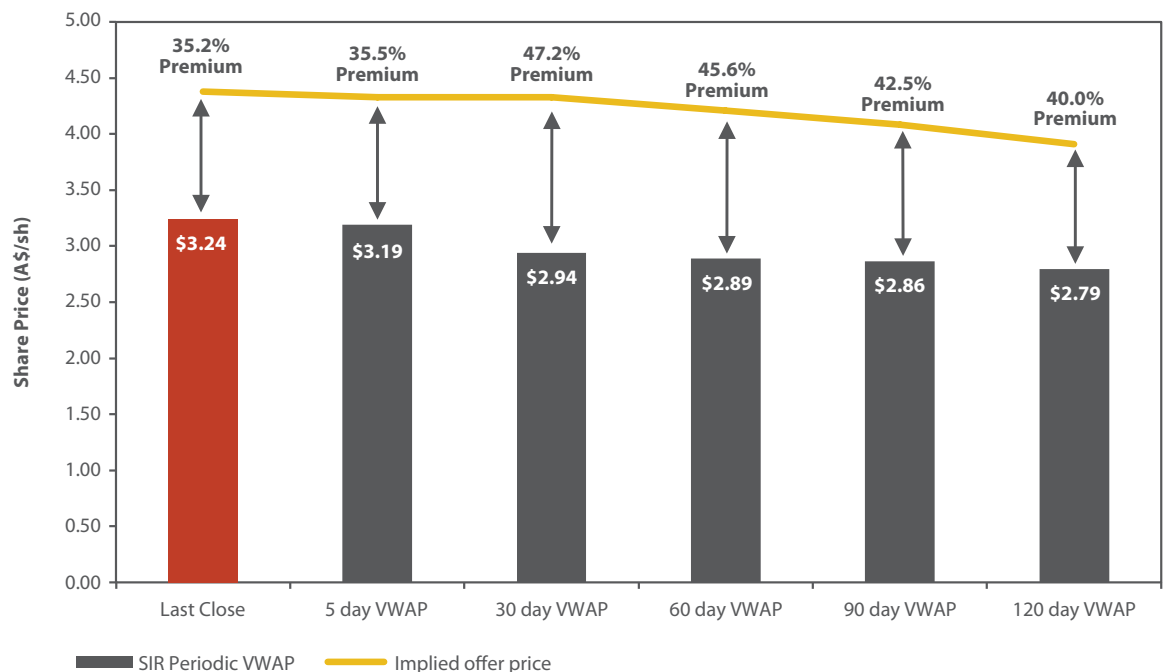
(c) The implied value of the Acquisition Scheme Consideration of A\$4.38³ represents a significant premium for your Sirius Shares

The Acquisition Scheme Consideration represents a substantial premium over recent historical trading prices of Sirius Ordinary Shares. The Acquisition Scheme Consideration of 0.66 New IGO Shares and A\$0.52 cash per Sirius Ordinary Share represents a premium of:

- (i) 35% to the closing price of Sirius Shares;
- (ii) 46% premium to the one-month VWAP of Sirius Shares; and
- (iii) 47% premium to the two-month VWAP of Sirius Shares,

up to and including the Pre-Announcement Trading Day.⁴

The Acquisition Scheme Consideration represents a significant premium to Sirius' share price over a longer historical period, as outlined in the share price chart below:



Source: IRESS

VWAPs of each of Sirius Shares and IGO Shares calculated as at close of trade on the Pre-Announcement Trading Day

(d) If the Acquisition Scheme is implemented by the Longstop Date, Scheme Participants will be eligible for the IGO FY2015 Final Dividend (if declared)

In addition to the Acquisition Scheme Consideration, Scheme Participants will be entitled to receive the IGO FY2015 Final Dividend (if declared), if the Acquisition Scheme is implemented by the Longstop Date (being Wednesday, 30 September 2015). Pursuant to the Scheme Implementation Deed, IGO has agreed not to set the record date or the payment date for the IGO FY2015 Final Dividend prior to the Longstop Date.

3. Based on the closing IGO Share price of A\$5.85 on the Pre-Announcement Trading Day.

4. The premium to Sirius' closing price is based on IGO's closing price of A\$5.85 as of close of business on Pre-Announcement Trading Day. One-month and two-month VWAP premia based on IGO one-month and two-month VWAP up to and including the Pre-Announcement Trading Day of A\$5.86 and A\$5.64 respectively.

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

However, as at the date of this Acquisition Scheme Booklet, there can be no certainty:

- (i) that IGO will declare the IGO FY2015 Final Dividend;
- (ii) as to the size of any IGO FY2015 Final Dividend; or
- (iii) whether any franking credits will attach to the IGO FY2015 Final Dividend.

IGO has a history of paying interim and final dividends over the past ten years, and has a stated dividend policy of paying a minimum of 30% of NPAT as a dividend (see further Section 7.5(c)). The size of the final dividend has varied over this time. In FY2014, a final fully franked dividend of five cents per IGO Share was paid to holders of IGO Shares as at a record date of 16 September 2014. As at the date of this Acquisition Scheme Booklet, it is intended that the Acquisition Scheme will be implemented on 22 September 2015.

(e) Mr Mark Creasy, who controls the Creasy Group of companies that own 34.59% of Sirius, has advised that the Creasy Group intends to vote in favour of the Acquisition Scheme, in the absence of a superior proposal

Mr Mark Creasy, who controls the Creasy Group of companies that hold a 34.59% Relevant Interest in Sirius, has advised Sirius that, in the absence of a superior proposal, the Creasy Group intends to vote in favour of the Transaction Resolutions (including the Acquisition Scheme Resolution), and all resolutions put to Sirius Shareholders at the General Meeting that relate to implementation of the Demerger or otherwise in preparation for Listing, with respect to the entire 34.59% Creasy Group Relevant Interest.

(f) The Acquisition Scheme Consideration represents an attractive mix of consideration types and enables Sirius Shareholders to retain exposure to the world class Nova-Bollinger Project (on a diluted basis)

The Acquisition Scheme Consideration that Scheme Participants will receive in exchange for their Sirius Shares if the Acquisition Scheme is implemented comprises of a mixture of New IGO Shares and cash paid by IGO.

Separately, as part of the Demerger Scheme, Scheme Participants will receive 1 S2 Share for every 2 Sirius Shares held at the Scheme Record Date.

The Sirius Board considers that through receiving IGO Shares (along with a cash payment), the Acquisition Scheme Consideration will provide Scheme Participants with an attractive mix of investments, through exposure to a growing, diversified mining company.

The Acquisition Scheme Consideration will provide Scheme Participants with the ability to:

- (i) retain exposure (on a diluted basis) to the development of the Nova-Bollinger Project, future nickel prices, and the potential for further exploration success in the Fraser Range through receiving IGO Shares;
- (ii) benefit from the diversification of the Merged Group's multi-mine, multi-commodity asset base, which spreads operational risk across several operations and spreads commodity risk across nickel, gold, zinc and copper;
- (iii) benefit from the Merged Group's strong balance sheet and cash flow; and
- (iv) realise a cash return through the cash component of the Acquisition Scheme Consideration.

As described in Section 1.2(d), and in addition to the above, there is also the potential for Scheme Participants to receive the IGO FY2015 Final Dividend (if declared) from IGO if the Acquisition Scheme is implemented prior to the Longstop Date.

The Sirius Board believes that the Acquisition Scheme Consideration provides Scheme Participants with a tax effective mix of proceeds for the sale of their Sirius Shares to IGO. Section 12 provides further information in relation to taxation treatment of the Acquisition Scheme Consideration for Scheme Participants.

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

(g) **The Acquisition Scheme will create a significant diversified mining company with a strong financial position**

The Sirius Board and the IGO Board believe that the creation of the Merged Group has a clear strategic rationale and will provide shareholders in the Merged Group with a number of benefits.

The Acquisition Scheme will create a diversified Merged Group with significant scale and increased market presence. The Merged Group will have a strong balance sheet and cash flow, and will be diversified across commodities and mines.

There will also be potential for the Merged Group to leverage this increase in scale to create efficiencies in areas including procurement and off-take arrangements (as a result of the Merged Group's enhanced bargaining position), as well as the potential for the Merged Group to reduce corporate costs compared to IGO and Sirius as standalone entities (such as the elimination of duplication in compliance and listing costs and reduction in the number of employees).

Scheme Participants will continue to have significant exposure to the development of the Nova-Bollinger Project and Fraser Range exploration potential through their approximately 53.2% interest in the Merged Group.

More detail in relation to each of these advantages is set out below.

Diversified across mines

The Merged Group will be one of the leading diversified ASX listed mining companies with a strong portfolio of producing assets, across a broad range of base and precious metals.

Through receiving IGO Shares as the non-cash component of the Acquisition Scheme Consideration, Scheme Participants will gain exposure to an operationally diversified production and exploration portfolio. The Merged Group will have three operating mines, being Tropicana (IGO: 30%), Long (IGO: 100%) and Jaguar (IGO: 100%), and expect further significant production from Sirius' Nova-Bollinger Project when first ore is mined, which is anticipated to be in late 2016.

In FY2015, IGO produced 10,200 tonnes of contained nickel metal, 44,999 tonnes of contained zinc metal and 7,380 tonnes of contained copper metal. IGO's attributable gold production for FY2015 was 148,493 ounces. Further information is set out in Section 6.5 of this Acquisition Scheme Booklet.

Diversified across commodities

Through receiving IGO Shares as the non-cash component of the Acquisition Scheme Consideration, Scheme Participants will be exposed to a diversified mix of commodities. The Merged Group will produce nickel, gold, zinc, copper and cobalt. The spread of future revenue across such a range of commodities mitigates price risk related to any one commodity.

Strong financial position

IGO has a strong balance sheet, with A\$121.5 million in cash and refined gold bullion and A\$0.5 million debt as at 30 June 2015. In FY2015, IGO produced net operating cash flow of A\$201.7 million.⁵ IGO's strong financial position will provide increased financial capacity to assist with completing the development and commissioning of the Nova-Bollinger Project, which will be IGO's immediate focus following implementation of the Acquisition Scheme. In the longer term, IGO also intends to use its strong financial position to fund further exploration across Sirius' tenements once it has undertaken further work to ensure the exploration program is appropriately targeted.

IGO has a track record of making regular, fully franked dividend payments to its shareholders since 2004. As shareholders of the Merged Group, Scheme Participants will be eligible to receive the IGO FY2015 Final Dividend (if declared), if the Acquisition Scheme is implemented prior to the Longstop Date. In contrast,

5. Financial information as at 30 June 2015 is unaudited financial information taken from IGO's Quarterly Activities Report for the period to 30 June 2015, released to ASX on Wednesday, 29 July 2015.

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

a standalone Sirius would be unable to pay a fully franked dividend over the short term as it develops the Nova-Bollinger Project and repays debt.

IGO's vision is to build a diversified resources group delivering superior returns. The Merged Group will be well capitalised and have the financial capacity to pursue further growth opportunities.

The Merged Group will be a substantial, diversified producer that will be better able to manage any increase in volatility in capital and commodity markets. It is expected that there will be operational efficiencies given the proximity of the Merged Group's Western Australian assets in the southern part of the Eastern Goldfields. Shareholders of the Merged Group will also be exposed to the unrealised exploration potential for both the Fraser Range and the Tropicana belts.

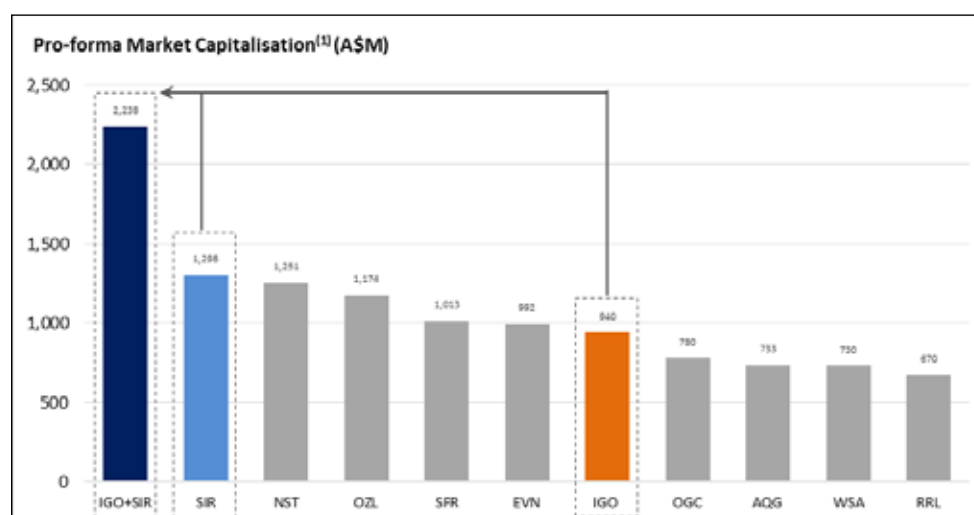
Increased market presence

The pro forma market capitalisation of the Merged Group as at the Last Practical Trading Day was in excess of A\$2.238 billion.⁶ Both IGO and Sirius are currently included in the S&P/ASX 200 Index. It is anticipated that the Merged Group's position would be significantly higher than IGO or Sirius' positions on the S&P/ASX 200 Index, which may:

- (i) improve the attractiveness of the Merged Group to institutional investors;
- (ii) improve the trading liquidity of the Merged Group's shares; and
- (iii) potentially drive a re-rating of the Merged Group's share price.

This increased scale also has the potential to lower the overall cost of capital for the Merged Group by providing it with greater access to capital markets and to growth opportunities that may not be available to IGO and Sirius as standalone entities.

The pro forma market capitalisation of the Merged Group may also provide it with a strategic advantage relative to that of Sirius and IGO as separate entities.



Source: IRESS

(1) As at close of trading on the Last Practical Trading Day

6. Based on the closing Sirius Share and IGO Share prices of A\$3.15 and A\$3.99 respectively on the Last Practical Trading Day. The market capitalisation of the Merged Group immediately following implementation of the Transaction could be higher or lower than the amount set out above. The market capitalisation of the Merged Group set out above is for illustrative purposes only.

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

(h) No Superior Proposal has emerged as at the date of this Acquisition Scheme Booklet

As at the date of this Acquisition Scheme Booklet, the Sirius Board has not received any Competing Proposal from a third party and there are currently no discussions underway that the Sirius Board believes are likely to lead to any Competing Proposal being made.

Given the time that has elapsed since announcement of the Acquisition Scheme and the absence of any third party approaches in that period, the Sirius Board believes that a Competing Proposal is now unlikely to emerge.

If a Competing Proposal is received prior to the Second Court Hearing, the Sirius Board will carefully consider the proposal to determine whether it is a Superior Proposal, subject to the terms of the Scheme Implementation Deed, and will inform Sirius Shareholders of any material developments.

(i) The Sirius Share price is likely to fall if the Acquisition Scheme is not implemented, and no Superior Proposal emerges

Since the announcement of the Acquisition Scheme, Sirius Shares have traded at a level that reflects the Acquisition Scheme Consideration. There are many factors which affect the price of shares, and the Sirius Board is unable to predict the price at which Sirius Shares will trade in the future. However, if the Acquisition Scheme is not implemented and no Superior Proposal emerges, the Sirius Board believes that it is likely that the Sirius Share price would fall, and trade at levels below the implied value of the Acquisition Scheme Consideration (without further exploration success or a substantial improvement in market conditions).

(j) No brokerage or duty will be payable on the transfer of your Sirius Shares under the Acquisition Scheme

You will not incur any brokerage or duty on the transfer of your Sirius Shares pursuant to the Acquisition Scheme.

(k) Scheme Participants may be eligible for CGT rollover relief

If the Acquisition Scheme is implemented, those eligible Scheme Participants may benefit from partial CGT rollover relief. Sirius has applied to the ATO for a Class Ruling on behalf of Scheme Participants to confirm the key tax outcomes for Scheme Participants including the availability or otherwise of partial CGT rollover relief.

The tax consequences of the Acquisition Scheme will differ for each Scheme Participant, and Scheme Participants should consult their independent taxation advisers to seek advice which considers their individual circumstances.

For further detail regarding the general Australian taxation consequences of the Acquisition Scheme, refer to Section 12 of this Acquisition Scheme Booklet.

1.3 Reasons to vote against the Acquisition Scheme

Although your Sirius Directors unanimously recommend that you vote in favour of the Acquisition Scheme, and the Independent Expert has concluded that the Acquisition Scheme is in the best interests of Sirius Shareholders in the absence of a Superior Proposal (in both instances), there may be factors which lead you to vote against the Acquisition Scheme, including those set out below.

(a) You may disagree with the Sirius Directors' recommendation and the Independent Expert's conclusion

Your Sirius Directors unanimously recommend that you vote in favour of the Acquisition Scheme, and the Independent Expert has concluded that the Acquisition Scheme is in the best interests of Sirius Shareholders in the absence of a Superior Proposal (in both instances).

In reaching their respective conclusions, your Sirius Directors and the Independent Expert are making judgements based on the Merged Group's future operational performance and exploration success, trading conditions and events which cannot be predicted with certainty and which may prove to be inaccurate (either positively or negatively).

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

You may hold a different view from, and are not obliged to follow, the recommendation of your Sirius Directors, and you may not agree with the Independent Expert's conclusions.

(b) You may wish to remain a Sirius Shareholder

If the Acquisition Scheme is implemented, you will cease to be a Sirius Shareholder. Sirius is currently developing the Nova-Bollinger Project, with first concentrate expected to be produced in late 2016. In addition, Sirius has extensive holdings in the Fraser Range, with limited exploration having been undertaken to date. You may view retaining a 100% interest in the Nova-Bollinger Project and remaining focused on Sirius' Fraser Range holdings as having more potential to generate future financial returns than receiving the Acquisition Scheme Consideration, which would have the effect of diluting your exposure to the Nova-Bollinger Project through holding IGO Shares.

There are, however, risks associated with retaining an investment in Sirius, including future operational performance, exploration success, and nickel price movements. For further information in relation to these risks, refer to Section 9 of this Acquisition Scheme Booklet.

(c) You may consider that there is a potential for a Competing Proposal to emerge

You may consider that a third party may emerge with a Competing Proposal in the foreseeable future. As at the date of this Acquisition Scheme Booklet, the Sirius Board has not received a Competing Proposal, nor are there any discussions currently underway that the Sirius Board believes are likely to lead to any Competing Proposal being made.

If a Competing Proposal is received prior to the Second Court Hearing, the Sirius Board will carefully consider the proposal to determine whether it is a Superior Proposal, subject to the terms of the Scheme Implementation Deed, and will inform Sirius Shareholders of any material developments.

(d) The tax consequences of the Acquisition Scheme may not be suitable to your financial position

Sirius has applied to the ATO for a Class Ruling on behalf of Scheme Participants to confirm the key tax outcomes for Scheme Participants including the availability or otherwise of partial CGT rollover relief. There is a risk that partial CGT rollover relief may not be available or that the tax consequences may not be suitable to the individual circumstances of Scheme Participants.

The tax consequences of the Acquisition Scheme will differ for each Scheme Participant, and Scheme Participants should consult their independent taxation advisers to seek advice which considers their individual circumstances.

The implementation of the Acquisition Scheme is not conditional on the outcome of the Class Ruling. In addition, the outcome of the Class Ruling may not be known at the time Scheme Participants are expected to vote on the Acquisition Scheme at the Acquisition Scheme Meeting.

Therefore, Sirius Shareholders may not have certainty in relation to the taxation consequences of the Acquisition Scheme at the Acquisition Scheme Meeting. For further detail regarding the general Australian taxation consequences of the Acquisition Scheme, see Section 12 of this Acquisition Scheme Booklet.

1.4 Other relevant considerations

(a) The Acquisition Scheme may proceed even if you vote against it

The Acquisition Scheme will be implemented if it is approved by the Requisite Majorities at the Acquisition Scheme Meeting and by the Court at the Second Court Hearing, irrespective of whether you do not vote or you vote against the Acquisition Scheme.

If this occurs, your Sirius Shares will be transferred to IGO and you will receive the Acquisition Scheme Consideration on the Acquisition Scheme Implementation Date.

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

(b) Conditions precedent

The Acquisition Scheme is subject to a number of Conditions. These Conditions are summarised in Annexure A of this Acquisition Scheme Booklet.

If these Conditions are not satisfied or, if permitted, not waived, the Acquisition Scheme will not proceed, even if it is approved by Sirius Shareholders at the Acquisition Scheme Meeting.

As at the date of this Acquisition Scheme Booklet, neither the Sirius Board nor the IGO Board are aware of any matter or circumstance that would result in the non-fulfilment of any of the Conditions to the Acquisition Scheme.

(c) Break fee under the Scheme Implementation Deed

Under the Scheme Implementation Deed, the Sirius Break Fee or the IGO Break Fee may become payable if certain events occur, including in certain circumstances where a Competing Proposal emerges.

Further information in relation to the Sirius Break Fee, the IGO Break Fee and the Scheme Implementation Deed is set out in Section 3.14 and Annexure A of this Acquisition Scheme Booklet.

(d) Transaction and other costs

Transaction and other costs incurred (or expected to be incurred) by Sirius in relation to the implementation of the Acquisition Scheme include fees payable to financial, legal, technical, accounting and tax advisers, independent experts and costs relating to printing and dispatch of the Acquisition Scheme Booklet.

If the Acquisition Scheme does not proceed, Sirius is still expected to incur significant costs in relation to the Transaction. For more information in relation to transaction costs, see Section 14.15 of this Acquisition Scheme Booklet.

A large yellow mining truck is parked on a dirt road at a construction site. The background shows a line of trees under a dramatic, cloudy sky with warm sunset colors. Two orange traffic cones are visible in the foreground on the left.

2. FREQUENTLY ASKED QUESTIONS

2. Frequently Asked Questions

This Section answers some questions you may have about the Acquisition Scheme. It is not intended to address all relevant issues for Sirius Shareholders. This Section should be read together with the other parts of this Acquisition Scheme Booklet.

No.	Question	Answer	Where to find more information
OVERVIEW OF THE TRANSACTION			
1.	Why have I received this Acquisition Scheme Booklet?	<p>You have been sent this Acquisition Scheme Booklet because you are a Sirius Shareholder. On 25 May 2015, Sirius and IGO announced the Transaction to ASX. The Acquisition Scheme is part of the Transaction.</p> <p>The purpose of this Acquisition Scheme Booklet is to explain the terms of the proposed Acquisition Scheme, and provide you with information to assist you in making a decision as to whether or not to vote in favour of the Acquisition Scheme Resolution at the Acquisition Scheme Meeting.</p>	Section 3
2.	What is the Transaction?	<p>On 25 May 2015, Sirius and IGO announced the Transaction to ASX. The Acquisition Scheme, Demerger Scheme and Capital Reduction are together referred to as the Transaction. The Transaction will be implemented by way of two separate, but necessarily inter-conditional schemes of arrangement and a capital reduction to effect the Demerger.</p>	Section 3
3.	What is the Acquisition Scheme?	<p>The Acquisition Scheme is a scheme of arrangement between Sirius and Sirius Shareholders as at the Scheme Record Date.</p> <p>If the Acquisition Scheme becomes Effective:</p> <ul style="list-style-type: none"> • IGO will issue and pay to the Scheme Participants the Acquisition Scheme Consideration; • IGO will acquire all of the Sirius Shares; and • Sirius will become a wholly owned subsidiary of IGO and will subsequently be delisted from ASX. <p>To become Effective, a number of conditions must be satisfied or, if permitted, waived. A summary of the Conditions to the Acquisition Scheme is set out in Annexure A of this Acquisition Scheme Booklet.</p>	Section 3
4.	What is the Demerger Scheme?	<p>The Demerger Scheme is separate from the Acquisition Scheme. The Demerger Scheme involves the creation of a new listed public company, S2 Resources, which is currently a wholly owned subsidiary of Sirius. S2 Resources will hold a certain number of Sirius' exploration assets. Details of the Demerger Scheme are not included in this Acquisition Scheme Booklet. For more information, Sirius Shareholders should refer to the Demerger Scheme Booklet, which was dispatched at the same time as this Acquisition Scheme Booklet.</p>	Demerger Scheme Booklet

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
5.	What is the Capital Reduction?	<p>The Capital Reduction is a return of capital on your Sirius Shares, and is a necessary step to effect the Demerger Scheme. Both the Acquisition Scheme and the Demerger Scheme are conditional on the Capital Reduction Resolution being approved. You will not receive any cash from the Capital Reduction.</p> <p>More information in relation to the Capital Reduction is set out in the Demerger Scheme Booklet, which was dispatched to you at the same time as this Acquisition Scheme Booklet.</p>	Demerger Scheme Booklet
6.	What is a scheme of arrangement?	A scheme of arrangement is a statutory procedure that can be used to enable one company to acquire another company. It requires a vote in favour of the scheme by the Requisite Majorities at a meeting of shareholders and Court approval.	Section 3
7.	Is this a takeover?	The Acquisition Scheme is not a takeover offer, it is a scheme of arrangement. However, if the Acquisition Scheme is implemented, the outcome will be similar to a successful 100% takeover offer, in that all of the Sirius Shares on issue will be transferred to IGO.	N/A
OVERVIEW OF THE ACQUISITION SCHEME			
8.	Who is IGO?	<p>IGO is the company that is offering the Acquisition Scheme Consideration for your Sirius Shares.</p> <p>IGO is an ASX listed diversified mining and exploration company that is currently producing gold, nickel and copper-zinc-silver from three mining operations in Western Australia. IGO has a market capitalisation of approximately A\$940 million (based on the closing IGO Share price as at the Last Practical Trading Day).</p> <p>For further information regarding IGO, refer to Section 6 of this Acquisition Scheme Booklet.</p>	Section 6
9.	What is the effect of approving the Acquisition Scheme?	If the Acquisition Scheme is approved by the Requisite Majorities at the Acquisition Scheme Meeting, subsequently approved by the Court and all other Conditions to the Acquisition Scheme are satisfied (including the approval of the Demerger Scheme by the Requisite Majorities of Sirius Shareholders at the Demerger Scheme Meeting) or, if permitted, waived, the Acquisition Scheme will be implemented.	Section 6
10.	Who is entitled to participate in the Acquisition Scheme?	Persons who hold Sirius Shares as at the Scheme Record Date can participate in the Acquisition Scheme.	Section 6
11.	Do I need to make any payments or do anything else in order to be eligible to participate in the Acquisition Scheme?	No, you do not need to make any payments or do anything further to be eligible to participate in the Acquisition Scheme.	N/A

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
THE ACQUISITION SCHEME CONSIDERATION			
12.	What consideration will I receive if the Acquisition Scheme is implemented?	<p>If the Acquisition Scheme is implemented, and you are not an Ineligible Overseas Shareholder, you will receive the Acquisition Scheme Consideration, being:</p> <ul style="list-style-type: none"> • 0.66 New IGO Shares and A\$0.52 cash for each Sirius Ordinary Share; and • 0.63 New IGO Shares and A\$0.49 cash for each Sirius Partly Paid Share, <p>held on the Scheme Record Date.</p> <p>If you are an Ineligible Overseas Shareholder, you will receive the net proceeds of the sale of the New IGO Shares to which you would have otherwise been entitled. For more information in relation to Ineligible Overseas Shareholders, see Section 13.10 of this Acquisition Scheme Booklet.</p>	Section 3.3
13.	How will IGO fund the cash component of the Acquisition Scheme Consideration?	<p>IGO intends to fund the A\$0.52 per Sirius Share cash component of the Acquisition Scheme Consideration (A\$215.7 million in aggregate) from a combination of its own cash reserves, together with proceeds of utilisations drawn under an unsecured syndicated facility agreement.</p> <p>Further details in relation to the proposed funding of the Acquisition Scheme Consideration and the facility agreement, refer to Section 6.11 of this Acquisition Scheme Booklet.</p>	Section 6.11
14.	Is IGO bound to pay the Acquisition Scheme Consideration?	<p>Yes, pursuant to the terms of the Deed Poll set out in Annexure B of this Acquisition Scheme Booklet, IGO is bound to pay the Acquisition Scheme Consideration.</p> <p>Under the Acquisition Scheme, Scheme Participants appoint Sirius as their agent and attorney to enforce the Deed Poll on their behalf.</p>	Annexure A
15.	What is the premium of the Acquisition Scheme Consideration compared to the market price of Sirius Shares?	<p>The Acquisition Scheme Consideration for Sirius Ordinary Shares of 0.66 New IGO Shares and A\$0.52 cash per Sirius Ordinary Share represents an attractive premium of:</p> <ul style="list-style-type: none"> • 35% to the closing price of Sirius Shares on the Pre-Announcement Trading Day; and • 47% to the VWAP of Sirius Shares over the two month period prior to the Announcement Date. 	Section 1.2(c)
16.	Will I be able to trade the New IGO Shares on ASX?	<p>IGO Shares currently trade on ASX, and IGO will apply for the New IGO Shares to be quoted on ASX. If the Acquisition Scheme becomes Effective, it is expected that you will be able to trade the New IGO Shares on a deferred settlement basis on or about Friday, 11 September 2015. See Section 9 ("Risk Factors") for a description of risks associated with trading during this period.</p>	Section 13.12

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
17.	How will fractional shares be treated?	If, pursuant to the calculation of your Acquisition Scheme Consideration, you would be entitled to a fraction of a New IGO Share, the number of New IGO Shares to which you would be entitled will, after aggregating all of your holdings of Sirius Shares, be rounded up in the case of an entitlement to half of a New IGO Share or otherwise rounded up or down to the nearest whole number of New IGO Shares.	Section 13.9
18.	Can I keep my Sirius Shares?	If the Acquisition Scheme is implemented, your Sirius Shares will be transferred to IGO. This will be the case even if you did not vote or you voted against the Acquisition Scheme.	N/A
19.	Can I sell my Sirius Shares on ASX?	Yes, you can sell your Sirius Shares on ASX up to and including the Effective Date. Trading in Sirius Shares will be suspended following close of trading on the Effective Date, so you will not be able to sell your shares on ASX after that time. If you sell your Sirius Shares on ASX: <ul style="list-style-type: none"> • you may pay brokerage on the sale; • you will not receive the Acquisition Scheme Consideration; and • there may be different tax consequences compared with those that would arise if the Acquisition Scheme is implemented. 	N/A
20.	When will I receive the Acquisition Scheme Consideration?	If the Acquisition Scheme becomes Effective the Scheme Participants will: <ul style="list-style-type: none"> • have their names entered into the IGO Register; and • be paid the A\$0.52 cash component, • on the Scheme Implementation Date. You should be aware that if the Acquisition Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the payment of the Acquisition Scheme Consideration will also be delayed.	Section 3.3

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
21.	How will I receive the New IGO Shares component of the Acquisition Scheme Consideration?	<p>IGO will issue the New IGO Shares, and enter your name on the IGO Register as the holder of:</p> <ul style="list-style-type: none"> • 0.66 New IGO Shares for every Sirius Ordinary Share; and • 0.63 New IGO Shares for every Sirius Partly Paid Share, <p>held by you on the Scheme Record Date (unless you are an Ineligible Overseas Shareholder).</p> <p>Holding statements in relation to the New IGO Shares are expected to be dispatched to you on Wednesday, 23 September 2015 (unless you are an Ineligible Overseas Shareholder).</p> <p>If you are an Ineligible Overseas Shareholder, you will receive the net proceeds of the sale of the New IGO Shares to which you would have otherwise been entitled. For more information in relation to Ineligible Overseas Shareholders, see Section 13.10 of this Acquisition Scheme Booklet.</p>	Sections 13.6, 13.10 and 13.12
22.	How will I receive the cash component of the Acquisition Scheme Consideration?	<p>Payments will be made by direct deposit into your nominated bank account, as advised to the Share Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be by cheque sent to you by post to your Registered Address as it appears on the Sirius Register.</p>	Section 3.3 and Section 3.4
23.	What are the tax implications of the Acquisition Scheme?	<p>A general outline of the Australian tax implications of the Acquisition Scheme is set out in Section 12 of this Acquisition Scheme Booklet.</p> <p>As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to vote in favour of the Acquisition Scheme.</p>	Section 12

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
24.	What if I am a Sirius Overseas Shareholder?	<p>If you are a Sirius Overseas Shareholder who is an Ineligible Overseas Shareholder, the number of New IGO Shares to which you would have become entitled to on implementation of the Acquisition Scheme will be issued to a Nominee appointed by IGO. The Nominee will sell those New IGO Shares as soon as practicable, but, in any case, within one month after the Acquisition Scheme Implementation Date and remit to you the proceeds received within ten Business Days of settlement of all the sales of the New IGO Shares after deducting any applicable fees, brokerage, taxes and charges.</p> <p>Other Sirius Overseas Shareholders will receive the Acquisition Scheme Consideration in the form of New IGO Shares.</p> <p>Sirius Overseas Shareholders should refer to Section 13.10 of this Acquisition Scheme Booklet to determine whether they will be an Ineligible Overseas Shareholder.</p>	Section 13.10
25.	Can I choose to receive cash instead of New IGO Shares?	No. There is no option for Scheme Participants to elect to receive all cash instead of New IGO Shares. However, once received, you may sell some or all of your New IGO Shares. Alternatively, you may choose to sell your existing Sirius Shares prior to the Effective Date.	N/A
26.	Will I be entitled to receive the IGO FY2015 Final Dividend?	If the Acquisition Scheme is implemented prior to the Longstop Date, being Wednesday, 30 September 2015, then Sirius Shareholders will be entitled to receive the IGO FY2015 Final Dividend (if declared). IGO has undertaken not to set the record date or payment date for any IGO FY2015 Final Dividend prior to the Longstop Date. If the Acquisition Scheme is not implemented prior to the Longstop Date, Sirius Shareholders might not be entitled to receive the IGO FY2015 Final Dividend (if any).	Section 1.2(d)
ACQUISITION SCHEME MEETING, VOTING AND APPROVALS			
27.	When and where will the Acquisition Scheme Meeting be held?	<p>The Acquisition Scheme Meeting will be held at the Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia on Thursday, 3 September 2015 at 10.00am.</p> <p>The Demerger Scheme Meeting and the General Meeting will be held on the same day and at the same location as the Acquisition Scheme Meeting.</p>	Section 4.1
28.	What am I being asked to vote on?	<p>You are being asked to vote on whether to approve the Acquisition Scheme by voting in favour of the Acquisition Scheme Resolution at the Acquisition Scheme Meeting.</p> <p>The text of the Acquisition Scheme Resolution is set out in the Notice of Acquisition Scheme Meeting in Annexure D of this Acquisition Scheme Booklet.</p>	Annexure D

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
29.	What vote is required to approve the Acquisition Scheme?	<p>For the Acquisition Scheme to be approved, the Acquisition Scheme Resolution must be passed by the Requisite Majorities, being:</p> <ul style="list-style-type: none"> • a majority in number (ie more than 50%) of Sirius Shareholders present and voting on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting (either in person, or by proxy or representative); and • at least 75% of the total number of votes cast on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting by Sirius Shareholders (either in person, or by proxy or representative). <p>If approved by the Requisite Majorities, the Acquisition Scheme will only become Effective if it is approved by the Court and the other outstanding Conditions are satisfied or, if permitted, waived.</p>	Section 3.9
30.	What are the voting restrictions?	Sirius Shareholders who are registered on the Sirius Register at 5.00pm on Tuesday, 1 September 2015 are entitled to vote at the Acquisition Scheme Meeting.	N/A
31.	How do I vote?	<p>You may vote:</p> <ul style="list-style-type: none"> • in person, by attending the Acquisition Scheme Meeting; • by proxy, by completing and lodging the Yellow Proxy Form accompanying this Acquisition Scheme Booklet so that it is received by 10.00am on Tuesday, 1 September 2015; or • by a corporate representative (in the case of a corporate Sirius Shareholder). <p>Voting is not compulsory. However, your vote is important and the Acquisition Scheme may be implemented even if you have not voted for or against the Acquisition Scheme.</p> <p>For further information in relation to voting at the Acquisition Scheme Meeting, see Section 4.3 and the Notice of Acquisition Scheme Meeting in Annexure D.</p>	Section 4.3 Annexure D
32.	Why should I vote at the Acquisition Scheme Meeting?	Your vote is important in determining whether the Transaction will proceed. The Sirius Directors recommend that you vote in favour of the Acquisition Scheme, in the absence of a Superior Proposal and after reading this Acquisition Scheme Booklet carefully.	Section 3.12

1. Considerations Relevant to Your Vote on the Acquisition Scheme (cont)

No.	Question	Answer	Where to find more information
33.	What happens if I do not vote, or vote against the Acquisition Scheme?	<p>If you do not vote or you vote against the Acquisition Scheme, the Acquisition Scheme may still be implemented if the Acquisition Scheme Resolution is passed by the Requisite Majorities and the other conditions to the Acquisition Scheme are satisfied or, if applicable, waived.</p> <p>Accordingly, you may still be bound by the Acquisition Scheme even though you have not voted or voted against the Acquisition Scheme.</p>	Section 1.4(a)
34.	When will the result of the Acquisition Scheme Meeting be available?	The result of the Acquisition Scheme Meeting will be announced to ASX shortly after its conclusion.	Section 13.4
VOTING CONSIDERATIONS FOR THE ACQUISITION SCHEME RESOLUTION			
35.	What do the Sirius Directors recommend?	<p>The Sirius Directors unanimously recommend that Sirius Shareholders vote in favour of the Acquisition Scheme, in the absence of a Superior Proposal.</p> <p>Each Sirius Director intends to vote in favour of the Acquisition Scheme in respect of the Sirius Shares over which they have voting control, in the absence of a Superior Proposal.</p>	Section 1.2(a)
36.	What is the opinion of the Independent Expert?	<p>BDO Corporate Finance was commissioned by the Sirius Board to act as the Independent Expert and to assess the merits of the Acquisition Scheme and the Demerger Scheme. The Independent Expert has concluded that the Acquisition Scheme is fair and reasonable, and in the best interests of Sirius Shareholders, in the absence of a Superior Proposal.</p> <p>The Independent Expert's Report is set out in Annexure E.</p>	Section 1.2(b)
37.	How does the Creasy Group intend to vote on the Acquisition Scheme?	Mr Mark Creasy of the Creasy Group has advised Sirius that the entities he controls, who hold a 34.59% Relevant Interest in Sirius, intend to vote in favour of the Acquisition Scheme (and the other Transaction Resolutions), in the absence of a superior proposal.	Section 1.2(e)
38.	What interest in the Merged Group will be held by the Creasy Group?	The Creasy Group, Sirius' largest shareholder, is expected to have a maximum Relevant Interest in the Merged Group of approximately 18.69%. ⁷	Section 7.4(c)

7. Assuming that the Sirius Performance Shares held by the Creasy Group participate in the Acquisition Scheme and are not otherwise dealt with by way of private treaty, none of the holders of Sirius Share Appreciation Rights elect to receive New IGO Shares as consideration under private treaty offers, no holders of Sirius Options exercise their Sirius Options (ie all Sirius Options are dealt with by way of private treaty) and the Ngadju Shares participate in the Acquisition Scheme.

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
39.	Why should I vote in favour of the Acquisition Scheme?	<p>Reasons why you should consider voting in favour of the Acquisition Scheme are set out in Section 1.2 of this Acquisition Scheme Booklet, and include (among other reasons):</p> <ul style="list-style-type: none"> • your Sirius Directors unanimously recommend that you vote in favour of the Acquisition Scheme, in the absence of a Superior Proposal; • the Independent Expert has concluded that the Acquisition Scheme is fair and reasonable, and in the best interests of Sirius Shareholders, in the absence of a Superior Proposal; • the implied value of the Acquisition Scheme Consideration of A\$4.38 (based on the closing IGO Share price on the Pre-Announcement Trading Day) represents a significant premium for your Sirius Shares; and • Mr Mark Creasy, who controls the Creasy Group of companies that own 34.59% of Sirius, has advised that the Creasy Group intends to vote in favour of the Acquisition Scheme, in the absence of a superior proposal. 	Section 1.2
40.	Why might I consider not voting in favour of the Acquisition Scheme?	<p>Reasons why you might choose to vote against the Acquisition Scheme are set out in Section 1.3 of this Acquisition Scheme Booklet, including:</p> <ul style="list-style-type: none"> • you may disagree with the Sirius Directors' recommendation and the Independent Expert's conclusion; • you may wish to remain a Sirius Shareholder; • you may consider that there is potential for a Superior Proposal to emerge; and • the tax consequences of the Acquisition Scheme may not be suitable to your financial position. 	Section 1.3
41.	What are the potential risks associated with the Acquisition Scheme?	<p>Investment in the Merged Group is subject to a range of risks. These risks may have a negative impact on the future operating or financial performance, prospects, investment returns or value of the Merged Group's securities.</p> <p>A detailed description of the risks associated with the Acquisition Scheme is set out in Section 9.</p>	Section 9.1
42.	Is the Sirius Board aware of a Competing Proposal?	<p>As at the date of this Acquisition Scheme Booklet, no Competing Proposal has emerged, and the Sirius Board is not currently aware of any Competing Proposal that may emerge.</p>	N/A

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
43.	What happens if a Competing Proposal emerges?	<p>Until the Acquisition Scheme is approved by the Court, there is nothing preventing other parties from making unsolicited acquisition proposals for Sirius.</p> <p>If a Competing Proposal for Sirius emerges prior to the Second Court Hearing, the Sirius Board will carefully consider the proposal to determine whether it is a Superior Proposal, subject to the terms of the Scheme Implementation Deed, and will keep you informed of any material developments.</p>	N/A
CONDITIONS AND IMPLEMENTATION OF THE ACQUISITION SCHEME			
44.	What are the conditions to the Acquisition Scheme?	<p>The Acquisition Scheme is subject to a number of conditions, including:</p> <ul style="list-style-type: none"> • the Acquisition Scheme being approved by the Requisite Majorities at the Acquisition Scheme Meeting; • the Demerger Scheme being approved by the Requisite Majorities at the Demerger Scheme Meeting; • the Capital Reduction Resolution being approved at the General Meeting; • the Acquisition Scheme being approved by the Court at the Second Court Hearing; and • the Demerger Scheme being approved by the Court at the Second Court Hearing. <p>A summary of the Conditions to the Acquisition Scheme is set out in Section 3.9 and Annexure A of this Acquisition Scheme Booklet.</p>	<p>Section 3.9</p> <p>Annexure A</p>
45.	In what circumstances can Sirius or IGO terminate the Acquisition Scheme?	<p>The Acquisition Scheme can be terminated by Sirius or IGO (as applicable) in the circumstances set out in the Scheme Implementation Deed, including if:</p> <ul style="list-style-type: none"> • the Conditions of the Acquisition Scheme are not satisfied or waived; • either Sirius or IGO is in material breach of the Scheme Implementation Deed; • the Acquisition Scheme is not implemented by the End Date; • a Superior Proposal is recommended in respect of Sirius; or • by agreement between Sirius and IGO. 	Annexure A

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
46.	When is the IGO Break Fee payable? When is the Sirius Break Fee payable?	<p>Under the Scheme Implementation Deed:</p> <ul style="list-style-type: none"> • Sirius must pay to IGO the Sirius Break Fee in certain circumstances, including where any Sirius Director recommends Sirius Shareholders vote in favour of a Competing Proposal (or otherwise promotes it); and • IGO must pay to Sirius the IGO Break Fee where Sirius terminates the Scheme Implementation Deed due to a material breach by IGO. <p>For more information in relation to break fee triggers, see Section 3.14 of this Acquisition Scheme Booklet.</p>	Section 3.14
47.	When will the Acquisition Scheme become Effective?	<p>The Acquisition Scheme will become Effective on the date on which the Court order approving the Acquisition Scheme is lodged with ASIC. The Acquisition Scheme is expected to become Effective on Thursday, 10 September 2015.</p> <p>If the Conditions are satisfied or, if permitted, waived, Sirius will apply to the Court to approve the Acquisition Scheme at the Second Court Hearing. The Second Court Hearing is scheduled to be held on Wednesday, 9 September 2015.</p>	Section 3
48.	What happens on the Acquisition Scheme Implementation Date?	<p>On the Acquisition Scheme Implementation Date:</p> <ul style="list-style-type: none"> • IGO will become the holder of all the Sirius Shares; and • Scheme Participants will be paid the Acquisition Scheme Consideration. <p>The Acquisition Scheme Implementation Date is expected to be on Tuesday, 22 September 2015.</p>	Section 3.11
49.	What happens if not all of the Transaction Resolutions are approved?	<p>If not all of the Transaction Resolutions are approved at the Transaction Meetings, then the Acquisition Scheme will not proceed. The Acquisition Scheme and the Demerger Scheme are separate transactions, but all of the Transaction Resolutions are inter-conditional, which means that they must all receive approval by the relevant threshold by Sirius Shareholders in order for the Acquisition Scheme to proceed.</p> <p>For more information on the inter-conditionality of the Transaction Resolutions, see Section 3.6 of this Acquisition Scheme Booklet.</p>	Section 3.6

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
50.	What happens if the Acquisition Scheme is not implemented?	<p>If the Acquisition Scheme is not implemented:</p> <ul style="list-style-type: none"> • you will not receive the Acquisition Scheme Consideration; • Sirius will not undertake the Demerger pursuant to the Demerger Scheme; • Sirius will continue to operate as a standalone entity and remain listed on ASX; • you will retain your Sirius Shares and continue to participate in the benefits of, and continue to be exposed to the risks associated with, an investment in Sirius; and • the price of Sirius Shares on ASX is likely to fall. 	Section 3.9
INFORMATION ABOUT THE MERGED GROUP			
51.	What will the Merged Group's strategy be?	<p>IGO intends that the Merged Group will continue to develop the Nova-Bollinger Project in accordance with its current development schedule as discussed in Section 7.5 of this Acquisition Scheme Booklet.</p> <p>Following implementation of the Acquisition Scheme, the Merged Group will be in a strong financial position with internal cash flows to fund exploration opportunities across its portfolio.</p> <p>The Merged Group will also have the capacity to consider other potential acquisition opportunities that it believes are complementary to its assets and operations.</p> <p>For more information on the strategy of the Merged Group, and all other information in relation to the Merged Group, see Section 7 of this Acquisition Scheme Booklet.</p>	Section 7.5
52.	Who will be on the board of the Merged Group?	<p>Mark Bennett (current Sirius Managing Director and Chief Executive Officer) and Neil Warburton (current Sirius Non-Executive Director) will be appointed to the IGO Board as Non-Executive Directors if the Acquisition Scheme is implemented.</p> <p>Following implementation of the Acquisition Scheme, the Merged Group board will be as follows:</p> <ul style="list-style-type: none"> • Peter Bilbe (Non-Executive Chairman) • Peter Bradford (Managing Director & Chief Executive Officer) • Mark Bennett (Non-Executive Director) • Geoffrey Clifford (Non-Executive Director) • Peter Buck (Non-Executive Director) • Keith Spence (Non-Executive Director) • Neil Warburton (Non-Executive Director) 	Section 7.3(a)

2. Frequently Asked Questions (cont)

No.	Question	Answer	Where to find more information
53.	Who will be the senior management of the Merged Group?	<p>Following implementation of the Acquisition Scheme, Mr Peter Bradford will serve as Managing Director & Chief Executive Officer of the Merged Group. Other key members of the management team will be:</p> <ul style="list-style-type: none"> • Brett Hartmann (General Manager Operations) • Tony Walsh (Company Secretary & General Manager Corporate) • Scott Steinkrug (Chief Financial Officer and Joint Company Secretary) • Matt Dusci (General Manager New Business) • Sam Retallack (Human Resources Manager) • Keith Ashby (Sustainability Manager) • Rob Dennis (Project Development) 	Section 7.3(b)
ADDITIONAL INFORMATION			
54.	What warranties and consents do I give when participating in the Acquisition Scheme?	<p>Scheme Participants will be deemed to have:</p> <ul style="list-style-type: none"> • warranted that their Sirius Ordinary Shares are fully paid and their Sirius Partly Paid Shares are partly paid to A\$57 and subject to a further call of A\$3; • warranted that their shares are free from all encumbrances; • warranted that they have the power and capacity to transfer their Scheme Shares; and • authorised Sirius to transfer their Scheme Shares to IGO. 	Section 13.7
55.	Will I need to pay any brokerage or stamp duty?	Scheme Participants will not incur any brokerage or stamp duty on the transfer of their Sirius Shares under the Acquisition Scheme.	Section 3.20
56.	What Australian taxation implications are there in relation to the Acquisition Scheme?	Some general taxation information in relation to the Acquisition Scheme is set out in Section 12 to this Acquisition Scheme Booklet.	Section 12
57.	Will I be entitled to scrip-for-scrip CGT rollover relief as part of the Acquisition Scheme?	<p>Sirius has applied for the Class Ruling from the ATO in relation to scrip-for-scrip CGT rollover relief for Scheme Participants.</p> <p>For more information, see Section 1.2(k) of this Acquisition Scheme Booklet.</p>	Section 1.2(k)
58.	Is there a number that I can call if I have further queries about the Acquisition Scheme?	If, after reading this Acquisition Scheme Booklet, you have any questions regarding the Acquisition Scheme, please contact the Sirius Shareholder Information Line on week days between 6.30am and 5.30pm (Perth time) on 1800 992 793 (within Australia) or +61 1800 992 793 (from outside Australia).	N/A



3. SUMMARY OF THE ACQUISITION SCHEME

3. Summary of the Acquisition Scheme

3.1 Introduction

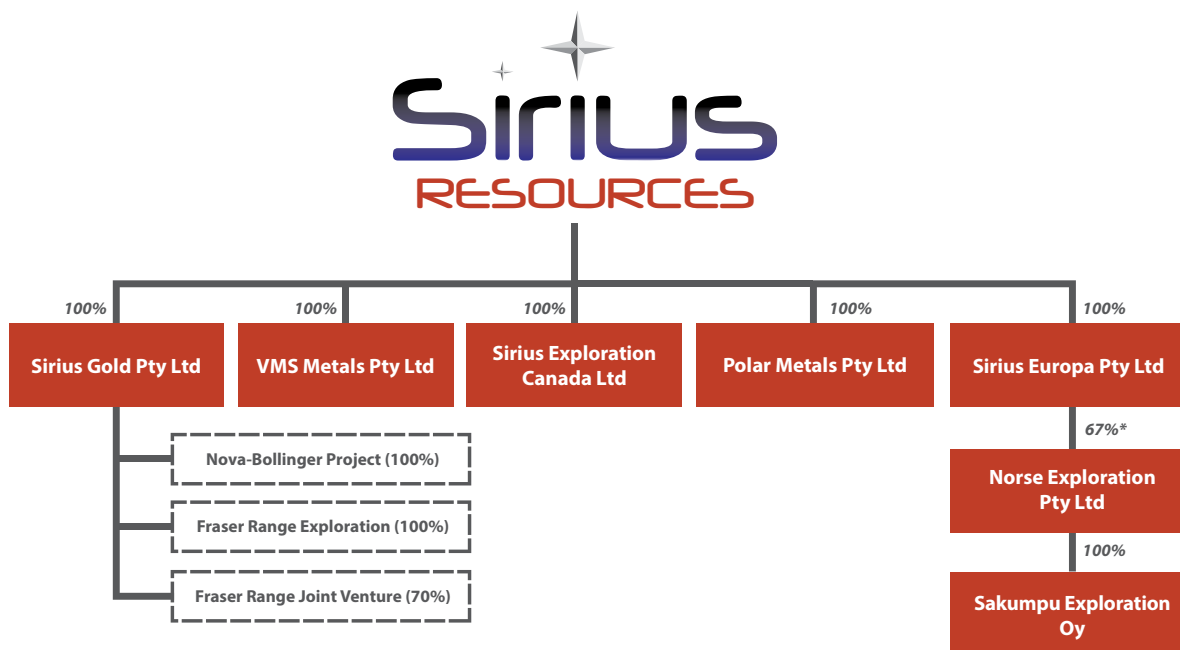
On 25 May 2015, Sirius announced that it had entered into the Scheme Implementation Deed with IGO, pursuant to which IGO proposed to acquire all of the Sirius Shares under a scheme of arrangement between Sirius and the Sirius Shareholders.

If the Acquisition Scheme becomes Effective, then:

- (a) Sirius Shareholders will be paid and issued the Acquisition Scheme Consideration;
- (b) Sirius will become a wholly owned subsidiary of IGO; and
- (c) Sirius will delist from ASX.

In order to become Effective, a number of Conditions must either be satisfied or, if applicable, waived. These Conditions are summarised in Section 3.9 and Annexure A of this Acquisition Scheme Booklet.

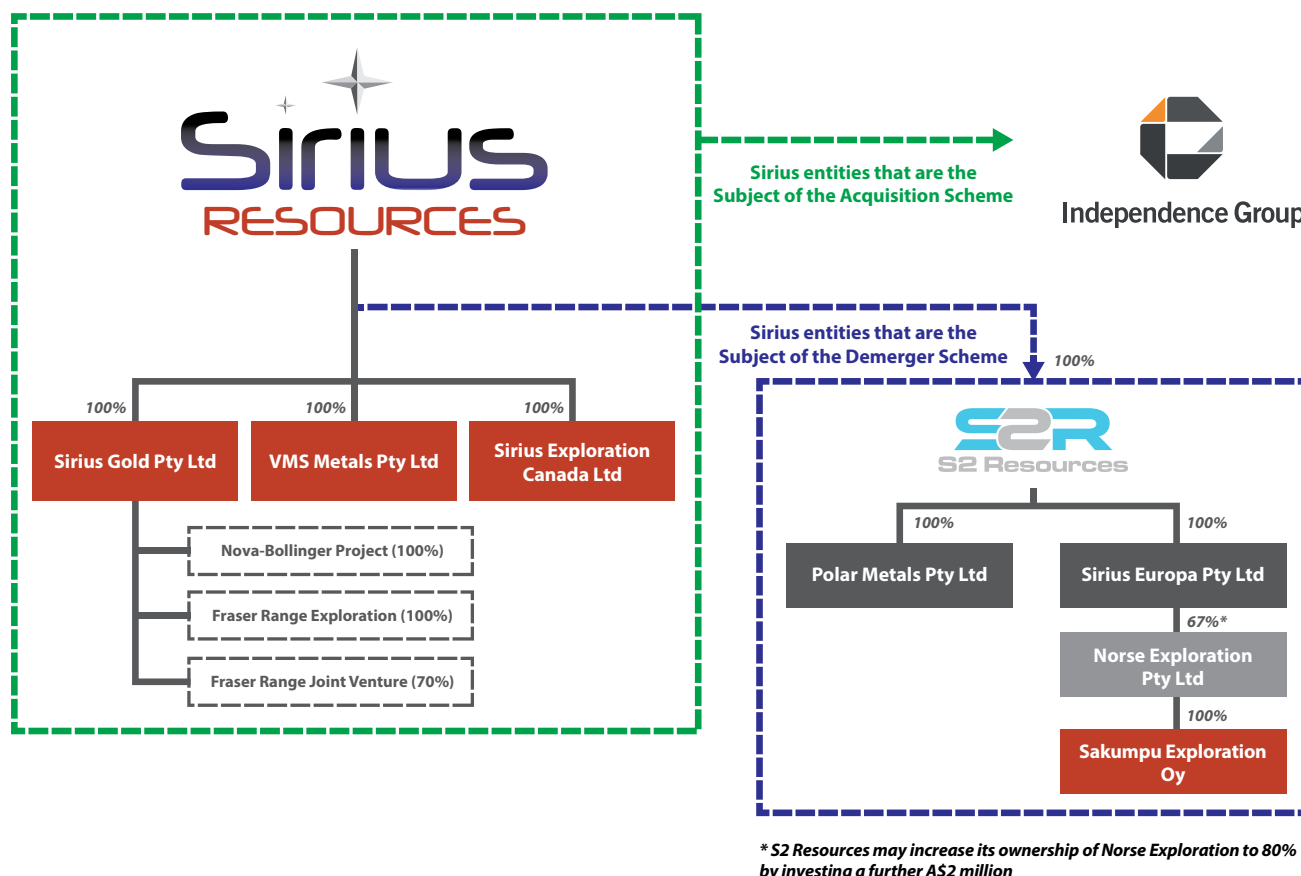
The following diagram sets out the current Sirius Group company structure.



**S2 Resources may increase its ownership of Norse Exploration to 80% by investing a further A\$2 million*

3. Summary of the Acquisition Scheme (cont)

Following the Demerger Scheme, the Sirius Group will be acquired by IGO.



3.2 The Demerger Scheme is a separate transaction

In addition to the Acquisition Scheme, Sirius intends to propose the Demerger Scheme to Sirius Shareholders. Pursuant to the Demerger Scheme, Sirius intends to demerge certain of its exploration assets into a new entity, S2 Resources. The Demerger Scheme will be effected by way of the Capital Reduction. S2 Resources intends to list on ASX following the implementation of the Demerger Scheme.

The Demerger Scheme is a separate transaction, and details of the Demerger Scheme are not included in this Acquisition Scheme Booklet. For information relating to the Demerger Scheme, Sirius Shareholders should read the Demerger Scheme Booklet, which was sent to Sirius Shareholders at the same time as this Acquisition Scheme Booklet.

3.3 Acquisition Scheme Consideration

If the Acquisition Scheme becomes Effective, Scheme Participants (other than Ineligible Overseas Shareholders) will receive the Acquisition Scheme Consideration for their Scheme Shares, being:

- (a) 0.66 New IGO Shares and A\$0.52 cash per Sirius Ordinary Share; and
 - (b) 0.63 New IGO Shares and A\$0.49 cash per Sirius Partly Paid Share,
- held on the Scheme Record Date.

3. Summary of the Acquisition Scheme (cont)

It is expected that the Acquisition Scheme Consideration will be issued and paid to Scheme Participants on the Acquisition Scheme Implementation Date. The Acquisition Scheme Implementation Date is expected to be on Tuesday, 22 September 2015.

Sirius will make all payments:

- (a) by direct deposit into each Scheme Participant's nominated bank account, as advised to the Share Registry before the Scheme Record Date; or
- (b) if a Scheme Participant has not nominated a bank account, by cheque mailed to that Scheme Participant's Registered Address.

Ineligible Overseas Shareholders will not be issued with New IGO Shares. Instead, they will receive the net proceeds from the sale of the New IGO Shares to which they would otherwise have been entitled to receive. Ineligible Overseas Shareholders should refer to Section 13.10 for further information.

3.4 Nominating a bank account for receipt of cash component

In order to receive the cash component of the Acquisition Scheme Consideration by direct deposit into your nominated bank account, you will need to access the secure Investor Centre website at www.investorcentre.com. For security reasons, you will be asked to choose a User ID and password if you are using the website for the first time; existing users should select "Login".

If you do not have internet access, please call 1300 730 821 (within Australia) or +61 3 9415 4000 (outside Australia) and follow the voice instructions to provide your nominated bank account details over the phone or to receive any necessary forms at your Registered Address.

3.5 Determination of number of New IGO Shares to be received by Scheme Participants

The number of New IGO Shares that each Scheme Participant (other than the Ineligible Overseas Shareholders) will receive will be calculated as follows:

- (a) number of New IGO Shares = $0.66 \times$ number of Sirius Ordinary Shares; or
- (b) number of New IGO Shares = $0.63 \times$ number of Sirius Partly Paid Shares.

3.6 If the Acquisition Scheme does not proceed

If the Acquisition Scheme does not proceed, Sirius Shareholders will continue to hold their Sirius Shares and will not receive the Acquisition Scheme Consideration.

In the absence of any Competing Proposal, Sirius will continue to operate as a standalone listed entity. Sirius Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in Sirius. Some of the risks relating to an investment in Sirius are set out in Section 9 of this Acquisition Scheme Booklet.

Some circumstances which cause the Acquisition Scheme not to proceed will trigger the payment of a liquidated amount of A\$18.45 million by either Sirius or IGO (the Sirius Break Fee and the IGO Break Fee, respectively). For more information in relation to the Sirius Break Fee and the IGO Break Fee, see Section 3.14 of this Acquisition Scheme Booklet.

Before the Acquisition Scheme Meeting, Sirius estimates that it will have incurred, or committed to incurring, transaction costs of approximately A\$2.7 million (exclusive of GST) in relation to the Transaction after the Announcement Date. These costs have either already been paid, or will be payable, by Sirius regardless of whether or not the Acquisition Scheme is implemented.

3. Summary of the Acquisition Scheme (cont)

3.7 Rights and liabilities attaching to the New IGO Shares

From the date of their issue, the New IGO Shares received as part of the Acquisition Scheme Consideration will rank equally in all respects with the existing IGO Shares, and will be fully paid and free from any encumbrances.

The rights and liabilities attaching to the New IGO Shares will be governed by the IGO constitution and subject to the Corporations Act and the ASX Listing Rules. A summary of the key terms of the IGO constitution relevant to rights and liabilities attaching to New IGO Shares is contained in Section 14.4 of this Acquisition Scheme Booklet.

3.8 Timing of receipt of Acquisition Scheme Consideration

Scheme Participants will be sent holding statements detailing their holding of New IGO Shares. These holding statements are expected to be dispatched on Wednesday, 23 September 2015. Ineligible Overseas Shareholders should refer to Section 13.10 of this Acquisition Scheme Booklet for more details about the timing for receipt of the cash consideration in lieu of New IGO Shares.

3.9 Conditions of the Acquisition Scheme

A number of conditions need to be satisfied or, if permitted, waived before the Acquisition Scheme can be implemented. Some of these conditions include:

- (a) **Approval of the Acquisition Scheme:** The Acquisition Scheme Resolution is duly passed by the Requisite Majorities of Sirius Shareholders at the Acquisition Scheme Meeting.
- (b) **Approval of the Demerger Scheme:** The Demerger Scheme Resolution is duly passed by the Requisite Majorities of Sirius Shareholders at the Demerger Scheme Meeting.
- (c) **Approval of the Capital Reduction:** The Capital Reduction Resolution is duly passed by the required majority (for an ordinary resolution) of Sirius Shareholders at the General Meeting.
- (d) **Court approvals:** Approval of the Acquisition Scheme and the Demerger Scheme by the Court at the Second Court Hearing.

All of the Conditions to the Acquisition Scheme are summarised in Annexure A of this Acquisition Scheme Booklet. The Acquisition Scheme will not proceed unless all of the Conditions are satisfied or, if permitted, waived in accordance with the Scheme Implementation Deed. As at the date of this Acquisition Scheme Booklet, none of the Conditions have been satisfied.

As at the date of this Acquisition Scheme Booklet, the Sirius Board and IGO Board are not aware of any circumstances that would cause any Condition not to be satisfied.

3.10 Approvals

As part of the Conditions discussed in Section 3.9 of this Acquisition Scheme Booklet, section 411(4) of the Corporations Act requires that the Acquisition Scheme is passed by the Requisite Majorities of Sirius Shareholders. For more information on how to vote in relation to the Acquisition Scheme, see Section 4 of this Acquisition Scheme Booklet.

3.11 Implementation of the Acquisition Scheme

Following approval of the Acquisition Scheme by the Court at the Second Court Hearing, there are three important dates relating to implementation of the Acquisition Scheme, being:

- (a) the **Effective Date**, which is the date on which the Court order approving the Acquisition Scheme is lodged with ASIC and the Acquisition Scheme becomes Effective (expected to be Thursday, 10 September 2015);

3. Summary of the Acquisition Scheme (cont)

- (b) the **Scheme Record Date**, which is 5.00pm three Business Days after the Effective Date and is the date when the Sirius Register is examined to determine who is entitled to participate in the Acquisition Scheme (ie a Scheme Participant) and receive the Acquisition Scheme Consideration (expected to be Tuesday, 15 September 2015); and
- (c) the **Acquisition Scheme Implementation Date**, which is five Business Days after the Scheme Record Date (expect to be Tuesday, 22 September 2015) and is the date on which:
 - (i) all of the Sirius Shares held by Scheme Participants will be transferred to IGO without any need for action by Scheme Participants;
 - (ii) Scheme Participants will receive the Acquisition Scheme Consideration; and
 - (iii) Sirius will become a wholly owned subsidiary of IGO.

Further details regarding implementation of the Acquisition Scheme are set out in Section 13.4 of this Acquisition Scheme Booklet.

3.12 Sirius Directors' recommendation and voting intentions

Your Sirius Directors unanimously recommend that you vote in favour of the Acquisition Scheme, in the absence of a Superior Proposal.

Each Sirius Director intends to vote all the Sirius Shares held or controlled by them in favour of the Acquisition Scheme, in the absence of a Superior Proposal. The interests of Sirius Directors are set out in Section 14.1 of this Acquisition Scheme Booklet.

Your Sirius Directors believe that the reasons for you to vote in favour of the Acquisition Scheme outweigh the reasons to vote against the Acquisition Scheme. Those reasons and other relevant considerations for Sirius Shareholders are set out in Section 1 of this Acquisition Scheme Booklet.

If a Competing Proposal is received by the Second Court Hearing, the Sirius Board will carefully consider the proposal to determine whether it is a Superior Proposal, subject to the terms of the Scheme Implementation Deed, and will inform Sirius Shareholders of any material developments.

3.13 Independent Expert's conclusions

The Sirius Board commissioned the Independent Expert, BDO Corporate Finance, to prepare the Independent Expert's Report on whether the Acquisition Scheme is in the best interests of Sirius Shareholders.

The Independent Expert has assessed the full underlying value of Sirius to be in the range of A\$2.18 to A\$3.29 with a preferred value of A\$2.72 per Sirius Ordinary Share. The Independent Expert has also assessed the implied value of the Acquisition Scheme Consideration and the Demerger Scheme Consideration combined to be in the range of A\$2.29 to A\$3.25 with a preferred value of A\$2.75 per Sirius Ordinary Share.

The Independent Expert has concluded that the Acquisition Scheme is in the best interests of Sirius Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report is set out in full in Annexure E. The Sirius Board encourages you to read this report in full before deciding how to vote on the Acquisition Scheme.

3.14 Break Fee

Under the Scheme Implementation Deed, Sirius and IGO have agreed to pay the Sirius Break Fee and IGO Break Fee, respectively, where certain circumstances cause the Acquisition Scheme not to proceed, as a genuine and reasonable estimate of the loss that would be suffered by the parties.

3. Summary of the Acquisition Scheme (cont)

(a) Sirius Break Fee triggers

Sirius must pay IGO the Sirius Break Fee if:

- (i) prior to the End Date, any Sirius Director recommends that Sirius Shareholders accept or vote in favour of, or otherwise supports or endorses, a Competing Proposal that is announced;
- (ii) prior to the End Date, any Sirius Director does not recommend that Sirius Shareholders vote in favour of any of the resolutions to be put to the Transaction Meetings or publicly adversely changes or withdraws such recommendation, or makes an announcement that is inconsistent with such recommendation, other than as a result of the Independent Expert concluding that the Acquisition Scheme is not in the best interests of Sirius Shareholders (unless such conclusion is due to a Competing Proposal);
- (iii) a Competing Proposal is announced or made prior to the End Date and, within 12 months, the relevant third party or parties, directly or indirectly:
 - (A) acquires a Relevant Interest in more than 50% of all Sirius Shares and that Competing Proposal becomes unconditional;
 - (B) acquires a legal, beneficial or economic interest in all or a substantial part of the assets of the Sirius Group;
 - (C) acquires control of Sirius, as defined in section 50AA of the Corporations Act;
 - (D) otherwise acquires or merges with Sirius; or
 - (E) enters into an agreement with Sirius or the Sirius Board that would prevent Sirius from implementing the Transaction; or
- (iv) IGO terminates the Scheme Implementation Deed due to a material breach by Sirius.

(b) IGO Break Fee triggers

IGO must pay Sirius the IGO Break Fee if Sirius terminates the Scheme Implementation Deed due to a material breach by IGO.

3.15 Treatment of Sirius Partly Paid Shares

Scheme Participants holding Sirius Partly Paid Shares will receive consideration proportionate to the amount paid up on their Sirius Partly Paid Shares. There are currently 44 Sirius Partly Paid Shares on issue, each paid up to A\$57.00 and capable of being subject to a further call of A\$3.00. As such, as part of the Acquisition Scheme, Sirius Partly Paid Shareholders will receive 0.63 New IGO Shares and A\$0.49 cash per Sirius Partly Paid Share held as at the Scheme Record Date.

3. Summary of the Acquisition Scheme (cont)

3.16 Treatment of Sirius Options

There are 17,750,000 Sirius Options on issue which are detailed in the table below. The Sirius Options are held by current and former Sirius Directors and current employees under the Sirius Employee Share Scheme and are not quoted on any financial market.

In accordance with the terms of the Scheme Implementation Deed, IGO will make an offer to each holder of Sirius Options to have their Sirius Options cancelled in exchange for a combination of New IGO Shares and cash, in the manner set out in the table below.

Number of Options	Exercise Price	Expiry Date	New IGO Shares per Sirius Option	Cash per Sirius Option
200,000	A\$0.60	1 November 2015	0.001265	A\$3.845
1,650,000	A\$0.60	26 November 2015	0.001435	A\$3.845
100,000	A\$0.60	21 February 2016	0.002050	A\$3.845
8,750,000	A\$3.17	22 November 2016	0.120140	A\$1.275
1,850,000	A\$0.20	29 November 2016	0.001319	A\$4.245
50,000	A\$0.20	14 May 2017	0.001700	A\$4.245
300,000	A\$2.80	17 September 2017	0.129880	A\$1.645
1,350,000	A\$3.50	19 November 2017	0.205421	A\$0.945
1,000,000	A\$3.34	6 November 2017	0.187272	A\$1.105
2,000,000	A\$3.51	21 November 2017	0.206735	A\$0.935
500,000	A\$3.00	21 February 2018	0.166688	A\$1.445

Each tranche of Sirius Options has been valued for the purposes of determining the appropriate consideration, based on a Black Scholes valuation methodology, as agreed between Sirius and IGO in the Scheme Implementation Deed.

In addition, ASX has given in principle confirmation that it will grant a waiver from ASX Listing Rule 6.23.2, to the extent necessary to allow Sirius to cancel all Sirius Options for consideration.

The cancellation deeds, once executed, will not have any effect unless the Acquisition Scheme is implemented. The cancellation deeds will have the effect of releasing Sirius from any and all claims that the holders of Sirius Options may have had against Sirius in relation to any Sirius Options, including, without limitation, any obligation to issue Sirius Shares on exercise of any Sirius Options.

Details of Sirius Options held by Sirius Directors are set out in Section 14.1.

3. Summary of the Acquisition Scheme (cont)

3.17 Treatment of Sirius Share Appreciation Rights

Sirius has 1,154,548 Sirius Share Appreciation Rights on issue, which are set out in the table below.

In accordance with the terms of the Scheme Implementation Deed, IGO will make an offer to each holder of Sirius Share Appreciation Rights to have their Sirius Share Appreciation Rights cancelled in exchange for either New IGO Shares or cash (at the holder's election), as set out in the table below.

Number of Share Appreciation Rights	Performance Measure	Vesting Date	New IGO Shares per Sirius Share Appreciation Right		Cash per Sirius Share Appreciation Right
176,060	Service based	30 June 2016	0.420	or	A\$2.325
234,743.50	TSR Target	30 June 2016	0.388	or	A\$2.080
234,743.50	Operational Target	30 June 2016	0.420	or	A\$2.325
55,202	Service based	30 June 2017	0.412	or	A\$2.141
226,899.50	TSR Target	30 June 2017	0.383	or	A\$1.934
226,899.50	Operational Target	30 June 2017	0.412	or	A\$2.141

Under the Scheme Implementation Deed, separate valuations were agreed by Sirius and IGO in relation to the New IGO Share and cash alternatives under IGO's offer in respect of each tranche of Sirius Share Appreciation Rights, which are set out in the table above.

In addition, ASX has given in principle confirmation that it will grant a waiver from ASX Listing Rule 6.23.2, to the extent necessary to allow Sirius to cancel all Sirius Share Appreciation Rights on issue for consideration.

The cancellation deeds, once executed, will not have any effect unless the Acquisition Scheme is implemented. The cancellation deeds will have the effect of releasing Sirius from any and all claims that the holders of Sirius Share Appreciation Rights may have had against Sirius.

Details of Sirius Share Appreciation Rights held by Sirius Directors are set out in Section 14.1.

3.18 Treatment of Sirius Performance Shares

Sirius has 2,200,000 Sirius Performance Shares on issue, all of which are held by the Creasy Group. The Sirius Performance Shares will convert into 2,200,000 Sirius Ordinary Shares on the Effective Date, and will therefore participate in the Acquisition Scheme (unless the Sirius Performance Shares are dealt with by way of private treaty).

3.19 Australian tax implications

The transfer of your Sirius Shares to IGO under the Acquisition Scheme will have tax consequences.

You should seek your own professional advice regarding the individual tax consequences applicable to you. A general summary of the tax implications for Australian residents is set out in Section 12 of this Acquisition Scheme Booklet.

3. Summary of the Acquisition Scheme (cont)

3.20 No brokerage or duty

No brokerage or duty will be payable by Scheme Participants on the transfer of their Sirius Shares under the Acquisition Scheme.

3.21 End Date

If the Acquisition Scheme is not implemented on or before Monday, 30 November 2015 (or such later date as Sirius and IGO agree in writing), either Sirius or IGO may terminate the Scheme Implementation Deed. The effect of this would be that the Acquisition Scheme would not proceed.

3.22 Questions

If, after reading this Acquisition Scheme Booklet, you have any questions regarding the Acquisition Scheme, please contact the Sirius Shareholder Information Line on week days between 6.30am and 5.30pm (Perth time) on 1800 992 793 (within Australia) or +61 1800 992 793 (from outside Australia).



4. HOW TO VOTE AT THE ACQUISITION SCHEME MEETING

4. How to Vote at the Acquisition Scheme Meeting

4.1 The Acquisition Scheme Meeting

The Acquisition Scheme can only be implemented if it is first approved by the Requisite Majorities of Sirius Shareholders at the Acquisition Scheme Meeting.

The Acquisition Scheme Meeting will be held at the Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia at 10.00am on Thursday, 3 September 2015. Details regarding the Acquisition Scheme Meeting are set out in the Notice of Acquisition Scheme Meeting contained in Annexure D to this Acquisition Scheme Booklet.

4.2 Voting entitlement

Each Sirius Shareholder who is registered on the Sirius Register at 5.00pm on Tuesday, 1 September 2015 is entitled to attend and vote at the Acquisition Scheme Meeting, and will have the following voting rights:

- (a) one vote for each Sirius Ordinary Share; and
- (b) 57/60ths of a vote for each Sirius Partly Paid Share (being a fraction of a vote which represents the proportion paid up on each Sirius Partly Paid Share over the issue price of each Sirius Partly Paid Share).

Voting on the Acquisition Scheme Resolution is not compulsory.

In the case of jointly held Sirius Shares, only one of the joint shareholders is entitled to vote. If more than one Sirius Shareholder votes in respect of jointly held Sirius Shares, only the vote of the Sirius Shareholder whose name appears first in the Sirius Register will be counted.

4.3 How to vote

You may vote on the Acquisition Scheme by:

- (a) attending the Acquisition Scheme Meeting in person; or
- (b) proxy, attorney or, in the case of a corporation which is a Sirius Shareholder, by corporate representative appointed in accordance with the Corporations Act.

Relevant details in respect of each of these methods is set out below.

Voting in person

To vote in person, you must attend the Acquisition Scheme Meeting. If you attend, you will be admitted to the meeting and given a voting card at the point of entry to the meeting upon disclosing your name and address. Please bring a form of personal identification with you, such as your driver's licence.

Voting by proxy

To vote by proxy, you must complete and return the personalised Yellow Proxy Form enclosed with this Acquisition Scheme Booklet in accordance with the instructions on the form so that it is received by the Share Registry by no later than 10.00am on Tuesday, 1 September 2015.

You may appoint an individual or body corporate as your proxy.

4. How to Vote at the Acquisition Scheme Meeting (cont)

Voting by attorney

To vote by attorney, the attorney must have a duly executed power of attorney, specifying the name of the Sirius Shareholder, the attorney, the meetings at which the appointment may be used and that the power of attorney applies in relation to Sirius. The appointment may be a standing one and the attorney need not be a Sirius Shareholder.

Voting by corporate representative

For a body corporate to vote by corporate representative, the representative must have a duly executed appointment which complies with the requirements of section 250D of the Corporations Act. The representative should bring this appointment to the meeting.

The appointment may set out restrictions on the representative's powers.

An "Appointment of Corporate Representative" may be obtained for this purpose from the Share Registry's website at <https://www-au.computershare.com>.

Lodgement of proxy forms and powers of attorney

To be effective, completed Yellow Proxy Forms, powers of attorney and authorities must be received by Sirius' Share Registry in accordance with the method set out below at least 48 hours before the time for holding the Acquisition Scheme Meeting (that is, by no later than 10.00am on Tuesday, 1 September 2015) or, if the Acquisition Scheme Meeting is adjourned, at least 48 hours before the adjourned Acquisition Scheme Meeting:

(a) Postal address:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne, Victoria 3001
Australia

(b) Facsimile number:

(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

4.4 Your choices

As a Sirius Shareholder, you have three choices available to you. These choices are set out below:

(a) Option 1 – Vote at the Acquisition Scheme Meeting

You can vote at the Acquisition Scheme Meeting in person or by proxy, attorney or (in the case of corporations who are Sirius Shareholders) corporate representative, in respect of some or all of your Sirius Shares. Details of how to vote at the Acquisition Scheme Meeting are set out in Section 4.3 above. You may vote in favour of or against the Acquisition Scheme Resolution.

If you vote against the Acquisition Scheme Resolution and the Acquisition Scheme is approved and becomes Effective, then any Sirius Shares you hold on the Scheme Record Date will be transferred to IGO and you will receive the Acquisition Scheme Consideration for each of your Sirius Shares.

4. How to Vote at the Acquisition Scheme Meeting (cont)

(b) Option 2 – Sell your Sirius Shares on ASX

You can sell your Sirius Shares on ASX at any time before close of trading on the Effective Date. If you sell your Sirius Shares on ASX, you may be liable to pay CGT upon the disposal of your Sirius Shares (see Section 12), and may incur brokerage costs. If the Acquisition Scheme becomes Effective, Sirius Shares will cease trading on ASX following close of trading on the Effective Date.

Sirius Shareholders who wish to sell some or all of their Sirius Shares on ASX should contact their broker for information on how to effect the sale.

(c) Option 3 – Do nothing

If you do not wish to vote for or against the Acquisition Scheme, or sell your Sirius Shares on ASX, you may choose to do nothing.

If you do nothing and the Acquisition Scheme is approved by Sirius Shareholders and becomes Effective, then your Scheme Shares will be transferred to IGO and you will be paid the Acquisition Scheme Consideration.

4.5 What to do next

(a) Read the remainder of this Acquisition Scheme Booklet

You should read and consider the remainder of this Acquisition Scheme Booklet in full before making any decision on the Acquisition Scheme. If you require further advice in relation to the Acquisition Scheme, contact your legal, financial, taxation or other professional adviser.

(b) Consider your options

Sirius Shareholders should refer to Sections 1.2 and 1.3 of this Acquisition Scheme Booklet for further guidance on the expected advantages and possible disadvantages of the Acquisition Scheme. However, Sirius Shareholders should always bear in mind that this Acquisition Scheme Booklet does not take into account the investments objectives, financial situation or particular needs of any Sirius Shareholder.



5. PROFILE OF SIRIUS

5. Profile of Sirius

5.1 Background

Sirius is an ASX listed minerals exploration and development company with a key focus on the development of its 100% owned Nova-Bollinger Project east of Norseman in Western Australia.

In addition to the Nova-Bollinger Project development, Sirius owns or controls a range of exploration leases in Western Australia and Scandinavia which are prospective for gold, base metals and platinum group metals.

Sirius is an Australian public company that was incorporated as Croesus Mining NL and listed on ASX in the 1980s. It was delisted following the appointment of administrators in 2006 and relisted following a deed of company arrangement in 2008. In 2009, a new management team raised money, acquired the exploration ground that now contains Nova, and changed the company name to "Sirius Resources NL". The share capital of the company was subsequently consolidated on a 20 for 1 basis and unmarketable share parcels were compulsorily acquired in order to further rationalise the capital structure.

In addition to the information about Sirius contained in this Section 5, the Independent's Export's Report is contained in Annexure E.

5.2 Overview of operations

Operations

(a) Nova-Bollinger Project (Sirius: 100%)

The Nova-Bollinger Project is located in the Fraser Range, approximately 120km east of Norseman and approximately 700km east of Perth in Western Australia.

In July 2012, Sirius announced the discovery of the Nova Deposit, a magmatic nickel sulphide deposit. In February 2013, Sirius announced the discovery of the Bollinger Deposit, a dominantly flat lying ore body located to the east of the Nova Deposit and connected to Nova Deposit by an interpreted feeder zone.

In February 2014, Sirius agreed to acquire Mark Creasy's 30% interest in EL 28/1724 and MLA 28/376 which host the Nova Deposit and Bollinger Deposit, comprising the Nova-Bollinger Project. Mr Creasy received 70.6 million fully paid Sirius Shares and A\$28 million cash as consideration, and retains a 0.5% net smelter royalty on any future discoveries made within the boundaries of EL 28/1724 but which fall outside of MLA 28/376. No royalty is payable to Mr Creasy for any production from the Nova-Bollinger Project or any other future production from elsewhere within MLA 28/376.

A Definitive Feasibility Study (DFS) relating to the Nova Deposit and the Bollinger Deposit was completed in July 2014. The Nova-Bollinger Mineral Resource was updated as part of the DFS and a maiden Ore Reserve for the Nova-Bollinger Project was established, both in accordance with the JORC Code. The Mineral Resource estimate comprises 14.3mt grading 2.3% nickel, 0.9% copper and 0.08% cobalt for a contained 325,000t of nickel, 134,000t of copper and 11,000t of cobalt.

5. Profile of Sirius (cont)

Table 1: Nova-Bollinger Mineral Resource estimate

Nova-Bollinger Mineral Resource estimate - May 2014									
DEPOSIT	Resource Category	Tonnes (Mt)	Grade				Contained Metal		
			NIeq%	Ni %	Cu %	Co %	Nickel (kt)	Copper (kt)	Cobalt (kt)
Nova	Indicated	9.1	2.7	2.5	1.0	0.08	230	94	7.3
	Inferred	1.0	1.6	1.4	0.6	0.05	14	6	0.5
	Total	10.1	2.6	2.4	1.0	0.08	244	100	7.7
Bollinger	Indicated	2.4	2.9	2.7	1.1	0.11	64	26	2.6
	Inferred	1.8	1.0	1.0	0.4	0.04	17	8	0.7
	Total	4.2	2.1	2.0	0.8	0.08	82	34	3.3
Total	Indicated	11.5	2.7	2.6	1.0	0.09	294	120	9.8
	Inferred	2.8	1.2	1.1	0.5	0.04	31	14	1.2
	Total	14.3	2.4	2.3	0.9	0.08	325	134	11.0

The Ore Reserve estimate comprises 13.1mt grading 2.1% nickel, 0.9% copper and 0.07% cobalt for a contained 273,000t of nickel, 112,000t of copper and 9,000t of cobalt.

Table 2: Nova-Bollinger Ore Reserve estimate

Nova-Bollinger Ore Reserve estimate - July 2014								
Deposit	Reserve Category	Tonnes (Mt)	Grade Ni (%)	Contained Ni (kt)	Grade Cu (%)	Contained Cu (kt)	Grade Co (%)	Contained Co (kt)
Nova	Probable	10.3	2.1	218	0.9	90	0.07	7.0
Bollinger	Probable	2.8	2.0	55	0.8	22	0.08	2.0
	Total	13.1	2.1	273	0.9	112	0.07	9.0

The Probable Ore Reserve together with a small proportion of additional mining inventory material, together constituting the life of mine plan, will underpin an initial mine life of 10 years following a two year development period. Average production following project ramp-up will be 26,000tpa of nickel and 850tpa of cobalt in a nickel concentrate and 11,500tpa copper in a separate copper concentrate.

The planned mine is based on a 1.5mtpa underground operation with decline access. The principal stoping method will be sub-level open stoping (SLOS) with paste fill to maximise extraction.

It is anticipated that the SLOS stopes will measure up to 25 metres by 25 metres horizontally and 70 metres in height.

The stopes will be backfilled, and backfilling will, in most cases, be by paste fill produced from low-sulphur flotation tailings recycled from process plant waste material.

An exhaustive metallurgical testwork program involving multiple domains and material types, full variability tests and over 200 flotation tests was performed for the DFS.

The testwork results indicate that the ore is amenable to the production of two separate sulphide concentrates via crushing, grinding and conventional froth flotation, specifically:

- (i) copper concentrate – 95% recovery to produce a 29% copper concentrate with silver (process design); and

5. Profile of Sirius (cont)

- (ii) nickel concentrate – 89% recovery to produce a 13.5% nickel concentrate with cobalt (process design with cobalt).

The processing plant will have a 1.5Mtpa nameplate capacity and will comprise conventional crushing, grinding by open circuit SAG mill followed by a ball mill in closed circuit, and sulphide flotation to produce separate copper and nickel concentrates. Flotation will comprise open circuit roughing, cleaning and cleaner scavenging, and regrinding on particular streams will be used to increase liberation and recovery for both circuits.

Power for the site will be generated from an onsite 16 megawatt predominantly diesel-fired power station with solar backup provided by a specialist power generation contractor.

In August 2014, Sirius signed the Nova Mining Agreement with the Ngadju People and shortly thereafter the Nova Mining Lease was granted by the Western Australian Department of Minerals and Petroleum.

In December 2014, Sirius secured a project finance facility of up to A\$440 million from four tier one banks on highly flexible and competitive terms which provided the balance of finance necessary to fully fund the construction of the Nova-Bollinger Project. During the June 2015 quarter, Sirius completed its first drawn down under this facility of A\$57 million (following the satisfaction of all conditions precedent).

In January 2015, following the receipt of all permits for mining, excavation of the boxcut commenced, along with construction of the accommodation and aerodrome.

Underground hard-rock mining contractor Barminco was awarded a three year contract to excavate the boxcut, complete the decline to access the ore body, and undertake initial mining. The boxcut has been completed and the decline is advancing ahead of schedule. The Nova Deposit orebody is expected to be reached in the second quarter of 2016.

A 492 person accommodation village has been completed and the initial construction camp housing for 192 workers has been decommissioned.

Foundation earthworks for a two kilometre long, all-weather, sealed airstrip is nearing completion. The airstrip will be able to accommodate jet aircraft such as the Fokker F100 or BAE146 and it is expected the airstrip will be operational by August 2015.

A 38km long, all-weather, sealed access road connecting the Eyre Highway with the Nova-Bollinger Project site is now more than half complete. RJ Vincent Pty Ltd is expected to have finished the access road by September 2015.

The tailings dam, being constructed by Watpac Civil and Mining Pty Ltd, is near completion. The dam spans approximately 1,000 metres by 600 metres and construction of its bund wall which averages 13 metres in height and plastic lining is almost complete.

In June 2015, GR Engineering Services Limited was awarded the A\$114 million Engineering, Procurement and Construction contract for the design and installation of the mineral processing and paste fill plants for the Nova-Bollinger Project. Design work on the plant is underway and the plant is expected to be completed in November 2016.

5. Profile of Sirius (cont)

First concentrate production from the Nova-Bollinger Project is expected in late 2016 ahead of a ramp up period to reach full production by mid-2017.

Sirius has signed an offtake agreement for 50% of the nickel sulphide concentrate produced from the Nova-Bollinger Project for the first three years with BHP Billiton Nickel West Pty Ltd. The concentrate will be trucked by road to Nickel West's facilities in Kambalda. The offtake terms are confidential, but reflect the anticipated exceptionally high quality of the Nova Deposit nickel concentrate, which is anticipated to have very low deleterious elements and an extremely high Fe:MgO ratio of approximately 62.

Sirius has entered into a contract with commodity trading group, Trafigura Beheer BV, to sell all of the copper sulphide concentrate from the Nova-Bollinger Project for the first three years of production. The commercial terms of the offtake agreement are confidential, but reflect the anticipated exceptionally high quality of the Nova Deposit copper sulphide concentrate, which has very low levels of deleterious elements and is expected to average 29% copper. These characteristics make the product highly desirable to smelters and trading firms.

The remaining 50% of anticipated nickel sulphide concentrate production will be sold to a separate offtake customer. Discussions for this are well advanced as of the date of this Acquisition Scheme Booklet and is expected to be announced to ASX prior to the Acquisition Scheme Meeting.

Exploration

(b) Fraser Range (Sirius: 100%)

Sirius has a 100% interest in various tenements covering 306km² in the Fraser Range region, including the mining lease containing the Nova-Bollinger Project. These tenements also include the Talbot and Southern Hills soil anomalies and the Buningonia intrusion. All of these are located in the Fraser Complex, considered to be prospective for mafic-ultramafic intrusion hosted magmatic nickel-copper-platinum group metal (PGM) and chromite deposits.

Around the Nova-Bollinger Project, Sirius has completed a high powered Samson deep penetration electromagnetic survey which was successful in identifying 16 electromagnetic conductors. Thirteen of these conductors remain to be drill tested.

(c) Fraser Range Joint Venture (Sirius : 70%)

This joint venture covers an area of over 895km² and includes over 100km of strike length of the Proterozoic Albany-Fraser mobile belt on the south-east margin of the Yilgarn Craton, containing the new Nova Deposit nickel belt and also the extensions of the Tropicana gold belt.

Exploration for additional nickel-copper sulphide mineralisation is continuing throughout the joint venture area. Several promising early stage prospects are actively being explored. The Crux – Centauri area 60km southwest of Nova-Bollinger is of significant interest with preliminary systematic aircore and RC drilling confirming the presence of nickel copper sulphide mineralisation and outlining anomalous zones of copper and nickel at shallow levels.

5. Profile of Sirius (cont)

Reconnaissance diamond drilling is ongoing to test areas of the Crux and Centauri intrusions.

Results received confirm the presence of magmatic nickel-copper sulphide mineralisation scattered throughout the Crux intrusion, with numerous zones <1 metres grading 0.2% – 0.3% nickel with two thicker zones of 7 metres grading 0.3% nickel from 448 metres and 20.9 metres grading 0.31% nickel from 59.1 metres.

Further afield in the Fraser Range joint venture area, reconnaissance style exploration using a combination of ground geophysical methods and regional soil geochemical programs will continue with the aim of defining anomalies for follow-up RAB and RC drilling.

(d) Polar Bear Project (Sirius: 100%)

The Polar Bear Project spans an area of 151km², located between Higginsville and Norseman, and is surrounded by the major gold camps of Norseman (10 million ounces), St Ives (12 million ounces) and Metals X Limited's Higginsville gold operations (2 million ounces). Sirius also holds an additional 294km² of ground under application adjacent to Polar Bear and at the nearby Norcott tenement application, as well as an 80% interest in 103km² of tenement applications within the Eundynie Joint Venture.

Large parts of the area are relatively underexplored due to it being largely concealed by the shallow salt lake sediments of Lake Cowan and the sand dunes of the Polar Bear peninsula. The Polar Bear Project contains a number of shear zones of the type that host gold mineralisation elsewhere in the district. The project also contains southern extensions of the Kambalda and Widgiemooltha ultramafic stratigraphy, which hosts a number of world class nickel sulphide mines along strike to the north.

The Polar Bear Project hosts the Baloo Gold Deposit, the Monsoon, Nanook and Earlobe Gold Prospects, Taipan Nickel Prospect and a number of existing gold targets which are currently scheduled to be drill tested.

If the Demerger Scheme (which is inter-conditional on the Acquisition Scheme) is implemented, the Polar Bear Project will be held by S2 Resources, and not by the Merged Group.

(e) Scandinavian Projects (Sirius: 67%)

Sirius identified a low cost, early stage exploration opportunity in Finland and Sweden which are both prospective mining friendly jurisdictions.

In January 2015, Sirius acquired 67% ownership of Norse Exploration and private Finnish company Sakumpu for minimal purchase consideration and the funding of A\$2 million of exploration. By investing a further A\$2 million, Sirius will earn up to 80% ownership of Norse Exploration.

Sakumpu is the largest holder of Exploration Reservations in the Central Lapland Greenstone Belt of Finland which is prospective for nickel, copper, platinum, palladium and gold. It is also the second largest holder of Exploration Permits in the Skellefteå Belt of Sweden which hosts copper, zinc and gold deposits.

The joint venture is currently managed independently by an experienced in-country team.

5. Profile of Sirius (cont)

If the Demerger Scheme (which is inter-conditional on the Acquisition Scheme) is implemented, these assets will be held by S2 Resources, and not by the Merged Group.

5.3 Sirius Board and Senior Management

(a) Sirius Board

As at the date of this Acquisition Scheme Booklet, the Sirius Board comprises of:

Name	Position
Jeff Dowling	Non-Executive Chairman
Mark Bennett	Managing Director / CEO
Anna Neuling	Director, Corporate and Commercial
David Craig	Non-Executive Director
Neil Warburton	Non-Executive Director
Terrence Grammer	Non-Executive Director

(b) Senior Management

As at the date of this Acquisition Scheme Booklet, the key members of Sirius' senior management team include:

Name	Position
Grant Dyker	Chief Financial Officer
Rob Dennis	Chief Operating Officer
John Bartlett	General Manager – Exploration
Jeffrey Foster	General Manager – Project Generation

5.4 Sirius' securities and capital structure

There are 412,201,575 fully paid Sirius Ordinary Shares on issue of which all are quoted.

There are unlisted Sirius Options totalling 17,750,000, comprising 1.9 million A\$0.20 Sirius Options, 1.95 million A\$0.60 Sirius Options, 0.3 million A\$2.80 Sirius Options, 8.75 million A\$3.17 Sirius Options, 1.35 million A\$3.50 Sirius Options, 0.5 million A\$3.00 Sirius Options, 1 million A\$3.34 Sirius Options and 2 million A\$3.51 Sirius Options.

There are 1,154,548 Sirius Share Appreciation Rights on issue of which 645,547 vest in June 2016 and 509,001 vest in June 2017.

5. Profile of Sirius (cont)

The following table sets out the substantial Sirius Shareholders as at Friday, 24 July 2015:

Name of holder	% held
Mark Gareth Creasy and the Creasy Group	34.59
National Australia Bank and its associated entities	5.003

The following table sets out the top 20 Sirius Shareholders as at Friday, 24 July 2015:

Name of Sirius Shareholder	% of Sirius issued share capital held
1. YANDAL INVESTMENTS PTY LTD <INVESTEC A/C>	15.41
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10.77
3. J P MORGAN NOMINEES AUSTRALIA LIMITED	10.02
4. NATIONAL NOMINEES LIMITED	9.71
5. CITICORP NOMINEES PTY LIMITED	7.79
6. FRASERX PTY LTD	5.03
7. PONTON MINERALS PTY LTD	4.03
8. FREE CI PTY LTD	4.03
9. LAKE RIVERS GOLD PTY LTD	4.03
10. YANDAL INVESTMENTS PTY LTD	1.70
11. BNP PARIBAS NOMS PTY LTD <DRP>	1.55
12. PERTH SELECT SEAFOODS PTY LTD	0.95
13. AMP LIFE LIMITED	0.95
14. UBS NOMINEES PTY LTD	0.78
15. BT PORTFOLIO SERVICES LTD <WARRELL HOLDINGS S/F A/C>	0.63
16. BRISPOUT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	0.55
17. DR MARK ANTHONY BENNETT	0.53
18. ROXTRUS PTY LTD	0.49
19. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	0.47
20. TARNEY HOLDINGS PTY LTD <DP & FL WADDELL FAMILY A/C>	0.39

5. Profile of Sirius (cont)

5.5 Financial information

The summary financial information set out below has been extracted from the interim financial reports of the Sirius Group for the half-year ended 31 December 2014. This financial report was reviewed by BDO Audit who issued an unmodified review report.

The financial information set out in this Section 5.5 is intended to provide a high level overview of the Sirius Group's historical financial performance and position and does not provide the level of detail set out in Sirius' financial reports, which are available on ASX's website or Sirius' website.

(a) Consolidated statement of financial performance

The following table presents a summary of the consolidated statement of financial performance of the Sirius Group for the reviewed half-years ended 31 December 2013 and 31 December 2014, as extracted from Sirius' reviewed financial report for the half-year ended 31 December 2014.

	31 December 2014 A\$'000	31 December 2013 A\$'000
Other income	3,738	998
Administrative expenses	(3,231)	(3,227)
Depreciation expense	(145)	(101)
Share based payments	(145)	(3,889)
Exploration expenditure expensed as incurred	(4,686)	(2,994)
Loss before income tax	(4,469)	(9,213)
Income tax expense	-	-
Loss for the half-year	(4,469)	(9,213)
Other comprehensive income	-	-
Total comprehensive loss for the half year attributable to the members of Sirius Resources NL	(4,469)	(9,213)

5. Profile of Sirius (cont)

(b) Consolidated statement of financial position

The following table presents a summary of the consolidated statement of financial position of the Sirius Group as at 30 June 2014 and 31 December 2014, as extracted from Sirius' reviewed financial report for the half-year ended 31 December 2014.

	31 December 2014 (reviewed) A\$'000	30 June 2014 (audited) A\$'000
CURRENT ASSETS		
Cash and cash equivalents	245,489	58,715
Inventories	12	-
Trade and other receivables	3,320	1,764
TOTAL CURRENT ASSETS	248,821	60,479
NON-CURRENT ASSETS		
Exploration and evaluation	287,571	267,803
Property, plant and equipment	2,475	2,546
TOTAL NON-CURRENT ASSETS	290,046	270,349
TOTAL ASSETS	538,867	330,828
CURRENT LIABILITIES		
Trade and other payables	13,862	4,726
Provisions	413	426
TOTAL CURRENT LIABILITIES	14,275	5,152
TOTAL LIABILITIES	14,275	5,152
NET ASSETS	524,592	325,676
EQUITY		
Share capital	693,906	490,666
Reserves	28,698	28,553
Accumulated losses	(198,012)	(193,543)
TOTAL EQUITY	524,592	325,676

5. Profile of Sirius (cont)

5.6 Outlook and intentions regarding the continuation of Sirius' business

If the Acquisition Scheme is approved by Sirius Shareholders and the Court, and is implemented, the existing Sirius Board will be reconstituted in accordance with the instructions of IGO, as the sole Sirius Shareholder as at the Acquisition Scheme Implementation Date.

Accordingly, it is not possible for your existing Sirius Board to provide a statement of its intentions regarding:

- (a) the continuation of the business of Sirius or how Sirius' existing business will be conducted;
- (b) any major changes to be made to the business of Sirius, including any redeployment of Sirius' fixed assets; or
- (c) the future employment of the present employees of Sirius,

in each case, after the Acquisition Scheme is implemented.

If the Acquisition Scheme is approved by Sirius Shareholders and the Court, and is implemented, IGO will have 100% ownership and control of Sirius Shares, and the intentions of IGO are set out in Section 7.5.

5.7 Material change to financial position of Sirius

To the knowledge of the Sirius Board, and except as disclosed in this Acquisition Scheme Booklet, the financial position of Sirius has not materially changed since 31 December 2014 (being the date the Sirius Group's last half year reviewed financial report was issued) except as disclosed in the following announcements to ASX:

Announcement title	Date
Quarterly Cashflow Report – June 2015	17 July 2015
Quarterly Activities Report – June 2015	17 July 2015
First Facility Drawdown and Nova Construction Update	26 June 2015
Independence & Sirius Investor Presentation	25 May 2015
Independence to acquire Sirius	25 May 2015
Scheme Implementation Deed	25 May 2015
Release from escrow	15 May 2015
Copper concentrate offtake signed with Trafigura	13 May 2015
Quarterly Cashflow Report – March 2015	30 April 2015
Half Yearly Report – Half-Year ended 31 December 2014	27 February 2015
Nova Nickel Offtake signed	27 February 2015

5. Profile of Sirius (cont)

CLSA Base Metals Sydney Conference Presentation	28 January 2015
Quarterly Cashflow Report – December 2014	28 January 2015
Nova underway on Australia Day	27 January 2015

5.8 Recent Sirius Share price performance

A summary of the trading prices of Sirius Shares on ASX for various periods leading up to, and following, announcement of the Acquisition Scheme on ASX is set out below.

Period	Low	High
1 month prior to announcement of the Acquisition Scheme	A\$2.53	A\$3.34
3 months prior to announcement of the Acquisition Scheme	A\$2.45	A\$3.34
6 months prior to announcement of the Acquisition Scheme	A\$2.18	A\$3.34
12 months prior to announcement of the Acquisition Scheme	A\$2.18	A\$4.16
From announcement of the Acquisition Scheme to Wednesday, 22 July 2015 (being the Last Practical Trading Day)	A\$2.99	A\$4.04

The last recorded trading price of Sirius Shares on ASX on Wednesday, 22 July 2015 (being the Last Practical Trading Day) was A\$3.15.

5.9 Public information available for inspection

Sirius is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations broadly require Sirius to:

- (a) announce price sensitive information immediately after it becomes aware of the information, subject to certain exceptions for information that is confidential; and
- (b) prepare and lodge with ASIC and ASX both annual and half year financial statements.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au and Sirius' website at www.siriusresources.com.au. Copies of the documents lodged with ASIC in relation to Sirius may be obtained from, or inspected at, an ASIC office.

Sirius Shareholders may obtain a copy of:

- Sirius' June 2015 quarterly report (dated 17 July 2015);

5. Profile of Sirius (cont)

- Sirius' most recent annual report;
- this Acquisition Scheme Booklet;
- the Demerger Scheme Booklet; and
- any document lodged by Sirius with ASX between the release of Sirius' annual report and the date of this Acquisition Scheme Booklet,

from the ASX website at www.asx.com.au. All of those documents are also available on Sirius' website at www.siriusresources.com.au.

5.10 Registration with ASIC

This Acquisition Scheme Booklet was registered with ASIC on Friday, 31 July 2015 in accordance with section 412(6) of the Corporations Act.



6. PROFILE OF IGO

6. Profile of IGO

6.1 Introduction

The information contained in this Section 6 has been prepared by IGO. The information concerning the IGO Group and the intentions, views and opinions in this Section are the responsibility of IGO. Sirius, the Sirius Directors and Sirius' officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.2 Background

IGO is an ASX listed diversified mining and exploration company that is currently producing gold, nickel and copper-zinc-silver from three mining operations in Western Australia. IGO has a market capitalisation of approximately A\$940 million.⁸

IGO's gold production comes from its 30% interest in the Tropicana Gold Mine (AngloGold Ashanti holds 70% and is the manager) in Western Australia. IGO produces nickel from its 100% owned Long Operation in Kambalda in Western Australia and produces copper, zinc and silver from its 100% owned Jaguar Operation 60km north of Leonora in Western Australia.

A map showing the locations of IGO's mines, mining interests, projects and joint venture interests is set out below.



6.3 History

IGO has been listed on ASX since 17 January 2002 with ASX code "IGO" (having traded as Independence Gold NL from 17 January 2002 to 19 December 2003).

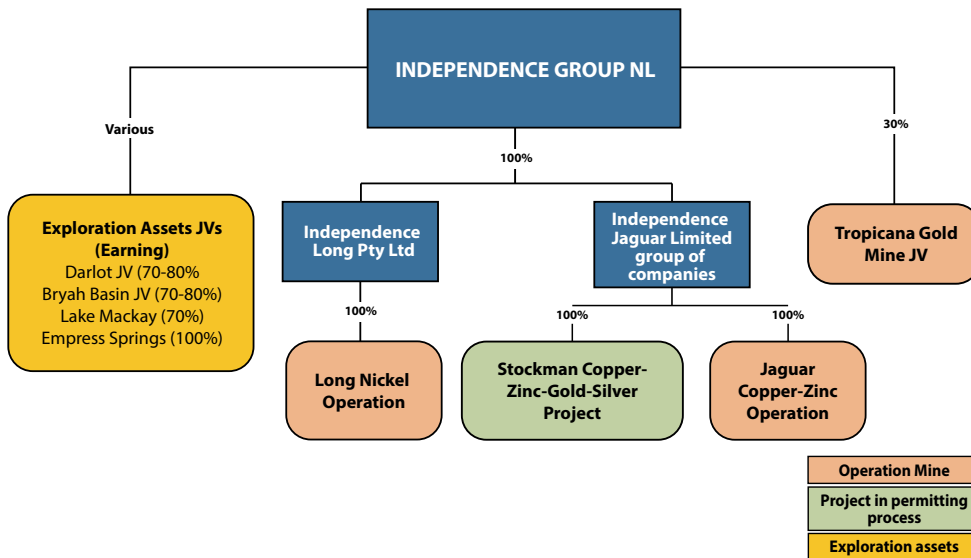
In September 2002, IGO acquired the Long nickel mine and the lease of related infrastructure and equipment from BHP Billiton Nickel West Pty Ltd (formerly WMC Resources Ltd). In June 2011, IGO successfully completed a takeover of Jabiru Metals Limited through which it acquired its 100% interest in the Jaguar copper-zinc-silver mining and processing operation and the Stockman copper-zinc-silver development project.

⁸ Based on the closing IGO Share price of A\$3.99 on the Last Practical Trading Day.

6. Profile of IGO (cont)

6.4 Group overview

The corporate structure of the IGO Group as at the date of this Acquisition Scheme Booklet is set out below.



6.5 Overview of operations

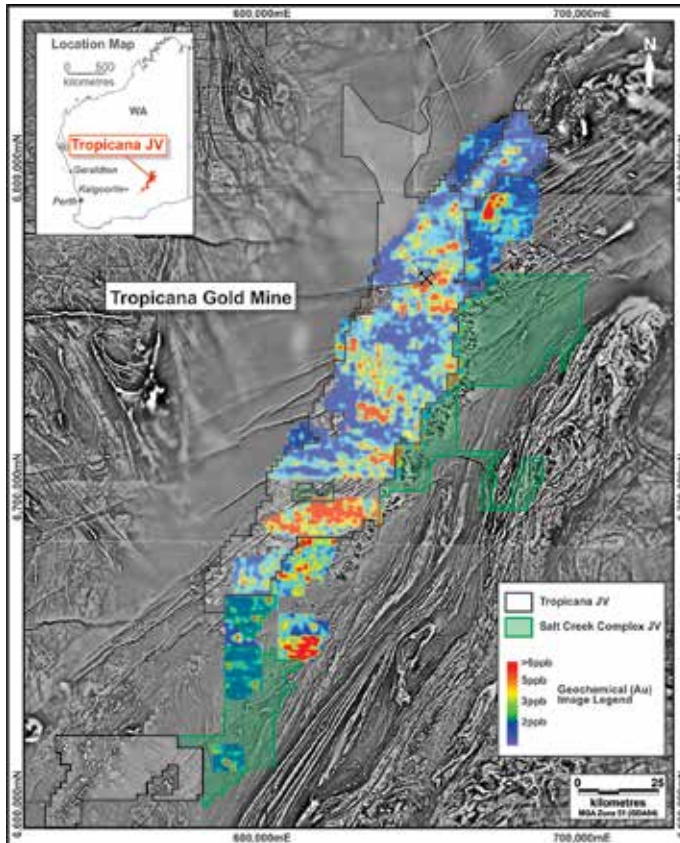
(a) Tropicana Gold Mine (IGO 30%; AngloGold Ashanti 70% and Manager)

Operations

The Tropicana Gold Mine comprises approximately 3,000km² of tenements (excluding the Beachcomber and Salt Creek joint venture tenure) stretching over more than 275km in strike length along the Yilgarn Craton and Fraser Range Mobile Belt Collision Zone (Figures 2 and 3). IGO targeted and pegged the area containing the current Ore Reserves in 2001. AngloGold Ashanti farmed into the project in 2002, discovering Tropicana, Havana and the Boston Shaker gold deposits respectively in 2005, 2006 and 2010. The gold deposits occur over a 5km strike length with gold mineralisation intersected to a depth of 1km vertically beneath the natural surface.

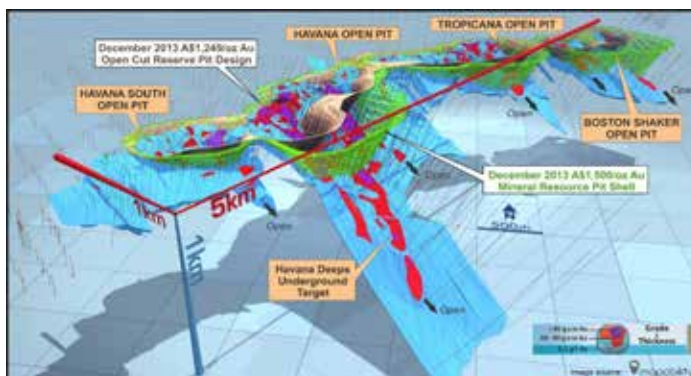
6. Profile of IGO (cont)

Figure 2: Tropicana and Salt Creek Joint Venture tenure



At 30 June 2014, the Tropicana Gold Mine had 53.3Mt at 2.08g/t gold for 3.56M ounces of gold in Ore Reserves.⁹

Figure 3: Tropicana, Boston Shaker, Havana and Havana South open pit mines



The decision by the Tropicana Joint Venture partners to develop the Tropicana Gold Mine was announced in November 2010 following a positive bankable feasibility study assessment. In early 2011, construction commenced with the site access road, followed

⁹ Further information regarding IGO's Mineral Resource and Ore Reserve estimates is set out in IGO's ASX announcement dated 28 August 2014 titled "Mineral Resource and Ore Reserve Estimates as at 30 June 2014".

6. Profile of IGO (cont)

by key site infrastructure including an aerodrome, accommodation village, borefields and processing plant. Mining of the Havana deposit commenced in 2012.

Commissioning of the processing plant occurred in 2013, with the first gold poured in September 2013. Nameplate capacity of the processing plant, 5.8Mtpa, was achieved in March 2014.

Annual gold production for the first three years is anticipated to average between 470,000 – 490,000 ounces. This translates to IGO's attributable gold production averaging in the range of 141,000 ounces to 147,000 ounces per annum during the first three years of production. Average cash costs over the first three years of production are expected to be in the range of A\$590 – A\$630/oz Au.¹⁰ Following the first three years' mine production, which has been optimised in accordance with the mining plan for Tropicana, it is expected that the run of mine grade will gradually decrease, and processing of lower grade stockpiles will occur, thereby reducing gold produced and increasing the cash costs per ounce of gold produced.

In its maiden year, the Tropicana Joint Venture mined 7.1Mt of full grade ore ($\geq 0.6\text{g/t}$) averaging 2.24g/t gold and processed 4.1Mt of ore averaging 3.02 g/t gold. IGO's attributable gold production for FY2014 was 104,542 ounces with 100,167 ounces of gold sold. A total of 348,000 ounces were poured between September 2013 and June 2014, at an average cash cost of A\$552/oz Au.

Operations in FY2015¹¹

During FY2015, the operational focus of the Tropicana Joint Venture has been on business continuity and improvements, with a key announcement in July 2014 concerning the entering into of agreements with gas pipeline owners APA Group to construct a gas pipeline from the Murrin Murrin lateral to Tropicana. IGO believes that the gas pipeline will assist with reducing energy costs and decoupling from the volatility of diesel markets as well as reducing transport traffic to the mine. The gas pipeline is currently under construction and is currently expected to be completed by January 2016.

At stages during FY2015 the processing facility has been constrained due to the availability of water. This issue arose due to a lower than predicted water supply rate from existing borefields, lower than predicted water in the open pits and periods of intensive water usage during construction of the tailings storage facility. Water security has now been achieved through the addition of new bores during FY2015.

Mining during FY2015 has produced 494,976 ounces of gold (IGO share: 148,493 ounces). The primary ore sources have been the Havana and Tropicana pits. The Boston Shaker pit commenced pre-stripping late in FY2015 in preparation of coming into production.

IGO's attributable average cash costs for the Tropicana Gold Mine for FY2015 were below the lower end of its guidance range at A\$568/oz Au.

¹⁰ Cash costs referred to in this Section 6 are reported inclusive of royalties and after by-product credits on per unit of payable metal.

¹¹ This section includes production results and costs per unit of production in relation to the Tropicana Gold Mine for FY2015. For full details, and for production guidance (including unit cost guidance) in relation to the Tropicana Operation for FY2016, see IGO's Quarterly Activities Report for the period to 30 June 2015, released to ASX on Wednesday, 29 July 2015.

6. Profile of IGO (cont)

Tropicana Exploration

Exploration activities at Tropicana will continue to focus on near-mine exploration and regional exploration seeking satellite and standalone deposits.

A total of 187 aircore (**AC**) holes (7,034m), 20 reverse circulation (**RC**) holes (2,952m) and 14 diamond holes (2,984m) were completed in the first three quarters of FY2015 exploring for additional mineralisation within trucking distance of the Tropicana Gold Mine. Encouraging results from this work were received at the Maple Leaf, Tumbleweed and Watchtower prospects.

A high resolution 3D seismic survey was completed over the immediate down dip projection of the Tropicana orebody. This work has highlighted a number of high priority structural targets which are currently being drill tested.

Regional exploration continues to identify and test numerous prospects. Encouraging gold assay results were returned from several prospects. The most significant came from Madras located 25km south of Tropicana. Drilling will continue throughout 2015 to define the extent of mineralisation at Madras.

For the latest details on Tropicana exploration, see IGO's June 2015 Quarterly Report released on Wednesday, 29 July 2015.

Beachcomber and Salt Creek Joint Ventures

During FY2015, IGO entered into two joint ventures with AngloGold Ashanti on five tenements at the southern end of the Tropicana Joint Venture footprint covering approximately 140km² and eleven tenements on the eastern margin of the Tropicana Joint Venture footprint covering approximately 2,300km² whereby it has the right to increase its interest in these tenements from 30% to 70% by spending an aggregate of A\$6 million over 4 years.

Exploration on the Beachcomber Joint Venture tenements in FY2015 has identified two prospects which have a volcanogenic massive sulphides (**VMS**) type geochemical signatures, the significance of which is currently being reviewed. The Salt Creek joint venture is targeting mafic intrusive related magmatic nickel-copper sulphides, which is a similar style of mineralisation to Nova-Bollinger. The initial exploration work programme will continue through the remainder of calendar 2015.

(b) Long Operation (100%)

Background

IGO acquired the Long Operation in Kambalda, Western Australia, from BHPB Nickel West in September 2002. The mine was successfully re-commissioned in October 2002 and has been operating successfully and safely since then.

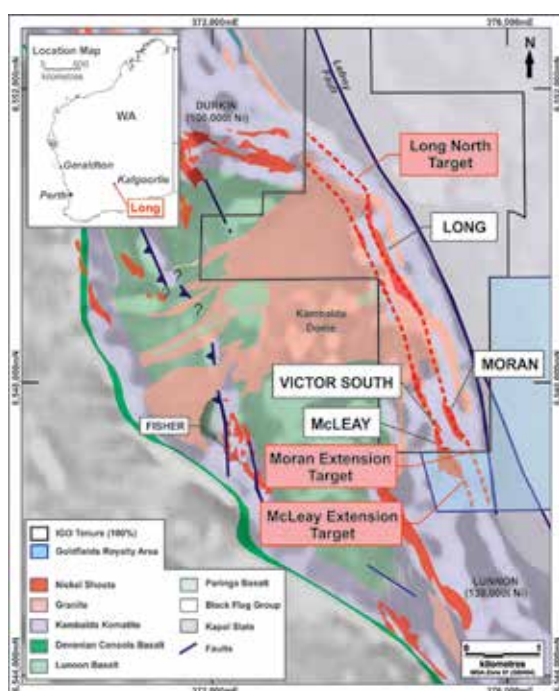
Since recommissioning and through to 30 June 2015, IGO has mined 2.9 million ore tonnes for 116,215 tonnes of contained metal and has achieved exploration success with the discovery of the McLeay (2005) and Moran (2008) ore bodies. At 30 June 2014,

6. Profile of IGO (cont)

the Long Operation had 743,000 tonnes at an average grading of 4.0% nickel for 29,900 tonnes of contained nickel metal in Ore Reserves.¹²

At the time of purchasing the Long Operation, IGO entered into an offtake agreement with BHPB Nickel West whereby the ore produced from the mine is delivered to the adjacent BHPB Kambalda Nickel Concentrator for toll treatment and production of nickel concentrate. The current offtake agreement with BHPB Nickel West expires in February 2019.

Figure 4: Long Operation tenure



Operations in FY2014

During FY2014, the Long Operation produced 10,909 tonnes of contained nickel from 268,162 tonnes of ore mined, at an average grade of 4.07% nickel.

This production was achieved at cash costs, including royalties and by-product credits of A\$3.78 per payable pound nickel, which was 12% below the lower end of FY2014 guidance.

Operations in FY2015¹³

The Long Operation continues to source ore from the Long, McLeay, Victor South and Moran ore bodies with 10,200 tonnes of contained nickel being mined during FY2015. The focus of production in FY2015 has been from the high grade Moran ore body.

¹² Further information regarding IGO's Mineral Resource and Ore Reserve Estimates is set out in IGO's ASX announcement dated 28 August 2014 titled "Mineral Resource and Ore Reserve Estimates as at 30 June 2014".

¹³ This section includes production results and costs per unit of production in relation to the Long Operation for FY2015. For full details, and for production guidance (including unit cost guidance) in relation to the Long Operation for FY2016, see IGO's Quarterly Activities Report for the period to 30 June 2015, released to ASX on 29 July 2015.

6. Profile of IGO (cont)

Average cash costs for the Long Operation for FY2015 were below the lower end of its guidance at A\$4.01/lb Ni.

The development focus for FY2015 has been in developing exploration platforms for the Moran South and McLeay South exploration targets.

Sustaining capital expenditure was approximately A\$4.7 million during FY2015.

Long Operation Exploration

Exploration activities at the Long Operation will continue to focus on in-mine exploration with a view to growing the resource base and extending mine life. IGO is currently focusing its in-mine exploration activity on Moran South and McLeay South.

Approximately A\$11.2 million was spent on exploration in FY2015, of which around 45% was spent on development for exploration access.

For the latest details on Long exploration, see IGO's June 2015 Quarterly Report released on Wednesday, 29 July 2015.

(c) **Jaguar Operation (100%)**

Background

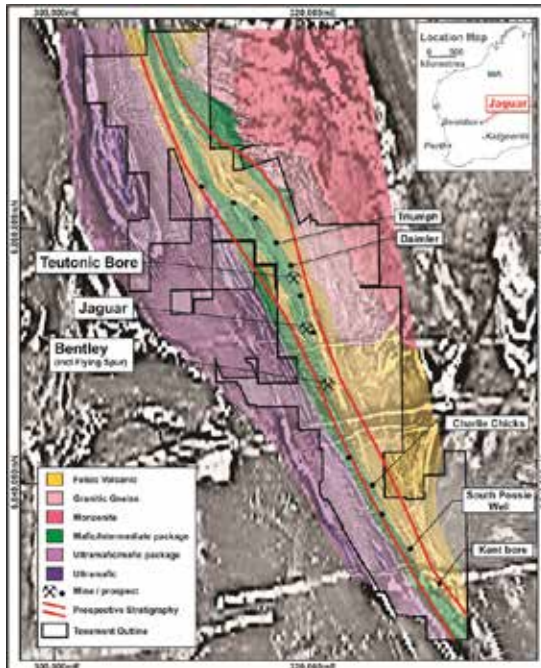
The Jaguar Operation, located 60km north of Leonora in Western Australia (Figure 5), was acquired by IGO in 2011. The Jaguar Operation now consists of the Bentley underground mine, the Jaguar processing facility and administration infrastructure and the accommodation village. These assets are situated on tenure that hosts a 50km long corridor of prospective stratigraphy.

The prospective corridor has hosted three economically viable VMS ore bodies. The first deposit discovered was Teutonic Bore in 1976. The Jaguar deposit was discovered in 2002 approximately 4km south of Teutonic Bore and the most recent discovery, the Bentley deposit located another 4km south of Jaguar, was discovered in 2008.

All ore is processed at the Jaguar concentrator, which produces both a copper and a zinc concentrate. The copper concentrate also contains significant silver and gold credits. The concentrates are trucked to the port of Geraldton for export.

6. Profile of IGO (cont)

Figure 5: Jaguar Operation – IGO tenure



Operations in FY2014

A total of 431,362 tonnes of ore was mined during FY2014 predominantly from the Bentley underground mine. Mining at the Jaguar underground mine ceased during FY2014.

A total of 441,867 tonnes of ore at an average grade of 10.65% zinc, 1.97% copper and 145g/t silver was milled during FY2014. Metal production in concentrate was 41,162 tonnes of contained zinc metal, 7,692 tonnes of contained copper metal and 1,657,461 ounces of contained silver metal.

Production of copper was 28% above the higher end of FY2014 guidance. Zinc production exceeded the higher end of FY2014 guidance by 1.6%.

The payable cash costs were A\$0.31 per pound payable zinc (FY2013: A\$0.49 per pound), 22% below the lower end of FY2014 guidance.

Operations in FY2015¹⁴

A total of 485,302 tonnes of ore was mined during FY2015. All ore was mined from the Bentley underground mine.

FY2015 copper and zinc production of 7,380 tonnes and 44,999 tonnes respectively were both within guidance.

¹⁴ This section includes production results and costs per unit of production in relation to the Jaguar Operation for FY2015. For full details, and for production guidance (including unit cost guidance) in relation to the Jaguar Operation for FY2016, see IGO's Quarterly Activities Report for the period to 30 June 2015, released to ASX on Wednesday, 29 July 2015.

6. Profile of IGO (cont)

Average cash costs for the Jaguar Operation for FY2015 were within guidance at A\$0.43 per pound of zinc.

Sustaining capital expenditure, development capital expenditure and exploration expenditure were approximately A\$8.6 million, A\$11.4 million and A\$8.9 million respectively during FY2015.

Jaguar Operation Exploration

Exploration activities at the Jaguar Operation will continue to focus on in-mine, near-mine and regional exploration.

IGO is currently focusing its in-mine exploration activity on seeking additional resources at depth at Bentley and near-processing plant deposits. At Bentley work is also focused on in-fill drilling on the Arnage and Flying Spur lens in order to enhance resource definition with a view to achieving incremental increases in mine life at the Bentley deposit.

In terms of regional exploration, the Jaguar Operation covers 50km of strike prospective for the discovery of VMS deposits. It encompasses three known high grade zinc-copper-silver-gold deposits: Teutonic Bore (inactive), Jaguar (mining completed in FY2014) and Bentley (in production). Ongoing exploration has identified a number of high priority areas and exploration activities during FY2015 have been focused on the Triumph Prospect approximately 5km north of the Jaguar processing plant. Drilling at Triumph has identified disseminated, stringer, semi-massive and massive base metal sulphide mineralisation with a shallow southerly plunge which extends over a strike of at least 450m. Drilling to define the continuity and extent of mineralisation is ongoing.

For the latest details on Jaguar exploration, see IGO's March 2015 and June 2015 Quarterly Reports released on 22 April 2015 and 29 July 2015 respectively and the update on drilling at the Triumph Prospect dated 15 June 2015.

Darlot JV (IGO Manager and Earning 70% – 80%)

During FY2014, IGO entered into a joint venture on the Darlot Project, held by Enterprise Metals Limited. IGO is earning a 70%-80% interest in the project which covers some 740km² of tenure approximately 60km north and along-strike from IGO's Jaguar Operation. The Darlot Project, which covers similar volcanic stratigraphy to the Jaguar Operation, has strategic value to IGO as any base metals discoveries are potentially within economically viable trucking distance of its Jaguar processing facility.

During FY2014, AC drilling and a moving loop transient electromagnetic survey have outlined two key prospect areas towards the southern end of the project. An infill AC drilling program to further delineate the prospect areas commenced in April 2015. IGO is awaiting the results of this work. Further work will be dependent on the results from this exploration program.

(d) Stockman Project (100%)

The Stockman Project is located in Eastern Victoria, 460km by road north-east of Melbourne. The proposed project is on mining tenements approximately 19km east-south-east of Benambra in the East Gippsland region. The project encompasses two copper-zinc-lead-silver-gold VMS deposits, Wilga and Currawong, which were discovered in 1978 and 1979. The larger Currawong deposit is intact, whilst a core of

6. Profile of IGO (cont)

copper-rich ore from the Wilga deposit was mined and processed onsite between 1992 and 1996.

Project Background

The scope of the Stockman Project encompasses concurrent development of the two underground deposits to feed a central 1.0Mtpa differential flotation concentrator that could produce approximately 150,000tpa of copper and zinc concentrates over a project life of approximately ten years. The development includes recommissioning the Wilga underground mine, a new Currawong underground mine and construction of a process plant and infrastructure.

The existing tailings storage facility will be expanded for use by the project, whilst water will be sourced from either local onsite sources or, if required, off-site.

Optimisation Study

On 28 November 2014, IGO announced the results of an optimisation study on the Stockman Project. Among other things, the optimisation study included an updated Ore Reserve estimate for the project (see Section 6.7 of this Acquisition Scheme Booklet).

IGO is committed to advancing the Stockman Project through the licensing phase, which was expected to take 12 to 18 months to conclude from November 2014.

Should the Acquisition Scheme be implemented and IGO acquire Sirius, IGO's near term development focus will be the Nova-Bollinger Project. It is anticipated that IGO would only make a decision on whether to proceed with engineering, procurement and construction of the Stockman Project after completing the development of the Nova-Bollinger Project, and subject to securing the critical licences for the Stockman Project. Any decision whether to develop the Stockman Project will be made by IGO in the context of the markets and IGO's other operations at the relevant time.

Further details of the Stockman Project optimisation study are contained in IGO's ASX announcement dated 28 November 2014 titled "IGO Delivers Positive Optimisation Study on Stockman Project".

6. Profile of IGO (cont)

6.6 IGO Board and Senior Management

(a) IGO Board

As at the date of this Acquisition Scheme Booklet, the IGO Board comprises of:

Name	Position
Peter Bilbe	Non-executive Chairman
Peter Bradford	Managing Director and Chief Executive Officer
Geoffrey Clifford	Non-executive Director
Peter Buck	Non-executive Director
Keith Spence	Non-executive Director

Profiles of each the IGO Directors are set out in Section 7.3(a) of this Acquisition Scheme Booklet.

(b) Senior Management

As at the date of this Acquisition Scheme Booklet, the key members of IGO's senior management team include:

Name	Position
Peter Bradford	Managing Director and Chief Executive Officer
Brett Hartmann	General Manager Operations
Tony Walsh	General Manager Corporate and Company Secretary
Scott Steinkrug	Chief Financial Officer and Joint Company Secretary
Matt Dusci	General Manager New Business
Sam Retallack	Human Resources Manager
Keith Ashby	Sustainability Manager

Profiles of these key members of IGO's senior management team are set out in Section 7.3(b) of this Acquisition Scheme Booklet.

6. Profile of IGO (cont)

6.7 IGO's Mineral Resources and Ore Reserves¹⁵

The Mineral Resources and Ore Reserves of IGO's projects are set out below.

IGO reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with the JORC Code. IGO's annual reporting to ASX of its Mineral Resource and Ore Reserve estimates accounts for mining depletion for operating mines owned by IGO. Prior to IGO's annual reporting, a reconciliation of performance metrics is completed to validate Ore Reserves estimates for each operating mine owned by IGO.

This annual reporting process is overseen by, and is a major responsibility of, IGO's Resources & Reserves Committee. The Committee was established in 2013 and currently comprises key technical personnel and board representation. The Committee meets at least twice a year and reports to the IGO Board on its activities.

IGO currently expects to complete its annual reporting processes and release its annual Mineral Resources and Ore Reserves update during the September 2015 quarter.

¹⁵ See Section 14.11 for important notices regarding IGO's Mineral Resources and Ore Reserves.

6. Profile of IGO (cont)

Table 3: Tropicana Gold Mine – 100% basis (IGO Share 30%) – 30 June 2014 Resources

Mineral Resource – 30 June 2014				
	Classification	Tonnes (Mt)	Au g/t	Contained Au (M Oz)
Open Pit	Measured	22.8	2.11	1.56
	Indicated	73.7	1.89	4.47
	Inferred	5.8	2.57	0.48
	Sub-Total	102.4	1.97	6.50
Underground	Measured	-	-	-
	Indicated	2.4	3.58	0.27
	Inferred	6.1	3.07	0.60
	Sub-Total	8.5	3.21	0.87
Stockpiles	Measured	4.9	1.04	0.16
Total Tropicana	Measured	27.7	1.92	1.72
	Indicated	76.1	1.94	4.74
	Inferred	11.9	2.83	1.08
GRAND TOTAL		115.7	2.03	7.54

Notes:

1. For the Open Pit Mineral Resource estimate, mineralisation in the Havana, Havana South, Tropicana and Boston Shaker areas was calculated within a US\$1,550/oz pit optimisation at an AUD:USD exchange rate of 1.03 (A\$1,500/oz).
2. The Open Pit Mineral Resources have been estimated using the geostatistical technique of Uniform Conditioning, using cut-off grades of 0.3g/t Au for Transported and Saprolite material, 0.4g/t Au for Transitional and Fresh material.
3. The Havana Deeps Underground Mineral Resource estimate has been reported outside the US\$1,550/oz pit optimisation at a cut-off grade of 1.73g/t Au, which was calculated using a gold price of US\$2,000/oz (AUD:USD 1.05) (A\$1,896/oz).
4. The Havana Deeps Underground Mineral Resource was estimated using the geostatistical technique of Ordinary Kriging using average drill hole intercepts.
5. Mining depletion as at 30 June 2014 has been removed from the 2014 resource estimate.
6. Resources are inclusive of Reserves.

6. Profile of IGO (cont)

Table 4: Tropicana Gold Mine – 100% basis (IGO Share 30%) – 30 June 2014 Reserves

Ore Reserve – 30 June 2014				
	Classification	Tonnes (Mt)	Au g/t	Contained Au (M Oz)
Open Pit	Proved	20.2	2.29	1.49
	Probable	29.7	2.02	1.94
	Stockpiles	3.3	1.27	0.13
GRAND TOTAL		53.3	2.08	3.56

Notes:

1. As reported by the IGO Group to the ASX on 28 February 2014.
2. The Proved and Probable Ore Reserve (30 June 2014) is reported above economic break-even gold cut-off grades of 0.4 g/t for Transported/Upper Saprolite material, 0.5 g/t for Lower Saprolite material, 0.6g/t for Sap-Rock (Transitional) material and 0.7g/t for Fresh material at nominated gold price US\$1,100/oz and exchange rate 0.88 AUD:USD (equivalent to A\$1,249/oz Au).
3. The 30 June 2014 Reserve estimate is updated using the end of June 2014 surveyed surface topography and end of June 2014 stockpile balances. The final pit designs, cut-off grades and the Resource model used are unchanged from the December 2013 estimate.
4. Resources are inclusive of Reserves.

6. Profile of IGO (cont)

Table 4: Long Operation – June 2014 Resources

Mineral Resource - 30 June 2014				
	Classification	Tonnes	Ni %	Ni Tonnes
Long	Measured	70,000	5.5	3,900
	Indicated	270,000	5.5	15,000
	Inferred	138,000	5.4	7,400
	Sub-Total	478,000	5.5	26,300
Victor South	Measured	-	-	-
	Indicated	188,000	2.0	3,700
	Inferred	28,000	1.6	400
	Sub-Total	216,000	1.9	4,100
McLeay	Measured	74,000	6.7	4,900
	Indicated	85,000	4.8	4,100
	Inferred	75,000	4.6	3,400
	Sub-Total	234,000	5.3	12,400
Moran	Measured	285,000	7.3	20,800
	Indicated	90,000	6.9	6,300
	Inferred	86,000	4.0	3,500
	Sub-Total	461,000	6.6	30,600
Stockpiles	Measured	3,000	3.3	100
GRAND TOTAL		1,392,000	5.3	73,400

Notes:

1. Mineral Resources are reported using a 1% Ni Cut-off grade except for the Victor South disseminated Mineral Resource which is reported using a cut-off grade of 0.6% Ni.
2. Mining depletion as at 30 June 2014 has been removed from the 2014 resource estimate.
3. Resources are inclusive of Reserves.
4. Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes. This may result in slight rounding differences in the total values in the table above.

6. Profile of IGO (cont)

Table 5: Long Operation – June 2014 Reserves

		Ore Reserve - 30 June 2014		
	Classification	Tonnes	Ni %	Ni Tonnes
Long	Proved	50,000	3.8	1,900
	Probable	56,000	3.1	1,700
	Sub-Total	106,000	3.4	3,600
Victor South	Proved	5,000	3.7	200
	Probable	8,000	3.2	200
	Sub-Total	13,000	3.4	400
McLeay	Proved	49,000	4.1	1,900
	Probable	3,000	3.3	100
	Sub-Total	52,000	3.9	2,000
Moran	Proved	449,000	4.5	20,200
	Probable	120,000	3.1	3,600
	Sub-Total	569,000	4.2	23,800
Stockpiles	Proved	3,000	3.3	100
GRAND TOTAL		743,000	4.0	29,900

Notes:

1. Ore Reserves are reported above an economic Ni Cut-off value as at 30 June 2014.
2. A Net Smelter Return (NSR) value of A\$214 per ore tonne has been used in the evaluation of the 2014 reserve.
3. Mining depletion as at 30 June 2014 has been removed from the 2014 reserve estimate.
4. Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.
5. Revenue factor inputs (US\$): Ni \$14,508/t, Cu \$6,820/t. Exchange rate A\$1.00 : US\$0.90.

6. Profile of IGO (cont)

Table 6: Jaguar Operation – June 2014 Resources

Mineral Resource - 30 June 2014						
	Classification	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Bentley	Measured	706,000	2.2	12.3	172	0.8
	Indicated	1,502,000	1.5	8.0	123	0.7
	Inferred	631,000	1.2	6.1	101	0.6
	Stockpiles	16,000	1.8	11.7	166	0.8
	Sub-Total	2,855,000	1.6	8.7	130	0.7
Teutonic Bore	Measured	-	-	-	-	-
	Indicated	946,000	1.7	3.6	65	-
	Inferred	608,000	1.4	0.7	25	-
	Sub-Total	1,554,000	1.6	2.5	49	-
GRAND TOTAL		4,409,000	1.6	6.5	102	-

Notes:

1. Mineral Resources include massive sulphide and stringer sulphide mineralisation. Massive sulphide resources are geologically defined; stringer sulphide resources for 2014 are reported above cut-off grades of 0.6% Cu for Bentley and 0.7% Cu for Teutonic Bore.
2. Block modelling mainly used ordinary kriging grade interpolation methods within wireframes for all elements and density. The Flying Spur lens, part of the Bentley deposit, was estimated using the inverse distance squared weighting method. The maiden Flying Spur Mineral Resource comprised 449,000t @ 12.6% Zn, 0.6% Cu, 209g/t Ag and 1.7g/t Au (Inferred).
3. Mining depletion as at 30 June 2014 has been removed from the 2014 resource estimate for Bentley. Historic mining has been removed from the 2009 resource estimate for Teutonic Bore.
4. Resources are inclusive of Reserves.
5. Mining of the Jaguar deposit was completed on 29 February 2014. Economic evaluation of remaining resources has shown that they are not economic at foreseeable metal prices within a reasonable timeframe and have been removed from the 2014 inventory.
6. The Teutonic Bore resource estimate is now reported in compliance with JORC Code 2012 reporting guidelines. The model is unchanged from the 2009 model.

6. Profile of IGO (cont)

Table 7: Jaguar Operation – June 2014 Reserves

Ore Reserve - 30 June 2014						
	Classification	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Bentley	Proved	499,000	2.1	12.1	168	0.8
	Probable	771,000	1.6	8.8	144	0.8
	Sub-Total	1,270,000	1.8	10.1	154	0.8
Stockpiles	Proved	16,000	1.8	11.7	166	0.8
GRAND TOTAL		1,286,000	1.8	10.1	154	0.8

Notes:

1. Cut-off values were based on Net Smelter Return (NSR) values of A\$180 per ore tonne for direct mill feed and A\$100 per ore tonne for marginal feed.
2. Revenue factor inputs (US\$): Cu \$6,820/t, Zn \$2,070/t, Ag \$19.50/troy oz, Au \$1,248/troy oz. Exchange rate AU\$1.00 : US\$0.90.
3. Metallurgical recoveries – 82% Cu, 53% Ag, and 43% Au in Cu concentrate; 83% Zn and 22% Ag in Zn concentrate.
4. Longitudinal sub-level long hole stoping is the primary method of mining used at Bentley.
5. All Measured Resource and associated dilution was classified as Proved Reserve. All Indicated Mineral Resource and associated dilution was classified as Probable Reserve. No Inferred Mineral Resource has been converted into Reserve.
6. Mining of the Jaguar deposit was completed on 29 February 2014. All remaining *in situ* mineralisation was evaluated and deemed inappropriate for Reserve conversion. The Jaguar underground mine was subsequently closed.
7. Mining depletion as at 30 June 2014 has been removed from the 2014 Reserve estimate.

6. Profile of IGO (cont)

Table 8: Stockman Project – June 2014 Mineral Resource Statement

Mineral Resource – 30 June 2014					
	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Currawong					
Measured	-	-	-	-	-
Indicated	9,548,000	2.0	4.2	42	1.2
Inferred	781,000	1.4	2.2	23	0.5
Sub-Total	10,329,000	2.0	4.0	40	1.1
Wilga					
Measured	-	-	-	-	-
Indicated	2,987,000	2.0	4.8	31	0.5
Inferred	670,000	3.7	5.5	34	0.4
Sub-Total	3,657,000	2.3	4.9	32	0.5³
GRAND TOTAL	13,986,000	2.1	4.3	38	1.0³

Notes:

1. All Mineral Resources tonnes have been rounded to the nearest one thousand tonnes and grade to the nearest 1/10th percentage/gram per tonne.
2. Mineral Resources include massive sulphide and stringer sulphide mineralisation. Massive sulphide Mineral Resources are geologically defined; stringer sulphide resources are reported above cut-off grades of 0.5% Cu.
3. Gold (Au) grades for Wilga are all inferred due to paucity of Au grade data in historic drilling.
4. Block modelling used ordinary kriging grade interpolation methods within wireframes for all elements and density.
5. Mining depletion as at end of historic mine life (1996) has been removed from the Mineral Resource estimate for Wilga.
6. Resources are inclusive of Reserves.

6. Profile of IGO (cont)

Table 9: Stockman Project – November 2014 Ore Reserves

		Ore Reserve				
		28 November 2014				
		Tonnes (Mt)	Cu %	Zn %	Ag g/t	Au g/t
Currawong	Proved	-	-	-	-	-
	Probable	7.4	2.1	4.3	40	1.2
	Sub-Total	7.4	2.1	4.3	40	1.2
Wilga	Proved	-	-	-	-	-
	Probable	1.6	2.1	5.6	31	0.5 ³
	Sub-Total	1.6	2.1	5.6	31	0.5³
Grand Total		9.0	2.1	4.5	39	1.1³

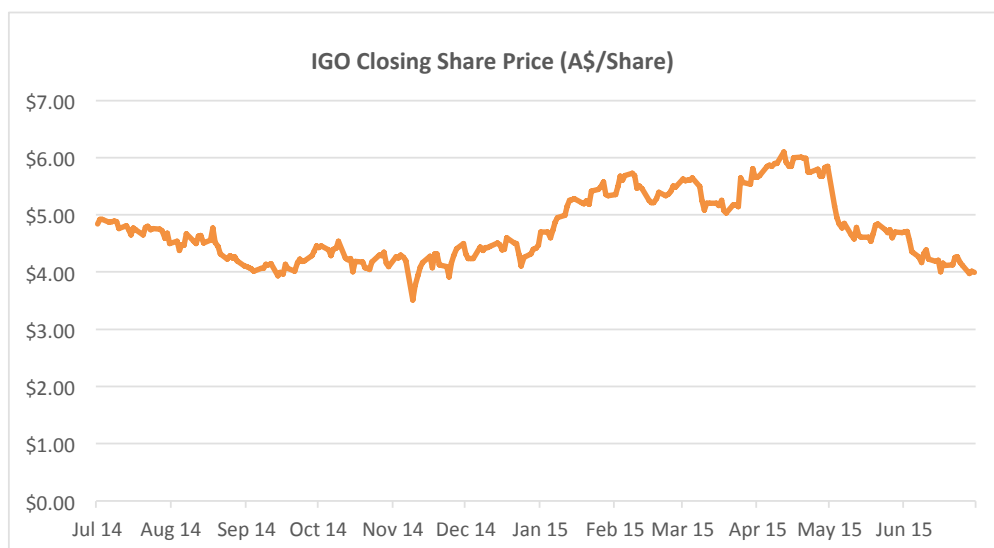
Notes:

1. All Ore Reserves tonnes are rounded to the nearest one hundred thousand tonnes and grade to the nearest 1/10th percentage/gram per tonne.
2. Gold (Au) grades are Inferred at Wilga due to a paucity of gold assays in historic drilling. revenue from Au in the Wilga ore was included in the estimation of the Ore Reserve. The contribution to revenue of this Au was estimated to be A\$8.65 per gram of Au *in situ*. This inclusion was not material to the value of the mining envelopes considered and did not warrant downgrading of any portion of the Ore Reserve attributable to Wilga. The contribution from Wilga represents 18% of the total Ore Reserve.
3. Historic mining depletion for Wilga has been removed from the Ore Reserve estimate.
4. See ASX announcement dated 28 November 2014 titled "Independence Delivers Positive Optimisation Study for Stockman Copper-Zinc Project".

6. Profile of IGO (cont)

6.8 IGO's recent share price and performance

The chart below shows the closing price of IGO shares on the ASX over the 12 month period up to (and including) the Last Practical Trading Day.



The closing price of IGO shares on the ASX as at the close of trading on the Last Practical Trading Day was A\$3.99.

During the three month period up to (and including) the Last Practical Trading Day:

- the highest recorded daily closing price for IGO shares on the ASX was A\$6.10 on 4 May 2015; and
- the lowest recorded daily closing price for IGO shares on the ASX was A\$3.97 on 20 July 2015.

The last recorded sale price for IGO shares on the ASX before the public announcement of the Transaction was A\$5.85 on 22 May 2015.

6.9 IGO's securities and capital structure

As at the date of this Acquisition Scheme Booklet, the total securities of IGO on issue were as follows:

- 235,580,187 IGO Shares; and
- 990,141 IGO Performance Rights.

The IGO Performance Rights were issued under IGO's Performance Rights Plan, which was approved by shareholders at the 2014 Annual General Meeting on 20 November 2014. These performance rights vest to the holders over various dates and will each convert into one new IGO Share in satisfaction of certain vesting conditions.

Of the 990,141 IGO Performance Rights, up to 112,602 IGO Performance Rights are due to vest (resulting in the issue of fully paid ordinary shares in IGO to the holders) subject to the

6. Profile of IGO (cont)

satisfaction of the applicable vesting conditions to be assessed following preparation of IGO's audited accounts (expected in the September 2015 quarter).

Consistent with its previous practice, IGO expects to offer and grant in the range of 500,000 and 1,000,000 additional unlisted IGO Performance Rights in early September 2015, subject to IGO Board approval and take-up by employees of the IGO Group. To date, non-executive IGO Directors have not been issued performance rights. Any IGO Performance Rights to be granted to executive or non-executive IGO Directors will be subject to shareholder approval in accordance with the ASX Listing Rules.

As at Tuesday, 28 July 2015, IGO has the following substantial shareholders:

Substantial shareholders	Number of IGO shares	Percentage holding
FIL Limited	22,759,079	9.72%
National Australia Bank Limited	12,515,517	5.34%
Commonwealth Bank of Australia	12,264,208	5.23%
BlackRock Group	11,893,792	5.07%
Vinva Investment Management	11,875,154	5.07%
LSV Asset Management	11,713,852	5.00%

6. Profile of IGO (cont)

6.10 Financial information

(a) Basis of presentation of historical financial information

The historical financial information in this Section relates to the IGO Group on a standalone basis and, accordingly, does not reflect any impact of the Acquisition Scheme.

The historical financial information set out in this Section 6.10 is intended to provide an overview of IGO's historical financial performance, position and cash flows, and is not intended to provide the level of detail or understanding which is available from a review of the IGO Group's published financial reports (which include the full financial accounts and the notes to those accounts) which are available on ASX or IGO's website.

In accordance with its normal processes, IGO currently expects to release its full-year financial results for the financial year to 30 June 2015 to ASX at the end of August 2015.

At each reporting date, the IGO Board assesses whether circumstances indicate that the carrying value of any of its assets should be impaired. As part of its 30 June 2015 full-year review process, IGO will consider whether any impairments are required, based on commodity prices at the time and a review of operational performance. While circumstances may change before this process is completed, culminating in the release of IGO's full-year results to 30 June 2015 to the ASX, IGO does not currently expect there to be any material impairment to the carrying value of any of its assets as reported in half-year financial report for the period ended 31 December 2014.

(b) Historical consolidated statement of profit or loss and other comprehensive income

The summarised historical consolidated statements of profit or loss and other comprehensive income of the IGO Group for the half-years ended 31 December 2013 and 31 December 2014 shown below have been extracted from the reviewed consolidated statements of profit or loss and other comprehensive income for the half-year ending 31 December 2014, which was reviewed by BDO Audit. BDO Audit issued an unqualified review conclusion on the consolidated statements of profit or loss and other comprehensive income. The information for the half-year ended 31 December 2013 was restated in IGO's financial report for the half-year ended 31 December 2014 following the retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure, explained in detail in the half-year financial report. The restated numbers for that period are presented below.

6. Profile of IGO (cont)

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2014

	31 December 2014 \$'000	31 December 2013 Restated* \$'000
Revenue from continuing operations	274,260	166,710
Other income	118	-
Mining and processing costs	(76,196)	(44,852)
Employee benefits expense	(31,776)	(29,905)
Share-based payments expense	(1,353)	(1,636)
Fair value adjustment of listed investments	158	633
Depreciation and amortisation expenses	(48,286)	(24,552)
Exploration costs expensed	(12,876)	(16,789)
Impairment of exploration and evaluation expenditure	(2,133)	(1,678)
Rehabilitation and restoration borrowing costs	(308)	(310)
Ore tolling expense	(5,839)	(6,109)
Royalty expense	(8,597)	(6,092)
Shipping and wharfage costs	(11,779)	(8,910)
Borrowing and finance costs	(1,396)	(1,881)
Other expenses	(4,250)	(4,325)
Profit before income tax expense	69,747	20,304
Income tax expense	(20,225)	(6,658)
Profit for the period	49,522	13,646
Other comprehensive income		
Items that will be reclassified to profit or loss		
Effective portion of changes in fair value of cash flow hedges, net of tax	2,659	(1,424)
Exchange differences on translation of foreign operations	(2)	-
Other comprehensive income (loss) for the period, net of tax	2,657	(1,424)
Total comprehensive income for the period	52,179	12,222
Profit attributable to the members of Independence Group NL	49,522	13,646
Total comprehensive income for the period attributable to the members of Independence Group NL	52,179	12,222
Earnings per share for profit attributable to the ordinary equity holders of the Company		
	Cents	Cents
Basic earnings per share	21.14	5.85
Diluted earnings per share	20.96	5.80

6. Profile of IGO (cont)

(c) Historical consolidated balance sheet

The summarised historical consolidated balance sheet of the IGO Group as at 1 July 2013, 30 June 2014 and 31 December 2014 set out below has been extracted from the reviewed consolidated balance sheets of the IGO Group as at those dates, which were reviewed by BDO Audit. BDO Audit issued an unqualified review conclusion on the consolidated balance sheets. The information for 1 July 2013 and 30 June 2014 was restated in IGO's financial report for the half-year ended 31 December 2014 following the retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure, explained in detail in that half-year financial report. The restated numbers for these periods are presented below.

Consolidated Balance Sheet				
As at 31 December 2014				
	Notes	31 December 2014 \$'000	30 June 2014 Restated* \$'000	1 July 2013 Restated* \$'000
Current assets				
Cash and cash equivalents		93,333	56,972	27,215
Trade and other receivables		33,167	30,070	24,159
Inventories		32,670	40,383	22,760
Financial assets		1,016	858	1,092
Derivative financial instruments	7	5,800	2,519	6,946
Total current assets		165,986	130,802	82,172
Non-current assets				
Other receivables		6	57	604
Inventories		16,159	8,803	-
Property, plant and equipment	4	46,690	47,230	36,278
Mine properties	5	318,825	329,279	319,690
Exploration and evaluation expenditure	6	110,782	111,583	115,379
Deferred tax assets		135,980	152,395	152,261
Intangible assets		-	-	179
Derivative financial instruments	7	-	658	1,981
Total non-current assets		628,442	650,005	626,372
Total assets		794,428	780,807	708,544
Current liabilities				
Trade and other payables		40,044	46,855	53,599
Borrowings		1,755	3,508	6,030
Derivative financial instruments	7	4,132	6,381	1,910
Provisions		2,545	2,557	2,446
Total current liabilities		48,476	59,301	63,985
Non-current liabilities				
Borrowings		82	24,854	11,524
Provisions		27,090	25,545	21,724
Derivative financial instruments	7	905	-	-
Deferred tax liabilities		66,551	61,602	41,249
Total non-current liabilities		94,628	112,001	74,497
Total liabilities		143,104	171,302	138,482
Net assets		651,324	609,505	570,062
Equity				
Contributed equity	8	737,323	735,060	734,007
Reserves	9	15,223	13,476	14,332
Accumulated losses	9	(101,222)	(139,031)	(178,277)
Total equity		651,324	609,505	570,062

6. Profile of IGO (cont)

(d) Historical consolidated statement of cash flows

The summarised historical statements of cash flows of the IGO Group for the half-years ended 31 December 2013 and 31 December 2014 shown below have been extracted from the audit reviewed consolidated statements of cash flows for the half-year ended 31 December 2013 and 31 December 2014, which were reviewed by BDO Audit. BDO Audit issued an unqualified review conclusion on the consolidated statements of cash flows. The information for the half-year ended 31 December 2013 was restated in IGO's financial report for the half-year ended 31 December 2014 following the retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure, explained in detail in the half-year financial report. The restated numbers for that period are presented below.

Consolidated Statement of Cash Flows For the half-year ended 31 December 2014

	31 December 2014 \$'000	31 December 2013 Restated* \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	274,316	164,732
Payments to suppliers and employees (inclusive of goods and services tax)	(145,969)	(105,386)
	128,347	59,346
Interest and other costs of finance paid	(910)	(361)
Interest received	381	296
Payments for exploration expenditure	(13,946)	(18,000)
Receipts from other operating activities	56	100
Net cash provided by operating activities	113,928	41,381
Cash flows from investing activities		
Dividends received	-	5
Payments for purchase of listed and unlisted investments	-	(75)
Proceeds from the sale of property, plant and equipment	115	-
Payments for property, plant and equipment	(7,543)	(5,580)
Payments for development expenditure	(23,560)	(51,151)
Payments for capitalised exploration and evaluation expenditure	(7,685)	(6,247)
Net cash used in investing activities	(38,673)	(63,048)
Cash flows from financing activities		
Proceeds from borrowings	-	47,000
Repayment of borrowings	(25,000)	-
Costs associated with borrowings	-	(1,041)
Repayment of finance lease liabilities	(2,181)	(3,346)
Payment of dividends	(11,713)	(2,333)
Net cash (used in) / provided by financing activities	(38,894)	40,280
Net increase in cash and cash equivalents held	36,361	18,613
Cash and cash equivalents at the beginning of the reporting period	56,972	27,215
Cash and cash equivalents at the end of the reporting period	93,333	45,828

(e) Management commentary on historical financial information

Balance sheet

Cash and cash equivalents at 31 December 2014 totalled A\$93.3 million (H1 FY2014: A\$45.8 million), a net increase of A\$47.5 million for H1 FY2015. At 31 December 2014, IGO had A\$1.8 million of lease liabilities and no outstanding corporate facility loans.

6. Profile of IGO (cont)

Profit and loss statement

Revenue from continuing operations for the first half of FY2015 increased by 65% to A\$274.3 million (H1 FY2014: A\$166.7 million) due to a full half-year's revenue from Tropicana and improved contributions from the Long and Jaguar operations. Strong production results from Jaguar and sustained cost control measures at Long and Jaguar also contributed to improved earnings from these operations.

IGO made a change in its accounting policy for exploration and evaluation expenditure. Exploration and evaluation expenditure that is incurred is capitalised only if it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditures. Otherwise, exploration and evaluation expenditure will be expensed. Profit after tax for the period includes the negative impact of this change in accounting policy of A\$6.6 million after tax (H1 FY2014: A\$7.8 million after tax).

Cash flow statement

Net cash flow from operating activities was A\$113.9 million (H1 FY2014: A\$41.4 million) which includes a full half-year contribution from Tropicana of A\$53.8 million.

Cash used in investing activities was A\$38.7 million (H1 FY2014: A\$63.0 million). The decrease is attributable to the completion of Tropicana construction in H1 FY2014. As a result, capitalised development expenditure was 54% lower at A\$23.6 million (H1 FY2014: A\$51.2 million) and comprised A\$18.0 million for Tropicana, A\$5.2 million for Jaguar, and A\$0.3 million for Long.

Net cash payments for financing activities were A\$38.9 million (H1 FY2014: cash inflows of A\$40.3 million) and included net repayment of borrowings of A\$25.0 million under IGO's corporate finance facility and the final dividend for the financial year ending 30 June 2014 of A\$11.7 million.

Update from IGO's June 2015 Quarterly Report

The following selected financial information for IGO is taken from its unaudited June 2015 Quarterly Report, released on Wednesday, 29 July 2015:

- (i) FY2015 unaudited profit after tax was A\$76.8 million.
- (ii) FY2015 unaudited underlying EBITDA was A\$212.7 million.¹⁶
- (iii) Net inflow of cash from operating activities for FY2015 was A\$201.7 million.
- (iv) Cash at bank and refined gold bullion at 30 June 2015 was A\$121.5 million and debt at 30 June 2015 was A\$0.5 million.

For full details, see IGO's June 2015 Quarterly Report, available at www.asx.com.au or www.igo.com.au.

¹⁶ Underlying EBITDA is a non-IFRS measure and comprises net profit or loss after tax, adjusted to exclude tax expense, finance costs, interest income, asset impairments, depreciation and amortisation.

6. Profile of IGO (cont)

6.11 Funding arrangements for the cash component of the Acquisition Scheme Consideration

Overview

Based on the number of Sirius Shares on issue as at the date of this Acquisition Scheme Booklet¹⁷ and the cash component of the Acquisition Scheme Consideration of A\$0.52 per Sirius Share, the maximum amount of cash that may be payable by IGO as Acquisition Scheme Consideration is approximately A\$215.7 million.

IGO intends to use a combination of its own cash reserves, together with proceeds of utilisations drawn under the Facility Agreement (defined below), to fund the cash component of the Acquisition Scheme Consideration.

Facility Agreement

IGO has entered into an unsecured syndicated facility agreement with National Australia Bank Limited, Australia and New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited (**Facility Agreement**) for the provision of certain debt facilities (described below) in an aggregate principal amount of up to A\$550 million (**Facilities**), which has been sized to take into account (among other things):

- (i) the size of the cash component of the Acquisition Scheme Consideration;
- (ii) the A\$34.67 million cash that will be required to be paid for the cancellation of the Sirius Options and Sirius Share Appreciation Rights under the cancellation deeds;
- (iii) the working capital requirements and ongoing funding need of the Merged Group; and
- (iv) the proposed refinancing of Sirius' existing project finance facility (as described below).

The Facilities comprise a:

- (v) A\$350 million amortising term facility that will be used to:
 - (A) refinance the existing project finance facility between Sirius, Sirius Gold Pty Ltd (ABN 36 146 091 527), Australia and New Zealand Banking Group Limited, BNP Paribas, The Hong Kong and Shanghai Banking Corporation Limited and Westpac Banking Corporation;
 - (B) fund the costs of development, construction and operation of the Nova-Bollinger Project; and
 - (C) fund the ongoing working capital requirements (excluding acquisitions) of the Merged Group; and
- (vi) A\$200 million revolving loan facility that will be used to:

¹⁷ Including the 2,200,000 Sirius Performance Shares held by the Creasy Group, which, as set out in Section 3.18 of this Acquisition Scheme Booklet, will convert into 2,200,000 Sirius Ordinary Shares on the Effective Date and also including the 400,000 Sirius Ordinary Shares to be issued to a trustee for the Ngadju People pursuant to the Nova Mining Agreement.

6. Profile of IGO (cont)

- (A) partially fund the payment of the cash component of the Acquisition Scheme;
- (B) provide funding for general corporate purposes of the Merged Group; and
- (C) fund the payment of transaction costs incurred by IGO in connection with the Acquisition Scheme and the Facilities.

The amounts able to be drawn under the Facility, together with IGO's cash reserves, exceed the maximum amount payable under the Acquisition Scheme plus the estimated transaction costs.

Conditions precedent to the availability of the Facilities

To ensure that IGO has sufficient funds available to meet its obligations under the Acquisition Scheme, the lenders under the Facility Agreement have agreed that there will be certainty as to the availability of the Facilities, subject only to:

- (vii) there being no breach of material representations;
- (viii) there being no material default subsisting;
- (ix) it not being illegal for a lender to perform any of its obligations in respect of the Facilities or to fund a utilisation of a Facility;
- (x) Court approval of the Acquisition Scheme on the Second Court Date; and
- (xi) satisfaction of other conditions precedent to drawdown customary for facilities of this nature.

If the conditions described above are satisfied, then the lenders under the Facility Agreement must provide the funds for their portion of the commitment under the Facilities.

As at the date of this Acquisition Scheme Booklet, neither of the Facilities have been drawn down.

As at the date of this Acquisition Scheme Booklet, IGO is not aware of any fact, matter or circumstances that would or is likely to prevent these conditions being satisfied in time to allow the funds to be available to IGO to pay the total amount that IGO will be required to pay to Scheme Participants on the Acquisition Scheme Implementation Date. Nor is IGO aware of any misrepresentation or event of default which would give rise to a right entitling the lender to terminate the Facilities.

6.12 Continuously disclosing entity

IGO is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, IGO is subject to the ASX Listing Rules which require continuous disclosure of any information IGO has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all ASX listed companies. IGO's file is available for inspection at ASX during normal business hours.

6. Profile of IGO (cont)

In addition, IGO is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by IGO may be obtained from, or inspected at, an ASIC office.

On request to IGO and free of charge, Sirius shareholders may obtain a copy of:

- the annual financial report of IGO for the year ended 30 June 2014 (being the annual financial report most recently lodged with ASX before lodgement of this Acquisition Scheme Booklet with ASIC);
- any half year financial report lodged with ASX by IGO after the lodgement of the annual financial report referred to above and before lodgement of this Acquisition Scheme Booklet with ASIC; and
- any continuous disclosure notice given to ASX by IGO since the lodgement with ASIC of the 2014 Annual Report for IGO referred to above and before lodgement of this Acquisition Scheme Booklet with ASX.

A substantial amount of information about IGO is available in electronic form from: www.igo.com.au.

6.13 IGO's interest in Sirius Shares

(a) Voting power and Relevant Interest

As at the date of this Acquisition Scheme Booklet, IGO:

- has voting power in Sirius of 0.00%; and
- does not have a Relevant Interest in any Sirius Shares.

(b) Dealings in Sirius Shares in previous four months

Except in respect of the Acquisition Scheme Consideration, during the period of four months before the date of this Acquisition Scheme Booklet, neither IGO nor any of its Associates have provided or agreed to provide consideration for any Sirius Shares.

(c) Benefits to holders of Sirius Shares

Except as disclosed elsewhere in this Acquisition Scheme Booklet, during the four months before the date of this Acquisition Scheme Booklet, neither IGO nor any of its Associates have given or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- vote in favour of the Acquisition Scheme; or
- dispose of Sirius Shares,

which benefit was not offered to all Sirius Shareholders.

6.14 Other material information

Except as disclosed elsewhere in this Acquisition Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Acquisition Scheme, being information that is within the knowledge of any IGO Director, as at the date of this Acquisition Scheme Booklet, which has not been previously disclosed to Sirius Shareholders.



7. PROFILE OF THE MERGED GROUP

7. Profile of the Merged Group

7.1 Overview of the Merged Group

The Transaction will create a leading diversified Australian mining company with a strong portfolio of long life mining assets, across a range of base and precious metals, including:

- IGO's 30% interest in the Tropicana Gold Mine;
- Sirius' wholly owned Nova-Bollinger Project; and
- IGO's 100% owned Long nickel mine, Jaguar copper-zinc-silver mine and Stockman copper-zinc-silver development project.

These assets are described in more detail in Sections 5.2(a) and 6.5 of this Acquisition Scheme Booklet.

7.2 Rationale for the Acquisition Scheme

Both the IGO Board and Sirius Board believe that the combination of the two companies has a clear strategic rationale and will provide shareholders in the Merged Group with a number of benefits.

Shareholders in the Merged Group will have exposure to IGO's portfolio of production, development and exploration projects as described in 7.1 above and will also benefit from the growth potential of Sirius' world-class Nova-Bollinger Project, which is fully financed and currently under construction.¹⁸

The Merged Group will have a pro forma market capitalisation in excess of A\$2.238 billion,¹⁹ making it a leading ASX listed mining company, with significant strategic value and the potential to attract strong global investment interest.

The Merged Group will be well-positioned to leverage its increased scale to deliver efficiencies in areas including procurement and off-take (as a result of its enhanced bargaining position), as well as having the potential to reduce corporate costs compared to IGO and Sirius as standalone entities (such as the elimination of duplication in compliance and listing costs and reduction in the number of employees). Its strong financial position will also give it the capacity to pursue further value-accretive growth opportunities.

The reasons for approving the Acquisition Scheme are discussed in more detail in Section 1.2.

¹⁸ Pursuant to the Demerger Scheme, Sirius' Polar Bear and Scandinavian exploration assets will be demerged from Sirius (and into S2 Resources) prior to implementation of the Acquisition Scheme. The Merged Group will therefore not hold those assets.

¹⁹ Based on the closing Sirius Share and IGO Share prices of A\$3.15 and A\$3.99 respectively on the Last Practical Trading Day. The market capitalisation of the Merged Group immediately following implementation of the Transaction could be higher or lower than the amount set out above. The market capitalisation of the Merged Group set out above is for illustrative purposes only.

7. Profile of the Merged Group (cont)

7.3 Board and management

(a) Board

Following implementation of the Acquisition Scheme, the IGO Board will be comprised of the following directors:

Peter Bilbe
Non-Executive
Chairman

Mr Bilbe is a mining engineer with 40 years Australian and international mining experience in gold, base metals and iron ore at the operational, managerial and board levels. Mr Bilbe has held senior positions at Mount Gibson Iron Limited, Aztec Resources Limited, Portman Limited, Aurora Gold Limited and Kalgoorlie Consolidated Gold Mines Pty Ltd.

Mr Bilbe's most recent executive position was Managing Director of Aztec Resources Limited, which successfully developed the Koolan Island iron ore project from exploration to production.

Mr Bilbe is also a past member of the Executive Council of Chamber of Minerals and Energy. Mr Bilbe is currently a Director of Northern Iron Limited. Mr Bilbe holds a Bachelor of Engineering (Mining) degree from the University of New South Wales and is a member of the AusIMM.

Peter Bradford
Managing Director &
Chief Executive Officer

Mr Bradford is a senior executive and a qualified metallurgist with over 35 years' experience in gold and base metals mining operations, exploration and development and has held senior positions internationally and within Australia.

Mr Bradford graduated as a metallurgist at the Western Australian School of Mines and commenced his career with various gold, nickel and mineral sands operations in Western Australia. Mr Bradford was resident manager at both Gidgee and Plutonic Gold Mines during the development and early operational phases.

Internationally, Mr Bradford has held senior and chief executive roles with Ashanti Goldfields (and Golden Shamrock Mines), Golden Star Resources, Anvil Mining, Copperbelt Minerals and PMI Gold, providing leadership in the development of strategy and growth for many of these companies.

More recently, Mr Bradford successfully oversaw the merger of PMI Gold with TSX listed, Asanko Gold, which was completed in February 2014. Mr Bradford a fellow of the AusIMM and a member of the Society of Mining Engineers.

7. Profile of the Merged Group (cont)

Mark Bennett
Non-Executive
Director

Dr Bennett is the founding Managing Director and CEO of Sirius. He is a geologist with 25 years' experience in gold, nickel and base metal exploration and mining. He holds a BSc in Mining Geology from the University of Leicester and a PhD from the University of Leeds and is a Member of the Australasian Institute of Mining and Metallurgy, a Fellow of the Geological Society of London, a Fellow of the Australian Institute of Geoscientists and a Member of the Australian Institute of Company Directors.

He has worked in Australia, West Africa, Canada and Europe, predominantly for LionOre Mining International Limited and WMC Resources Limited at locations such as Kalgoorlie, Kambalda, St. Ives, LionOre's nickel and gold mines throughout Western Australia, Wiluna and most recently Nova, the Fraser Range and Polar Bear. Positions held include various technical, operational, executive and board positions including Managing Director, Chief Executive Officer, Executive Director, Exploration Manager and Chief Geologist.

Dr Bennett is a two time winner of the Association of Mining and Exploration Companies "Prospector Award" for his discoveries which include the Thunderbox Gold Mine, the Waterloo nickel mine and most recently the world class Nova-Bollinger nickel-copper mine.

In addition to his technical expertise, Dr Bennett is very experienced in corporate affairs, equity capital markets, investor relations and community engagement and has led Sirius from prior to the discovery of Nova all the way through feasibility, financing, permitting and construction.

7. Profile of the Merged Group (cont)

Geoffrey Clifford
Non-Executive
Director

From 2007 until 2011 Mr Clifford was a Non-Executive Director of Atlas Iron Limited, Centaurus Metals Limited and Fox Resources Limited. From December 2008 to July 2011, he was Non-Executive Chairman of Atlas Iron Limited. During that time Mr Clifford presided over a period of exceptional growth in production and shareholder wealth. From 2005 to 2007, Mr Clifford was a Non-Executive Director of, and consultant to, Aztec Resources Limited and, prior to his time at Aztec, he was General Manager Administration and Company Secretary of Portman Limited for 8 years. Mr Clifford is currently Non-Executive Chairman of Saracen Mineral Holdings Limited.

Mr Clifford holds a Bachelor of Business degree from Curtin University and undertook post graduate studies in Administrative and Secretarial Practice. Mr Clifford has more than 35 years' experience in senior accounting, finance, administration and company secretarial roles in the mining, retail and wholesale industries. Mr Clifford was admitted as a Fellow of the Australian Society of Certified Practising Accountants in 1989 and as a Fellow of the Institute of Chartered Secretaries and Administrators in 1995. Mr Clifford was also admitted as a Fellow of the Australian Institute of Company Directors in March 2011.

Peter Buck
Non-Executive
Director

Mr Peter Buck was appointed as a Non-Executive Director of IGO in October 2014. Mr Buck is a geologist with over 35 years' experience in the mineral exploration and mining industry who is associated with the discovery and development of a number of mineral deposits in Australia and Brazil. Mr Buck commenced his career and spent 23 years with WMC Resources Ltd. In 1994, Mr Buck joined Forresteria Gold as exploration manager and, following Forresteria Gold's acquisition by LionOre Mining International, became director of exploration and geology with LionOre Mining International until 2006. Mr Buck played a key role in progressing the Maggie Hays, Emily Ann, Waterloo, Amorac and Thunderbox deposits from discovery through to production. Mr Buck was Managing Director of Breakaway Resources from 2006 to 2009 and has been a Non-Executive director of Gallery Gold Ltd and PMI Gold Corporation. Mr Buck is currently a Non-Executive director of Antipa Minerals Ltd.

Mr Buck holds a Bachelor of Science (Geology) degree from Macquarie University, a Master of Science degree from the University of Manitoba, Canada and is a member of the Australian Institute of Mining and Metallurgy. Mr Buck is a board member of the Centre for Exploration Targeting at the University of Western Australia and Curtin University and formerly was a Vice President of the Association of Mining and Exploration Companies.

7. Profile of the Merged Group (cont)

Keith Spence
Non-Executive
Director

Mr Spence has over 30 years' experience in the oil and gas industry, including 18 years with Shell and has a broad knowledge of the resources sector. He retired from Woodside in 2008 after a 14 year tenure in top executive positions in that company. Mr Spence held many roles during his period with Woodside, including Chief Operating Officer and Acting Chief Executive Officer.

Mr Spence chairs the Board of the National Offshore Petroleum Safety and Environmental Management Authority and the Industry Advisory Board of the Australian Centre for Energy and Process Training. He is Non-Executive Chairman of Geodynamics Limited and Base Resources Limited and a Non-Executive Director of Oil Search Limited. Mr Spence joined the board of the then listed company Clough Limited in August 2008 and was Chairman from 2010 until its acquisition via scheme of arrangement by Murray and Roberts in 2013.

Neil Warburton
Non-Executive
Director

Until March 2012, Mr Warburton was the Chief Executive Officer of Barmenco Limited, one of Australia's largest underground mining contractors. Mr Warburton successfully guided and grew the company both within Australia and Africa with revenues having more than doubled during his tenure. Prior to Barmenco, he was Managing Director of Coolgardie Gold NL.

He is Non-Executive Chairman of ASX listed Red Mountain Mining Limited and Non-Executive Director of Australian Mines Limited, Namibian Copper Limited and Peninsula Energy Limited.

Mr Warburton graduated from the Western Australia School of Mines with an Associate Degree in Mining Engineering and spent the formative years of his career as a mining engineer at Western Mining Corporation's Kambalda Nickel Mines. He is a Fellow of the Australian Institute of Company Directors and Member of the Australian Institute of Mining and Metallurgy.

Mark Bennett and Neil Warburton will be appointed to the Merged Group board in accordance with the Scheme Implementation Deed. Under IGO's constitution, Mr Bennett and Mr Warburton will hold office until the conclusion of IGO's next annual general meeting and will be eligible for re-election at that meeting.

(b) Management

From implementation of the Acquisition Scheme, Mr Peter Bradford will serve as Managing Director & Chief Executive Officer of the Merged Group.

The other key members of the management team are set out below.

7. Profile of the Merged Group (cont)

Brett Hartmann
General Manager
Operations

Mr Hartmann is a qualified mining engineer with over 15 years' experience. Mr Hartmann joined IGO in 2004 with subsidiary company, Lightning Nickel Pty Ltd and in 2005 was appointed Resident Manager of the Long Nickel Operation.

In 2010, Mr Hartmann was appointed to the position of Group Operations Manager with IGO and has been integral in providing technical expertise and leading the Group to successfully achieving record production at the Jaguar operation since its inception.

Prior to joining IGO, Mr Hartmann worked nationally in operational and contractual roles on a number of large scale operations. These include BHP Billiton's Cannington Mine in Queensland and the CSA Mine in Cobar, New South Wales. Mr Hartmann's experience also extends to narrow vein underground mining operations, having worked at Norseman Gold and Mitel Nickel operations, both in Western Australia.

Tony Walsh
Company Secretary &
General Manager
Corporate

Mr Walsh joined IGO in July 2013 having previously worked as Company Secretary of ASX listed producer, Atlas Iron Limited for seven years since July 2006.

Mr Walsh has over 25 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions including 4 years as a director of Shaw River Manganese Limited (ASX: SRR), and 14 years with the ASX in Perth where he acted as Listings Manager and ASX liaison with the JORC Committee. Prior to his role at ASX, Mr Walsh worked with Ernst & Young for over 5 years in an audit and compliance capacity.

Mr Walsh is currently a member of the West Australian State Council of Chartered Secretaries Australia and a member of Newman College school council.

Scott Steinkrug
Chief Financial Officer
and Joint Company
Secretary

Mr Steinkrug is a Chartered Accountant with more than 17 years' experience in the resources industry gained with Rio Tinto in 1997 (Hammersley Iron Pty Ltd), Sons of Gwalia during 1998 - 2000, Perilya for 18 months to 2001 and 10 years with Consolidated Minerals to January 2011. During this earlier period, Mr Steinkrug held positions including Financial Controller and Manager, Treasury & Finance. Prior to 1997, he worked for a mid-tier accounting firm.

Mr Steinkrug was appointed to the position of Chief Financial Officer with IGO in February 2011 and to the position of Joint Company Secretary in July 2015.

7. Profile of the Merged Group (cont)

Matt Dusci
General Manager New
Business

Mr Dusci was appointed General Manager New Business for IGO in August 2014, accountable for Business Development, Projects and Studies, and Global Exploration.

Mr Dusci has 20 years' global experience in the resources industry from roles in exploration, resource development, studies, due diligences and operations. He has held senior management positions within PMI Gold, Gold Fields Ltd and WMC Resources Ltd, including Mineral Resource Manager, Exploration Manager, General Manager and Country Manager. As Vice President Concept & Studies for Gold Fields, Mr Dusci led a multidisciplinary technical team responsible for studies on a portfolio of development projects and due diligence on global M&A opportunities. Mr Dusci has extensive international experience, having worked in Australia, South America, Africa and Asia.

Mr Dusci has a proven track record of discovery and successful project development. Mr Dusci played an instrumental role in multiple discoveries at the St Ives gold camp (Western Australia), resource growth of 2Moz at the Choco 10 gold mine (Venezuela) and the discovery of the 7Moz Chucapaca gold deposit (Peru). Mr Dusci holds a Bachelor of Applied Science with First Class Honours in Geology.

Sam Retallack
Human Resources
Manager

Ms Retallack was appointed Human Resources Manager for IGO in March 2013 and has more than 25 years' in senior management, human resources and operational roles in both private and ASX listed organisations.

Prior to joining IGO, Ms Retallack had directly managed large workforce based businesses in major retail and domestic aviation with significant operating and capex budgets, before turning to roles in Human Resources Management and Consulting with a broad range of companies across the mining, finance, legal and biomedical sectors.

Ms Retallack has a proven track record of leading change as part of business growth and development and is a certified member of the Australian Human Resources Group.

7. Profile of the Merged Group (cont)

Keith Ashby **Sustainability Manager**

Mr Ashby was appointed Sustainability Manager for IGO in April 2015. Mr Ashby has 20 years' local and international experience in the resources industry with roles in resource development, studies, due diligence and operations.

Mr Ashby has held HSEC management positions within WMC Resources Ltd, BHP Billiton, Zinifex, Nyrstar and Newcrest. These included HSEC Manager at various sites, Group Environment Manager, Approvals Manager and Resettlement Manager.

Mr Ashby has extensive experience in diverse range of projects requiring engagement and effective inclusion of both government and community stakeholders. He has extensive international experience having worked in Australia, North American, Africa, PNG and Japan.

Mr Ashby has a proven track record of HSEC system development and implementation both at site and cooperate levels. He has overseen a number of complex environmental approval processes, and has led community negotiations on matters as diverse as land access agreements, residential land decontamination, and mine closure.

Mr Ashby holds a Bachelor of Science with First Class Honours in Botany (and won the Senior Prize in Botany), and a Master of Science in Environmental Science.

Rob Dennis **Project Development**

Over the course of his career, Mr Dennis has held the position of COO at various ASX listed nickel and copper producers. He has also served as General Manager Project Development for LionOre Australia, General Manager Operations for Great Central Mines and Chief Mining Engineer for Western Mining Corporation.

Mr Dennis's experience includes being underground mine manager at WMC's Windarra nickel mine, managing the Bronzewing and Jundee gold mines, managing the feasibility study, construction, development and operation of LionOre's Thunderbox gold mine, and in the position of COO managed the development of Aditya Birla's Nifty underground copper mine and ore processing facilities.

7. Profile of the Merged Group (cont)

7.4 Capital structure and ownership

(a) Share capital

The potential effect of the Acquisition Scheme on IGO's share capital structure is summarised in the table below.

	IGO Shares to be issued (rounded where required)	Cumulative total of IGO Shares on issue¹
As at the date of this Acquisition Scheme Booklet	N/A	235,580,187
To be issued as the scrip component of the Acquisition Scheme Consideration	273,769,040 ²	509,349,227
To be issued under Option Offers and SAR Offers, as described in Section 3.16 and 3.17	2,056,943 ³	511,406,170 ³

- 1 As set out in Section 6.9 of this Acquisition Scheme Booklet, up to 112,602 unlisted IGO Performance Rights are due to vest subject to the satisfaction of the applicable vesting conditions to be assessed following preparation of IGO's audited accounts (expected in the September 2015 quarter).
- 2 Includes Acquisition Scheme Consideration for the 2,200,000 Sirius Performance Shares and assuming 400,000 Sirius Shares are issued to the Ngadju People.
- 3 Assumes all persons holding Sirius Options accept and all persons holding Sirius Share Appreciation Rights accept and choose to receive full cash consideration. The maximum number of New IGO Shares to be issued if all persons holding Sirius Options accept and all persons holding Sirius Share Appreciation Rights elect to receive full scrip consideration is 2,523,612, resulting in a cumulative total of IGO Shares on issue of 511,872,839.

(b) Performance rights

As at the date of this Acquisition Scheme Booklet, IGO has granted the following unlisted IGO Performance Rights under the terms of its Performance Rights Plan:

Number	Vesting dates
112,602	Vesting not earlier than 1 July 2015 ¹
368,059	Vesting not earlier than 1 July 2016
509,480	Vesting not earlier than 1 July 2017

- 1 These 112,602 unlisted IGO Performance Rights are due to vest subject to the satisfaction of the applicable vesting conditions to be assessed following preparation of IGO's audited accounts (expected in the September 2015 quarter).

7. Profile of the Merged Group (cont)

Each IGO Performance Right will, subject to satisfaction of applicable performance and vesting conditions, convert into one IGO Share.

Consistent with its previous practice, IGO expects to offer and grant between 500,000 and 1,000,000 additional unlisted IGO Performance Rights in early September 2015, subject to IGO Board approval and take-up by employees of the IGO Group. To date, non-executive IGO Directors have not been issued IGO Performance Rights. Any IGO Performance Rights to be granted to executive or non-executive IGO Directors will be subject to shareholder approval in accordance with the ASX Listing Rules.

(c) Shareholdings following implementation of the Acquisition Scheme

Following implementation of the Acquisition Scheme, based on the figures set out in Section 7.4(a):

- (i) shareholders of Sirius and IGO will hold approximately 53.2% and 46.5% of the Merged Group, respectively; and
- (ii) the Creasy Group, Sirius' largest shareholder, is expected to have a maximum Relevant Interest in approximately 18.69% of the IGO Shares on issue.²⁰

7.5 IGO's intentions in relation to the Merged Group

This Section sets out the current intentions of the IGO Board for the business and employees of the Merged Group.

The statements of intention contained in this Section are based on facts and information concerning IGO and Sirius, and the general business environment, as known to IGO at the time of preparing this Acquisition Scheme Booklet.

(a) Corporate matters

In accordance with the Scheme Implementation Deed, if the Acquisition Scheme is Implemented:

- Sirius will apply for termination of the official quotation of Sirius Shares on ASX and to be removed from the official list of ASX; and
- IGO intends to reconstitute the boards of Sirius and its subsidiaries with nominees of IGO.

Details of the Merged Group board and management team following implementation of the Acquisition Scheme are set out in Section 7.3 of this Acquisition Scheme Booklet.

IGO intends to maintain its current corporate office in South Perth, Western Australia. It intends to consolidate the head office functions of the Sirius Group into its current office, but retain the existing Sirius office in Balcatta until the expiration of the office lease.

²⁰ Assuming that the Sirius Performance Shares held by the Creasy Group participate in the Acquisition Scheme and are not otherwise dealt with by way of private treaty, none of the holders of Sirius Share Appreciation Rights elect to receive New IGO Shares as consideration under private treaty offers, no holders of Sirius Options exercise their Sirius Options (ie all Sirius Options are dealt with by way of private treaty) and the Ngadju Shares participate in the Acquisition Scheme.

7. Profile of the Merged Group (cont)

(b) Continuation of IGO's and Sirius' businesses

IGO intends that the Merged Group will continue to operate and develop the businesses of IGO and Sirius in substantially the same manner as they are currently operated by IGO and Sirius (respectively). IGO does not intend to make any major changes in respect of the operation or development of the assets that will be owned by the Merged Group. IGO will, however, conduct a broader review of Sirius' operations and assets following implementation of the Acquisition Scheme to evaluate appropriate ways to achieve operational efficiencies in the conduct of the businesses.

IGO intends to continue to develop the Nova-Bollinger Project in accordance with its current development schedule as discussed in Section 5.2 of this Acquisition Scheme Booklet. IGO intends to refinance Sirius' existing project finance facility for the Nova-Bollinger Project using the Facility Agreement, as discussed further in Section 6.11 of this Acquisition Scheme Booklet. In addition, as part of the integration arrangements agreed in the Scheme Implementation Deed, IGO is progressing with the Nova-Bollinger Project optimisation study under the direction of a joint Sirius-IGO steering committee. The study is considering potential ways to further de-risk the Nova-Bollinger Project and improve returns on the Nova-Bollinger Project. If implementation of the Acquisition Scheme does not proceed, the study will be the sole property of Sirius.

Following implementation of the Acquisition Scheme, the Merged Group will be in a strong financial position with internal cash flows to fund exploration opportunities across its portfolio, including brownfields and greenfields exploration at the Tropicana, Long and Jaguar operations as described further in Section 6.5.

The Merged Group will also have the capacity to consider other potential acquisition opportunities that it believes are complementary to its assets and operations.

(c) Dividend Policy

The IGO Board currently intends to maintain its existing dividend policy, being a minimum dividend payment payout ratio of 30% of NPAT, rounded to the nearest whole cent.

IGO's dividend policy is consistent with its vision of building a diversified resources group delivering superior returns.

The IGO Board considers the following factors when determining the appropriate dividend payment:

- IGO's development profile;
- its available cash flow and funding requirements;
- appropriate capital structure;
- access to capital;
- non-recurring items; and
- IGO's franking credit balance.

7. Profile of the Merged Group (cont)

The IGO Board's decision to pay dividends will be subject to satisfaction of the test set out in section 254T of the Corporations Act.

The IGO Board retains the discretion to determine whether or not a dividend is payable and the amount of any dividend payment.

(d) Governance

Following implementation of the Acquisition Scheme, the IGO Board will consider IGO's existing corporate governance framework and determine whether it remains appropriate for the Merged Group's structure and business.

The corporate governance practices to be adopted by the Merged Group are not expected to differ materially from the existing corporate governance practices of IGO, which use as a reference the Corporate Governance, Principles and Recommendations of the ASX Corporate Governance Council.

(e) Employees

IGO and Sirius have agreed to certain arrangements regarding the employees of the Sirius Group in the Scheme Implementation Deed.

Sirius will procure the resignation of the Sirius Directors and the directors of the Sirius subsidiaries as soon as practicable after implementation of the Acquisition Scheme, with the positions of the executive directors of Sirius being made redundant. The existing directors of Polar Metals, Sirius Europa, Norse Exploration and Sakumpu (being, the Sirius subsidiaries that will comprise S2 Resources) will not be required to step down from their positions.

S2 Resources will offer employment to selected exploration and corporate employees of Sirius (other than employees working on the Nova-Bollinger Project).

All other employees of Sirius (other than the executive Sirius Directors) will continue to be employed by the Sirius Group for a period of three months after the implementation of the Acquisition Scheme (**Integration Period**) for the purposes of integrating the IGO and Sirius businesses.

During the Integration Period, IGO will:

- undertake a review of those employees and the personnel requirements of the Merged Group; and
- make offers of employment to, or retain as employees of the Sirius Group, such employees of the Sirius Group as IGO determines is appropriate.

The employees selected by S2 Resources will be made redundant on the Acquisition Scheme Implementation Date. The employees who are not offered employment or retained with the Merged Group before the end of the Integration Period will be made redundant.

Employees made redundant will receive their full contractual and statutory entitlements. The maximum aggregate amount of entitlements on redundancy that the Merged Group would be required to pay is approximately A\$3.44 million, which would be paid from the Merged Group's cash reserves.

7. Profile of the Merged Group (cont)

(f) Demerger of S2 Resources and transitional services

Under the Demerger Scheme, immediately prior to implementation of the Acquisition Scheme, Sirius intends to demerge certain of its exploration assets into a new vehicle, S2 Resources, which intends to apply for admission to the official list of ASX as soon as practicable and, in any event, within seven days after implementation of the Demerger Scheme. Listing is at ASX's discretion, and there is a risk that S2 Resources may not meet the requirements for admission to the official list of ASX. Should this occur, the S2 Shares received by Scheme Participants as Demerger Scheme Consideration will not be able to be traded on ASX until such time as the requirements for Listing can be met (if at all), and Scheme Participants will hold shares in an unlisted public company. The Sirius Board expects, however, that S2 Resources will be admitted to the official list of ASX within six to eight weeks after implementation of the Demerger Scheme.

The Demerger Transition Deed entered into between Sirius and S2 Resources sets out the transitional ongoing relationship between Sirius (which will form part of the Merged Group following implementation of the Acquisition Scheme) and S2 Resources. The fundamental principle underlying the Demerger is that, on and from the Effective Date:

- (i) Sirius will have the entire economic benefit, commercial risk and liabilities of all businesses to be conducted by Sirius after the Effective Date, as though Sirius had always owned and operated those businesses; and
- (ii) S2 Resources will have the entire economic benefit, commercial risk and liabilities of all businesses to be conducted by S2 Resources after the Effective Date, as though S2 Resources had always owned and operated those businesses.

Sirius and S2 Resources indemnify each other, subject to certain limitations, following the application of the Demerger principles set out above.

Full details of the Demerger Scheme and S2 Resources (and a summary of the key terms of the Demerger Transition Deed) can be found in the Demerger Scheme Booklet, which has been sent to Sirius Shareholders at the same time as this Acquisition Scheme Booklet.

(g) Other intentions

Other than as referred to or described in this Section 7.5 and elsewhere in this Acquisition Scheme Booklet, it is the intention of IGO that:

- (i) the business of the Sirius Group will be conducted in the same manner as at the date of this Acquisition Scheme Booklet;
- (ii) there will be no redeployment of the fixed assets of the Sirius Group; and
- (iii) the present employees of the Sirius Group will continue to be employed by the Sirius Group, subject to the arrangements described in Section 7.5(e) above.



8. PRO FORMA HISTORICAL FINANCIAL INFORMATION FOR THE MERGED GROUP

8. Pro Forma Historical Financial Information for the Merged Group

8.1 Forecast financial information

Each of the IGO Board and the Sirius Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group, other than IGO's production and cost guidance for FY2015 and the general overview of the strategy and financial profile of the Merged Group set out in this Acquisition Scheme Booklet. Each of the IGO Board and the Sirius Board has concluded that such forecast financial information has the potential to be misleading and a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to either set of shareholders.

8.2 Historical and pro forma historical financial information

Set out below are the historical statements of financial position of IGO and Sirius as at 31 December 2014 (together the **Historical Financial Information**) and the Merged Group Pro Forma Historical Statement of Financial Position at 31 December 2014 (the **Pro Forma Historical Statement of Financial Position**).

(a) Basis of presentation

The Pro Forma Historical Statement of Financial Position as at 31 December 2014 has been prepared to reflect the acquisition of Sirius by IGO pursuant to the Acquisition Scheme (and also accounts for the Demerger Scheme and the associated Capital Reduction). The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is prepared on the assumption that the Transaction (including the Acquisition Scheme, the Demerger Scheme and the Capital Reduction) was implemented on 31 December 2014. It does not illustrate the financial position that may be contained in future financial statements of IGO following the Transaction.

The Pro Forma Historical Statement of Financial Position as at 31 December 2014 has been prepared in a manner consistent with the recognition and measurement principles contained in Australian Accounting Standards, applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate (the **Pro Forma Adjustments**), as if those events or transactions had occurred as at 31 December 2014. It is presented in an abbreviated form and does not contain all of the presentation and disclosures that are usually provided in an annual financial report prepared in accordance with the Corporations Act.

The Historical Financial Information contained in this Section has been extracted from the respective interim financial statements of IGO and Sirius as at 31 December 2014 which were reviewed by BDO Audit. BDO Audit issued unqualified review conclusions on those interim financial statements. Copies of the IGO and Sirius' annual and interim financial statements can be found on their respective websites, being www.igo.com.au and www.siriusresources.com.au.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards.

The Pro Forma Historical Statement of Financial Position should be read in conjunction with the risk factors in Section 9, other information contained in the Acquisition Scheme

8. Pro Forma Historical Financial Information for the Merged Group (cont)

Booklet and the accounting policies of IGO as disclosed in its most recent annual and interim financial reports. A preliminary assessment of the IGO and Sirius accounting policies has not identified any material differences between the two.

EY has been engaged as the Investigating Accountant to prepare an Independent Limited Assurance Report on the Historical Financial Information and the Pro Forma Historical Statement of Financial Position as at 31 December 2014 included in this Section. The Independent Limited Assurance Report is set out in Section 10. Sirius Shareholders should note the comments made in relation to the scope and limitations of the Independent Limited Assurance Report.

In preparing the Pro Forma Historical Statement of Financial Position, no adjustments have been made to reflect the operating efficiencies and administrative cost savings that could result from the operations of the Merged Group (as compared to those of IGO and Sirius as separate entities). Further, the Pro Forma Historical Statement of Financial Position does not reflect all transactions which may have occurred since 31 December 2014, as discussed further below.

(b) Assumptions regarding capital structure and purchase consideration

The Pro Forma Historical Statement of Financial Position has been prepared on the assumption that IGO will own 100% of the Sirius shares following implementation of the Acquisition Scheme.

The Sirius Ordinary Share Consideration is 0.66 New IGO Shares and A\$0.52 cash per Sirius Ordinary Share held by a Sirius Ordinary Shareholder on the Scheme Record Date.

The table below shows the calculation of the New IGO Shares expected to be issued and the value of the purchase consideration using an assumed IGO share price of A\$3.99 being the closing IGO share price on the Last Practical Trading Day.

New IGO Shares to be issued as Sirius Ordinary Scheme Consideration	Estimated value (A\$3.99 per IGO Share)
Sirius Ordinary Shares on issue at 31 December 2014	412,001,575
Sirius Ordinary Shares issued as consideration for the acquisition of an interest in the Eundynie Joint Venture	200,000
Sirius Ordinary Shares on issue as at the date of this Scheme Booklet	412,201,575
Sirius Ordinary Shares to be issued on vesting of Sirius Performance Shares	2,200,000
Sirius Ordinary Shares to be issued to a trustee nominated by the Ngadju People	400,000
Projected Sirius Ordinary Shares on issue at implementation of the Acquisition Scheme	414,801,575
Exchange ratio (New IGO Shares per Sirius Ordinary Share)	0.66
Total New IGO Shares to be issued as Sirius	273,769,040

8. Pro Forma Historical Financial Information for the Merged Group (cont)

Ordinary Share Consideration ¹	
IGO shares to be issued for cancellation Sirius Options under cancellation deeds ²	2,056,943
New IGO ordinary shares to be issued	275,825,983
IGO Share price	A\$3.99
Value of New IGO Shares to be issued	A\$1,100,545,672
Projected Sirius Ordinary Shares on issue at implementation of the Acquisition Scheme	414,801,575
Cash consideration per Sirius Ordinary Share	A\$0.52
Cash consideration for all Sirius Ordinary Shares	A\$215,696,819
Cash consideration for cancellation of Sirius Options pursuant to cancellation deeds	A\$32,186,844
Cash consideration for cancellation of Sirius Share Appreciation Rights pursuant to the cancellation deeds ³	A\$2,486,188
Total cash consideration payable as Acquisition Scheme Consideration and for cancellation of Sirius Options and Sirius Share Appreciation Rights	A\$250,369,851
Value of total Acquisition Scheme Consideration and for cancellation of Sirius Options and Sirius Share Appreciation Rights (New IGO Shares and cash)	A\$1,350,915,523

Notes:

1. For simplicity, the figures in this table do not account for the New IGO Shares and cash consideration that will be provided to the holders of the 44 Sirius Partly Paid Shares on issue (being approximately 25 New IGO Shares and A\$22 in total), on the basis they are de minimis.
2. For further information on the cancellation deeds for the cancellation of the Sirius Options and Sirius Share Appreciation Rights see Section 3.16.
3. Assumes all holders of Sirius Share Appreciation Rights elect to receive cash rather than New IGO Shares pursuant to the cancellation deeds discussed further in Section 3.17.

8. Pro Forma Historical Financial Information for the Merged Group (cont)

(c) Merged Group Pro Forma Historical Statement of Financial Position as at 31 December 2014

Merged Group Pro Forma Historical Statement of Financial Position as at 31 December 2014

	Historical Independence 31 Dec 2014 \$000	Historical Sirius 31 Dec 2014 \$000	Notes	Pro forma adjustments \$000	Historical Pro Forma Merged Group 31 Dec 2014 \$000
Current Assets					
Cash & Cash Equivalents	93,333	245,489	a,b	(71,370)	267,452
Trade and Other Receivables	33,167	3,320		-	36,487
Inventories	32,670	12		-	32,682
Financial Assets	1,016	-		-	1,016
Derivative Financial Assets	5,800	-		-	5,800
Total Current Assets	165,986	248,821		(71,370)	343,437
Non-Current Assets					
Trade & Other Receivables	6	-		-	6
Inventories	16,159	-		-	16,159
Property, Plant & Equipment	46,690	2,475		-	49,165
Exploration and Evaluation	110,782	287,571	a,d	(242,571)	155,782
Mine Properties	318,825	-	d, f	926,960	1,245,785
Intangible Assets	-	-	f	129,194	129,194
Deferred Tax Assets	135,980	-	e	33,741	169,721
Investments in Subsidiaries	-	-		-	-
Total Non-Current Assets	628,442	290,046		847,324	1,765,812
Total Assets	794,428	538,867		775,954	2,109,249
Current Liabilities					
Trade & Other Payables	40,044	13,862	c	81,831	135,737
Provisions	2,545	413		-	2,958
Derivative Financial Liabilities	4,132	-		-	4,132
Interest-Bearing Loans & Borrowings	1,755	-	a	200,000	201,755
Total Current Liabilities	48,476	14,275		281,831	344,582
Non-Current Liabilities					
Provisions	27,090	-		-	27,090
Derivative Financial Liabilities	905	-		-	905
Deferred Tax Liabilities	66,551	-		-	66,551
Interest-Bearing Loans & Borrowings	82	-		-	82
Total Non-Current Liabilities	94,628	-		-	94,628
Total Liabilities	143,104	14,275		281,831	439,210
Net Assets	651,324	524,592		494,123	1,670,039
Equity					
Contributed Equity	737,323	693,906	a,b,g	406,640	1,837,869
Reserves	15,223	28,698	g	(28,698)	15,223
Accumulated losses	(101,222)	(198,012)	c,g	116,181	(183,053)
Total Equity	651,324	524,592		494,123	1,670,039

8. Pro Forma Historical Financial Information for the Merged Group (cont)

(d) Pro forma adjustments

The following Pro Forma Adjustments have been made for the purposes of preparing the Pro Forma Historical Statement of Financial Position:

Note a – Accounting entries arising from the Demerger Scheme and associated Capital Reduction. In accordance with the Scheme Implementation Deed, the Demerger Scheme will be implemented the day prior to the Acquisition Scheme Implementation Date. The Capital Reduction will be undertaken as part of the implementation of the Demerger Scheme. The principal assets to be distributed in accordance with the Demerger Implementation Deed include the Polar Bear and Scandinavian Assets, which had a carrying value of A\$0.400 million at 31 December 2014, and A\$21 million cash. As described further in Section 6.11, IGO intends to use a combination of its own cash reserves, together with proceeds of utilisations drawn under a A\$200 million revolving loan facility, to fund the cash component of the Acquisition Scheme Consideration. The Pro Forma Historical Statement of Financial Position assumes the cash component of the Acquisition Scheme Consideration, together with the cash payable for the cancellation of the Sirius Options and Sirius Share Appreciation Rights is funded by the full utilisation of the A\$200 million revolving loan facility, and with A\$50.370 million being paid by IGO from existing cash reserves. The A\$21 million will be paid by Sirius to S2 Resources from Sirius' existing cash reserves.

Note b – The acquisition of Sirius by IGO in accordance with the Acquisition Scheme. The fair value of the Acquisition Scheme Consideration has been calculated at A\$1,350.916 million. Assumptions regarding the capital structure and purchase consideration are set out above in Section 8.2(b). The actual cost of acquisition will be determined at the Acquisition Scheme Implementation Date, based on the IGO Share price at that date.

Note c – Accrual of estimated transaction costs (advisory fees and land holder duty) relating to the Acquisition Scheme of A\$81.831 million. These costs have been expensed on a pre-tax basis in the Pro Forma Historical Statement of Financial Position.

Note d – Fair value accounting adjustments on the acquisition of Sirius. The purchase price accounting for the acquisition has been determined on a provisional basis. This adjustment assumes a preliminary estimate of the fair value of the Nova-Bollinger Project amounting to A\$926.960 million which has been based on the preferred value of the Nova-Bollinger Project (net of the present value of the remaining construction costs) as determined by the Independent Expert in the Independent Expert's Report (see Annexure E). The carrying value of the Nova-Bollinger Project at 31 December 2014 has also been transferred to mine properties in development following the commencement of the development of the Nova-Bollinger Project in January 2015.

The adjustment also includes a preliminary estimate of the fair value of the Fraser Range exploration assets amounting to A\$45 million. This amount has been included in exploration and evaluation assets at 31 December 2014.

Subsequent to the implementation of the Acquisition Scheme, IGO will undertake an assessment of the fair value of all assets acquired and liabilities assumed. This exercise may give rise to material differences in value and may result in fair values being attributed to other assets and liabilities on the Pro Forma Historical Statement of Financial Position.

8. Pro Forma Historical Financial Information for the Merged Group (cont)

Note e – This adjustment recognises the estimated balance of Sirius' unbooked tax losses amounting to A\$33.741 million as at 31 December 2014 being recognised as deferred tax assets.

Note f – This adjustment reflects the resulting difference between the estimated value of the consideration payable and the provisional fair value of the net assets acquired, taking into account the Pro Forma Adjustments noted. The excess, amounting to A\$129.194 million, is recognised as provisional goodwill and is included in the Pro Forma Historical Statement of Financial Position as an intangible asset.

Note g – This adjustment eliminates Sirius' pre-acquisition contributed equity, reserves and retained earnings at 31 December 2014.

(e) **Transactions not included in the Merged Group Pro Forma Historical Statement of Financial Position**

Following implementation of the Acquisition Scheme, Sirius and its 100% subsidiaries will join the IGO tax consolidated group. As a result of the tax consolidation regime, the existing tax base of Sirius' assets will be reset which may have an impact on current and deferred tax balances recognised in relation to Sirius' assets. A detailed analysis of the consequences of joining the IGO tax consolidated group will be undertaken following implementation, and have not been included in the Merged Group Pro Forma Historical Statement of Financial Position.

The Pro Forma Adjustments are provided for illustrative purposes only and have been prepared on the assumption that the Transaction was implemented on 31 December 2014. If approved, the Transaction is expected to be implemented in September 2015.

Various matters have occurred since the date of the Pro Forma Historical Statement of Financial Position and will continue to occur up to the date of implementation of the Transaction, that would otherwise impact on the Pro Forma Historical Statement of Financial Position. These matters include:

- GO paid an interim dividend of A\$0.06 per IGO Share on 20 March 2015.
- IGO continuing its operations and generating significant cash flows from its operations. During the half year ended June 2015, IGO's cash reserves increased by approximately A\$28 million.
- IGO's acquisition of approximately 33.8 million shares in Gold Road Resources Limited (ASX: GOR) for total consideration of A\$13.1 million in the second half of FY2015 (which has been accounted for in the change in IGO's cash reserves referred to above).
- Sirius' expenditure on the development of the Nova-Bollinger Project. During the half year ended June 2015, Sirius spent A\$70 million on the development of the Nova-Bollinger Project. This expenditure was funded by Sirius cash reserves and total draws of A\$57 million from the Sirius project financing facility that was executed between Sirius and its banking group in December 2014.



9. RISK FACTORS

9. Risk Factors

9.1 Risks of the Merged Group

(a) Introduction

There are a range of factors (including risk factors specific to the Merged Group and risks of a general nature) which may, either individually or in combination, affect the future operating performance, financial position, regulation, legal position, implementation of strategy or reputation of the Merged Group, its business, its prospects and/or the value of the Merged Group.

This Section sets out some of these potential risks, as well as some of the potential risks associated with implementation of the Acquisition Scheme. The risk factors are divided into the following categories:

- 1 Implementation risks
- 2 Investment risks
- 3 Operating and business risks
- 4 Legal and regulatory risks
- 5 General risks
- 6 Other risks

Some of the risks set out in this Section are either risks related to mining companies generally, or risks that already relate to IGO's business or Sirius' business, which will form part of the Merged Group. Therefore, Scheme Participants already have exposure to some of the risks. However, a number of the risks will be new or potentially greater in impact than is currently the case in relation to Sirius alone.

The risks set out in this Section do not take into account the investment objectives, financial situation, tax position or particular needs of a Scheme Participant and are not exhaustive.

(b) Implementation risks

Integration risk

The success of the Merged Group will depend, among other things, on the ability to integrate the businesses of IGO and Sirius, including the operations, technologies and personnel of each entity.

Under the Scheme Implementation Deed, IGO and Sirius have agreed to establish a Consultation and Planning Committee to discuss and plan for the integration of their respective businesses. However, there is a risk that integration may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. This may include possible differences in the management culture, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel, suppliers or other contractual arrangements.

9. Risk Factors (cont)

If integration of IGO and Sirius is not achieved in an orderly fashion or within a reasonable time period, the full benefits, cost savings and other expected synergies may be achieved only in part, or not at all, and this could adversely impact the Merged Group's financial performance.

Accounting treatment of the Acquisition Scheme

If the Acquisition Scheme is successful, the Merged Group will need to perform a fair value assessment of all of Sirius assets, liabilities and contingent liabilities, including identification of tangible and intangible assets. This assessment may result in increased charges (for example, depreciation and amortisation charges) for the Merged Group. There is a risk that these charges may be substantially greater than those of IGO and Sirius as separate entities and, to that extent, may significantly reduce future reported earnings of the Merged Group.

Tax consequences

If the Acquisition Scheme is implemented, there may be tax consequences for Scheme Participants which may include tax payable on any gains made through the disposal of Scheme Shares. General information on the Australian taxation consequences of the Acquisition Scheme is set out in Section 12 of this Acquisition Scheme Booklet. Scheme Participants should seek their own independent professional advice regarding the specific tax consequences applicable to them in connection with any investment in the Merged Group.

(c) **Investment risks**

Share market conditions

There are risks associated with any investment in securities. Publicly listed securities and, in particular, securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies.

General factors that may affect the market price of shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

These factors may materially affect the market price of IGO Shares, regardless of the Merged Group's performance. The past performance of IGO is not necessarily an indication as to the future performance of IGO or the Merged Group.

IGO will issue a significant number of IGO Shares under the Acquisition Scheme. Some Scheme Participants may not intend to continue to hold their IGO Shares following implementation of the Acquisition Scheme and may wish to sell them on ASX. There is a risk that if a significant number of Scheme Participants seek to sell their IGO Shares, this may adversely impact the price of IGO Shares. Investor and analyst perception in relation to the Merged Group will also impact the price of IGO Shares.

9. Risk Factors (cont)

There can be no guarantee that there will continue to be an active market for IGO Shares or that the price of IGO Shares will increase. Neither IGO nor the IGO Board warrants the future performance of IGO or the Merged Group or any return on an investment in IGO or the Merged Group.

Equity dilution

While IGO does not currently have any planned offerings of securities (other than the issue of IGO Shares as part of the Acquisition Scheme Consideration) and does not expect to require any further equity financing in the near term, IGO may undertake offerings of securities in the future. The increase in the number of securities issued and the possible sale of these securities may have the effect of depressing the price of IGO securities already on issue. In addition, the issue of additional securities may dilute the voting power of persons holding IGO securities prior to such issue of securities.

Dividends

IGO's dividend policy is to maintain a minimum dividend payout ratio of 30% of NPAT, rounded to the nearest whole cent. However, the payment of dividends (if any) by IGO is determined by the IGO Board from time to time at its discretion, and is dependent upon factors including the profitability and cash flow of IGO's business at the relevant time. Any dividends paid by IGO in the future will be subject to similar considerations.

The Merged Group will operate in a cyclical sector, in which financial characteristics (such as commodity prices, foreign exchange rates and energy costs) vary and as a result will have an impact on profit and cash flow generation. This may result in variations in the capability of the Merged Group to make dividend payments to shareholders through varying business cycles.

Further information about IGO's dividend policy is set out in Section 7.5(c) of this Acquisition Scheme Booklet, and in IGO's ASX announcement dated 28 August 2014 titled "FY2014 Annual Results, Final Dividend and Annual Accounts".

(d) **Operating and business risks**

Mineral exploration and mining operations and development may be hampered by circumstances beyond the control of the Merged Group and by their nature, are subject to a number of inherent risks.

Factors which may impact the operations and business of the Merged Group are outlined in greater detail below.

Commodity price volatility

IGO's revenues and cash flows are largely derived from the sale of a variety of commodities, including nickel, copper, zinc, silver and gold. The financial performance of IGO (and the Merged Group) will be exposed to fluctuations in the prices of these commodities.

Commodity prices may be influenced by numerous factors and events which are beyond the control of IGO, including supply and demand fundamentals, currency exchange rates, interest rates, general economic, political and regulatory conditions, speculative activities and other factors. These factors may have a positive or negative effect on the

9. Risk Factors (cont)

Merged Group's product development and production plans and activities, together with the ability to fund those plans and activities.

IGO has put in place hedging contracts for part of its expected nickel, copper, zinc and gold production in order to reduce its exposure to potential falls in the prices of these commodities. However, IGO is still exposed to spot prices for the remainder of its anticipated future production of these and other commodities. IGO cannot provide any assurance as to the prices that the Merged Group will achieve for its commodities in the future.

Foreign exchange rates

The Merged Group will be an Australian business that reports in Australian dollars. IGO's revenue is derived from the sale of commodities that are typically priced in US dollars, and the majority of its costs are usually denominated in Australian dollars. Therefore, the Merged Group will be exposed to movements in foreign exchange rates (in particular, the US dollar-to-Australian dollar exchange rate), the impact of which cannot be predicted reliably.

IGO has put in place certain derivative financial instruments in an attempt to mitigate some of its exposure to foreign exchange rates, including forward contracts and the purchase of Australian dollar call options. However, IGO will still be exposed to foreign exchange risk in relation to currency that has not been hedged.

Operational uncertainty

The Merged Group's assets and mining operations, as any others, will be subject to uncertainty with respect to (among other things): ore tonnes, mine grade, ground conditions, metallurgical recovery or unanticipated metallurgical issues (which may affect extraction costs), in fill resource drilling, mill performance, the level of experience of the workforce, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, storms, floods, bushfires or other natural disasters.

The occurrence of any of these circumstances could result in the Merged Group not realising its operational or development plans, or plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on IGO's financial and operational performance.

Speculative nature of resource exploration and development

As mining activities will deplete the reserves and resources of the Merged Group, the ability to continually find or replace reserves and resources is important for the ongoing stability of the Merged Group's operations.

Exploration on IGO's or Sirius' existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Merged Group and possible relinquishment of the exploration and mining tenements.

The success of the Merged Group depends on successful exploration and acquisition of reserves, design and construction of efficient processing facilities, competent operation and management, proficient financial management, access to required development capital, movement in the price of commodities, securing and maintaining title to IGO's

9. Risk Factors (cont)

pre-existing exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Failure in any of these areas will adversely impact the profitability and financial position of the Merged Group.

Ability to exploit successful discoveries

It may not always be possible for the Merged Group to exploit successful discoveries which may be made in areas in which the Merged Group has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Merged Group's interests and objectives.

It is necessary to effectively manage the competing needs of various stakeholders, including that of governments and communities, or the Merged Group will run the risk of damaging its corporate reputation, enduring project approval delays, protests or violent opposition and increased operating costs.

Commercial viability of development projects

IGO is in the process of conducting feasibility studies and explorations relating to potential developments. The commercial viability of any such endeavours is based upon estimates of the potential size and grade of mineral resources or ore reserves, proximity to infrastructure and other required resources (such as energy and water), potential production rates, the feasibility of recovery of metals, capital and operating costs, and metal demand and prices. Some projects also remain subject to the completion of favourable environment assessments, further feasibility studies, the grant and maintenance of necessary permits and authorisations, and receipt of adequate financing.

It is possible that certain projects may be delayed, cancelled or otherwise adjusted due to a lack of commercial viability associated with such factors.

Despite careful evaluation that includes the factors set out above, it is possible that development projects do not realise their predicted value or revenue due to circumstances beyond the control of the Merged Group.

Ability to achieve production guidance

IGO has provided production guidance for its Tropicana, Long and Jaguar mines. While IGO considers that this guidance is reasonable, actual future production may vary from the guidance for various reasons, many of which cannot be foreseen and are beyond the control of IGO. These factors may cause the production guidance not to be achieved or to be achieved later than expected, or to be achieved at a higher cost than anticipated.

In addition, mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events. If such circumstances occur, IGO may not be able to complete planned developments or operational activities and may not meet key production and cost estimates, or realise the benefits of any impacted growth projects.

9. Risk Factors (cont)

Joint venture and other arrangements

The Merged Group may hold assets, developments or undertake projects through incorporated and unincorporated joint ventures with third parties. There is a risk of financial failure or default by a participant in any joint venture to which the Merged Group is or may become a party. Disagreements between co-venturers or a failure of co-venturer to adequately manage a project poses a further risk of financial loss or legal or other disputes with the other participants in such a joint venture.

Projects held and run through joint ventures impose a number of restrictions on the Merged Group's ability to sell its interest in any assets held through such a structure and may require prior approval of the other joint venture partner or may be subject to pre-emptive rights.

In addition, it is common practice in the mining exploration industry to operate tenement farm-ins initially on the basis of a letter or heads of agreement while negotiations on the formal agreement proceed. In these circumstances there is a risk that the negotiations on a formal agreement are unsuccessful and a formal agreement is not reached, which may affect the Merged Group's rights in respect of the relevant tenements.

Customer concentration

The Merged Group will rely on a contracted customer base to generate its revenue. For example, the Long Operation has a high customer concentration, with revenue being derived from one customer (BHPB Nickel West). BHPB Nickel West is also a key customer of the Nova-Bollinger Project. If key customers default or cease dealing with IGO in the future, the ability of IGO to generate revenue from its produced commodities may be adversely impacted.

IGO has policies in place to ensure that sales of products are made to customers with an appropriate credit history. IGO has further sought to manage the risk of customer concentration by generating a diversified customer base and making contractual arrangements to guarantee the receipt of a majority percentage of expected payments.

Financing risks and capital requirements

The Merged Group's capital requirements will depend on a number of factors. While the Merged Group has sufficient funding (based on existing estimates of funding requirements) in relation to its existing operations, substantial further financing may be required in the future for the Merged Group's exploration, development or ongoing activities.

The Merged Group may be required to seek alternative or further financing (either in the form of debt or equity), and there is no guarantee that the Merged Group will be able to secure the required level of funding. Any debt financing, if available, may involve restrictions on the Merged Group's financing and operating activities, or its business strategy and additional equity financing may dilute shareholders and may be undertaken at lower prices than the current market price. No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Merged Group or at all. If the Merged Group is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its

9. Risk Factors (cont)

operations and this could have a material adverse effect on IGO's operations and financial position.

In the ordinary course of operations and development, IGO will be required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. IGO's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Mineral Resource and Ore Reserve estimates

The volume and quality of the commodities that the Merged Group recovers may be less than the estimates included in this Acquisition Scheme Booklet. Mineral Resources and Ore Reserves estimates are expressions of judgement based on knowledge, experience and industry practice, and may ultimately prove to be inaccurate and require adjustment. In addition, estimates which were valid when originally calculated may alter significantly when new information, market conditions or techniques are available including during the process of mine development. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. Adjustments to resource estimates could affect the future development and mining plans of the Merged Group and, in turn, its operations and financial performance.

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. Estimates also require interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period.

Contained metal (tonnes and grades) are normally estimated annually and published in resource and reserve statements, however actual production in terms of tonnes and grade often vary as ore bodies can be complex and inconsistent.

Gold and nickel price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

If the Merged Group's actual Mineral Resources and Ore Reserves are less than current estimates, the Merged Group's prospects, value, business, results of operations and financial condition may be materially adversely affected.

Infrastructure, transportation and remoteness of operations

The commodities expected to be produced by the Merged Group will be required to be transported to customers internationally. Each stage of the transportation process poses risks, including the initial remoteness of the Merged Group's projects. Fuel costs, unexpected delays and accidents could materially impact upon the Merged Group's financial position.

Further, there are risks associated with the availability of adequate trucking, rail and port facilities and the process for obtaining approvals to access these facilities (including the timing and conditions on which access may be granted). If the Merged

9. Risk Factors (cont)

Group is not able to access the required infrastructure within a certain time period or at a reasonable cost, this could adversely affect the Merged Group's operations and financial performance.

The price of sea freight, smelting and refining charges are market driven and can vary throughout the life of each project. These will also impact on the overall profitability of the Merged Group.

Land access arrangements

Mineral exploration, development and mining generally require consultation and agreement with landholders or other third parties in relation to access arrangements regarding underlying land. The Merged Group may be subject to restrictions associated with such land access arrangements, and may be required to pay compensation or adhere to other attached conditions. There is the further risk that landholders or other third parties may refuse access to the relevant land, which may negatively impact the Merged Group's capacity to further explore or develop any projects the subject of such land.

Availability and cost of key equipment

The Merged Group requires specific consumables, spare parts, plant and equipment and construction materials for its exploration, development and mining activities. Any delay, lack of supply or increase in price in relation to such equipment and material could adversely impact the financial position of the Merged Group.

Fluctuations in the price and availability of energy and other resources

Fluctuations in the price and availability of resources required for the operations of the Merged Group, including materials required for operations, water and energy resources such as diesel, gas and other fossil fuels may materially impact the operations and financial position of the Merged Group.

Environmental risks and hazards

The operations of the Merged Group may be materially affected by adverse weather conditions and other environmental hazards such as fires, floods and water ingress and seismic activity which may delay or prevent operations from taking place and cause the Merged Group to incur significant costs to rectify any damage or consequences arising from those hazards.

In particular, mining-induced and regional seismicity is an inherent risk at the Long Operation where the ore bodies are, to a varying degree, disrupted by cross-cutting porphyries, some of which are stressed. IGO currently has in place procedures to monitor this seismic activity but no assurance can be given that these procedures will prevent any delay in operations taking place, or that significant costs will not be required to manage such activity.

(e) Legal and regulatory risks

The Merged Group will be subject to a broad range of laws and regulations in Australia and in other jurisdictions in which it may operate or have investment interests. Any enforcement or other government action or changes to governmental or legal regulatory frameworks may adversely impact the Merged Group. Additional capital commitments

9. Risk Factors (cont)

or investment may be required to ensure compliance, and operational activities may be delayed or prevented entirely.

Title risks

The *Native Title Act 1993* (Cth) (**NTA**) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. Native title may impact the Merged Group's operations and future plans. Native title is not generally extinguished by the grant of exploration and mining tenements, as they are not generally considered to be grants of exclusive possession. However, a valid exploration or mining tenement prevails over native title to the extent of any inconsistency for the duration of the title.

There may be areas in relation to tenements which IGO has an existing interest in, or will acquire an interest in the future, over which common law Native Title rights exist, or may be found to exist, which may preclude or delay exploration, development or production activities.

A Federal Court judgment has recently determined that certain tenements adjacent to IGO's Long Operation are invalid insofar as they are inconsistent with the exercise of the Native Title rights of the Aboriginal Native Title holders. IGO is currently assessing the implications of this judgment, however final orders have not yet been made by the relevant court. IGO will continue to monitor the matter in conjunction with other potentially affected parties.

The Merged Group must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining and exploration operations.

Regulatory requirements including exploration and mining permits and licences

The Merged Group's operations will be subject to various Federal, State and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health.

Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. The Merged Group will be required to obtain government permits to commence or expand operations, which can be a costly and time-consuming process that can be cross-jurisdictional and may involve public hearings and costly undertakings.

No assurance can be given that IGO will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Merged Group may be curtailed or prohibited from continuing or proceeding with production and exploration.

Renewal of mining authorisations

IGO cannot guarantee that all or any licences or permits in which the Merged Group has interests will be renewed. Such renewals are at the discretion of relevant government bodies and ministries in the jurisdiction, and often depends on the Merged Group being successful in obtaining other required statutory approvals for its proposed activities.

9. Risk Factors (cont)

There is no assurance that such renewals or grants will be granted, nor that they will be granted without different or further conditions attached.

Environment, rehabilitation and restoration

The operations and activities of the Merged Group will be subject to the environmental laws and regulations of Australia and the other jurisdictions in which the Merged Group may conduct business. As with most exploration projects and mining operations, the Merged Group's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. IGO will attempt to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations.

Climate change regulation is not currently expected to change significantly in the sectors or jurisdictions in which the Merged Group operates. However, the nature of the activities of the Merged Group are highly energy intensive and depend on the use of fossil fuels. Any changes to government regulation or policy relating to climate change, including relating to greenhouse gas emissions or energy intensive assets, may directly or indirectly impact the Merged Group's costs and operational efficiency.

The activities of the Merged Group are subject to the reporting obligations of the *National Greenhouse and Energy Reporting Act 2007* (Cth), under which the Merged Group reports its greenhouse emissions, energy consumption and production. IGO has systems in place to comply with these reporting requirements.

The provision for rehabilitation and restoration costs to which IGO is subject is based on the net present value of the estimated cost of restoring the environmental disturbance caused by operations that has occurred up to the reporting date. IGO is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Merged Group's cost of doing business or affect its operations in any area.

Export and import regulations

The import and export policies of any jurisdiction in which the Merged Group operates or sells product to may change in the future. As the revenues of the Merged Group depend upon the process of exporting commodities, the profitability and financial position of IGO may be adversely affected by any such adverse import and export regulations.

Tax risk

Changes to income tax (including capital gains tax), GST, duty or other revenue legislation, case law, rulings or determinations issued by the Commissioner of Taxation or other practices of tax authorities may change following the date of this Acquisition Scheme Booklet or adversely affect the Merged Group's profitability, net assets and cash flow. In particular, both the level and basis of taxation may change.

There is additional exposure to risk for the Merged Group as it operates in the resources sector, and as such is often required to pay government royalties and other indirect taxes and levies. Any changes in government policies relating to the taxation, royalties or other levies imposed on the resources sector, or the interpretation thereof, may adversely impact the financial position of the Merged Group.

9. Risk Factors (cont)

(f) General risks relating to the Merged Group

Accounting

IGO makes estimates and assumptions about its business and revenues concerning the future. The resulting accounting estimates will form the basis of accounting estimates for the Merged Group, and will, by definition, seldom reflect the related actual results. These estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and include:

- trade receivables;
- impairment of assets;
- reserve estimates;
- rehabilitation and restoration costs;
- derivative financial instruments; and
- share based payments.

Any changes in accounting policies may have an adverse impact on IGO. There are no current plans for any material changes in accounting policies.

Economic conditions

The operating and financial performance of the Merged Group will be influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies.

Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on IGO's operating and financial performance and financial position.

Insurance

IGO will endeavour to maintain insurance for the Merged Group within ranges of coverage in accordance with industry practice. However, in certain circumstances, this insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on IGO's operating and financial performance and financial position.

Insurance of risks associated with minerals exploration and production (including accidents, pollution and other hazards) is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where IGO considers it is unreasonable or not in its interests to maintain insurance cover to a level of coverage which is in accordance with industry practice. IGO will use

9. Risk Factors (cont)

reasonable endeavours to insure against the risks it considers appropriate for its needs and circumstances. However, no assurance can be given that IGO will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

Wars, terrorism and natural disasters

Events such as acts of terrorism, civil disturbance or protest, war, political intervention and natural activities such as earthquakes, floods, fires and adverse weather conditions may adversely impact IGO by affecting the market for commodities, the operations of the Merged Group or its suppliers, service providers or customers, or the transport or other infrastructure relating to the operations of the Merged Group.

Competition risk

Competition in the mineral industry is significant, and competition from other producers and exploration companies may impact the future profitability of the Merged Group. Competition includes major mining companies in Australia and internationally, some of which possess greater financial and other resources than the Merged Group and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Merged Group can compete effectively with these companies. Further, the Merged Group may face competition from new mining or exploration companies or facilities, which may lower commodity prices.

The Merged Group may be unable to acquire new projects required to sustain or increase its future production level due to competition from such other companies.

Key personnel and labour

A number of key personnel are important to attaining the business goals of IGO and the Merged Group. One or more of these key employees could leave their employment, and this may adversely affect the ability of IGO and the Merged Group to conduct their business and, accordingly, affect the financial performance of IGO and the price of IGO Shares.

Recruiting and retaining qualified personnel are important to the success of the Merged Group. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons can be strong, depending on market conditions.

Any disputes with employees (through personal injuries, industrial matters or otherwise) change in labour regulations, or other developments in the area may cause labour disputes, work stoppages or other disruptions in production that could adversely impact the Merged Group.

Key contractors

The Merged Group may use external contractors or service providers for many of its activities, and as such the failure of any current or proposed contractors, sub-contractors or other service providers to perform their contractual obligations may negatively impact the business of the Merged Group. IGO cannot guarantee that such parties will fulfil their contractual obligations and there is no guarantee that IGO would be successful in enforcing any of its contractual rights through legal action. Further, the insolvency or managerial failure by any such contractors or other service providers may

9. Risk Factors (cont)

pose a significant risk to IGO's operating and financial performance and financial position.

Litigation

As at the date of this Acquisition Scheme Booklet, IGO is not aware of any material disputes or litigation being undertaken. However, it is possible that the Merged Group may be involved in disputes and litigation in the course of its future operations. There is a risk that any material or costly dispute or litigation and compensation or damages could adversely impact the financial position or performance of the Merged Group.

Health, safety and hazardous materials

The potentially hazardous nature of exploration and mining mean that health and safety regulations impact the activities of the Merged Group. Any injuries or accidents that occur on a site of operations of the Merged Group could result in legal claims, potential delays or stoppages and other actions that could adversely affect the Merged Group.

Risks related to acquisitions and future growth initiatives

IGO regularly identifies and assesses potential opportunities for acquisitions and growth initiatives where it considers the opportunities may create shareholder value. The Merged Group will continue to identify and assess such opportunities. However, while the Merged Group intends to undertake appropriate due diligence to properly assess any such opportunities, benefits expected from investments, acquisitions or growth opportunities may take longer than expected to be achieved, or not be achieved at all, which may have a material adverse impact on the value of the Merged Group.

(g) Other risks

Additional risks and uncertainties not currently known to IGO or Sirius may also have a material adverse effect on the business of IGO, Sirius and/or that of the Merged Group. The information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting IGO, Sirius or the Merged Group.

9.2 Risks and implications for Sirius if the Acquisition Scheme is not implemented

(a) Implications

If the Acquisition Scheme does not proceed:

- Sirius Shareholders will not receive the Acquisition Scheme Consideration;
- Sirius will remain listed on ASX as a standalone entity;
- Sirius Shareholders will retain their Sirius Shares; and
- the price of Sirius Shares on ASX will likely decline.

(b) Risks for Sirius as a standalone entity

If the Scheme does not proceed, and no Superior Proposal is forthcoming, the Sirius Board intends to continue with its existing strategy of developing the Nova-Bollinger

9. Risk Factors (cont)

Project and conducting exploration activities elsewhere, under the leadership of the current management team.

Sirius has secured a project finance facility of up to A\$440 million on favourable terms, as announced in its ASX Announcement dated 17 December 2014. The facility comprises a project development tranche of A\$420 million for development and working capital funding during the construction, commissioning and ramp up stages of the Nova-Bollinger Project, plus a cost overrun tranche of A\$20 million. While the Sirius Board considers it unlikely, Sirius may need to secure additional funding in the future in order to complete development of the Nova-Bollinger Project (if, say, an unforeseen event were to result in a significant cost overrun), or to progress and develop its other projects.

There are a number of risks, including or of the nature of the risks outlined in Section 9.1 above with respect to the Merged Group, that may affect Sirius' ability to secure any additional financing as and when required, and Sirius' performance and operations more broadly.

(c) Transaction costs already incurred

Before the Transaction Meetings, Sirius estimates that it will have incurred or committed one-off transaction costs of approximately A\$2.7 million in relation to the Acquisition Scheme and Demerger Scheme. These costs have already been incurred or will be payable by Sirius regardless of whether or not the Acquisition Scheme and Demerger Scheme are implemented.



10. INDEPENDENT LIMITED ASSURANCE REPORT

10. Independent Limited Assurance Report



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31 July 2015

The Directors
Sirius Resources NL
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Independent Limited Assurance Report

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

1. Introduction

We have been engaged by Independence Group NL ('IGO') and Sirius Resources NL ('Sirius') to report on the historical financial information of IGO and Sirius (collectively the 'Merged Group') and the pro forma historical statement of financial position of the Merged Group for inclusion in the scheme booklet ('Acquisition Scheme Booklet') to be dated on or about 31 July 2015 to be issued by Sirius in connection with the acquisition of all of Sirius shares by IGO by way of scheme of arrangement (the 'Proposed Transaction').

Expressions and terms defined in the Acquisition Scheme Booklet have the same meaning in this report.

2. Scope

Historical Financial Information

You have requested Ernst & Young to review the following historical financial information:

- ▶ Historical statement of financial position of IGO as at 31 December 2014 as set out in Section 8.2(c) of the Acquisition Scheme Booklet; and
- ▶ Historical statement of financial position of Sirius as at 31 December 2014 as set out in Section 8.2(c) of the Acquisition Scheme Booklet.

(hereafter the 'Historical Financial Information').

The Historical Financial Information has been extracted from the respective interim financial reports of IGO and Sirius for the six months ended 31 December 2014, which were each reviewed by BDO Audit (WA) Pty Ltd in accordance with Australian Auditing Standards applicable to review engagements. BDO Audit (WA) Pty Ltd issued unqualified limited assurance conclusions on these interim financial reports.

10. Independent Limited Assurance Report (cont)



The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards.

Pro Forma Historical Statement of Financial Position

You have requested Ernst & Young to review the pro forma historical statement of financial position of the Merged Group as at 31 December 2014 as set out in Section 8.2(c) of the Acquisition Scheme Booklet (hereafter the 'Pro Forma Historical Statement of Financial Position').

(Hereafter the Historical Financial Information and Pro Forma Historical Statement of Financial Position is collectively referred to as 'Financial Information'.)

The Pro Forma Historical Statement of Financial Position has been derived from the Historical Financial Information of IGO and Sirius, and adjusted for the effects of pro forma adjustments described in Sections 8.2(b) and 8.2(d) of the Acquisition Scheme Booklet.

The stated basis of preparation used in the preparation of the Pro Forma Historical Statement of Financial Position is, in a manner consistent with the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Sections 8.2(b) and 8.2(d) of the Acquisition Scheme Booklet, as if those events or transactions had occurred as at 31 December 2014.

Due to its nature, the Pro Forma Historical Statement of Financial Position does not represent the Merged Group's actual or prospective financial position.

The Financial Information is presented in the Acquisition Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

3. Directors' Responsibility

The directors of IGO and Sirius are responsible for the preparation and presentation of the Historical Financial Information relating to IGO and Sirius, respectively.

The directors of IGO are responsible for the preparation and presentation of the Pro Forma Historical Statement of Financial Position, including the basis of preparation, selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Statement of Financial Position (other than the Sirius Historical Financial Information that is contained in the Pro Forma Historical Statement of Financial Position, which remains the responsibility of Sirius).

The directors' responsibility for the Financial Information as described above includes responsibility for such internal controls as the relevant directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Statement of Financial Position that are free from material misstatement, whether due to fraud or error.

10. Independent Limited Assurance Report (cont)



4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and the Pro Forma Historical Statement of Financial Position based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that Historical Financial Information comprising the:

- ▶ Historical statement of financial position of IGO as at 31 December 2014 as set out in Section 8.2(c) of the Acquisition Scheme Booklet; and
- ▶ Historical statement of financial position of Sirius as at 31 December 2014 as set out in Section 8.2(c) of the Acquisition Scheme Booklet.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 8.2(a) of the Acquisition Scheme Booklet.

Pro Forma Historical Statement of Financial Position

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Statement Position comprising the pro forma historical statement of financial position of the Merged Group as at 31 December 2014 as set out in Section 8.2(c) of the Acquisition Scheme Booklet is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 8.2(a) of the Acquisition Scheme Booklet.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 8.2(a) of the Acquisition Scheme Booklet, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

10. Independent Limited Assurance Report (cont)



7. Consent

Ernst & Young has consented to the inclusion of this limited assurance report in the Acquisition Scheme Booklet in the form and context in which it is included.


8. Independence or Disclosure of Interest

Ernst & Young does not have any interests in the outcome of the Proposed Transaction other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

Ernst & Young

Ernst & Young



11. WHAT IF THE ACQUISITION SCHEME IS NOT IMPLEMENTED?

11. What if the Acquisition Scheme is Not Implemented?

11.1 General implications of the Acquisition Scheme not proceeding

If the Acquisition Scheme is not approved by the Requisite Majorities at the Acquisition Scheme Meeting, or by the Court at the Second Court Hearing, or other Conditions to the Acquisition Scheme are not satisfied (or waived, where permitted):

- (a) Sirius Shareholders will not receive the Acquisition Scheme Consideration or Demerger Scheme Consideration, and will not be eligible for the IGO FY2015 Final Dividend (if declared);
- (b) Sirius Shares will not be transferred to IGO (and will be retained by Sirius Shareholders);
- (c) Sirius will continue to operate as a standalone entity;
- (d) Sirius Shareholders will continue to be exposed to the benefits and risks associated with an investment in standalone Sirius (see Section 9 of this Acquisition Scheme Booklet for further details of these risk factors); and
- (e) in the absence of a Superior Proposal, or speculation regarding an alternative proposal, it is not possible to predict how the Sirius Share price may move. The Sirius Share price may fall, and may trade at levels below the value implied by the Transaction.

In addition, some circumstances which cause the Acquisition Scheme not to proceed will trigger the payment of the Sirius Break Fee. For more information in relation to the Sirius Break Fee, see Section 3.14 of this Acquisition Scheme Booklet.

11.2 Sirius' Board and senior management if the Acquisition Scheme does not proceed

Directors

If the Acquisition Scheme is not implemented, the Sirius Board will not change, and therefore will comprise:

- (a) Mr Jeff Dowling, Non-Executive Director and Chairman;
- (b) Dr Mark Bennett, Managing Director and CEO;
- (c) Ms Anna Neuling, Director, Corporate and Commercial;
- (d) Mr David Craig, Non-Executive Director;
- (e) Mr Neil Warburton, Non-Executive Director; and
- (f) Mr Terrence Grammer, Non-Executive Director.

11. What if the Acquisition Scheme is Not Implemented? (cont)

Senior management

If the Acquisition Scheme is not implemented, Sirius' senior management team will continue to comprise:

- (a) Grant Dyker, Chief Financial Officer;
- (b) Rob Dennis, Chief Operating Officer;
- (c) John Bartlett, General Manager – Exploration; and
- (d) Jeffrey Foster, General Manager – Project Generation.


Other employees

If the Acquisition Scheme is not implemented, Sirius anticipates that it will retain its current employees, subject only to prevailing conditions and ordinary review processes.

11.3 Strategy and intentions of Sirius if the Acquisition Scheme does not proceed

If the Acquisition Scheme is not implemented, the Sirius Board will determine the future strategy for Sirius.

Sirius will continue with its publicly stated development of the Nova-Bollinger Project, and its exploration plans in relation to its other assets.



12. TAXATION IMPLICATIONS FOR SIRIUS SHAREHOLDERS

12. Taxation Implications for Sirius Shareholders



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Our ref 23900795_1

24 July 2015

Dear Directors

Acquisition Scheme - Tax Consequences

This letter has been prepared at the request of Sirius for inclusion in the Acquisition Scheme Booklet.

All capitalised terms contained in this letter that are not otherwise defined take on the meaning given to them in the Acquisition Scheme Booklet.

1 Introduction

1.1 Purpose of this letter

The purpose of this letter is to provide a general overview of the expected Australian income tax, GST and stamp duty consequences for individual and corporate Sirius shareholders who:

- Are registered at the Record Date;
- Are a resident of Australia for tax purposes;
- Hold their interests on capital account;
- Are not subject to the Taxation of Financial Arrangements (TOFA) Rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth);
- Acquired their Sirius shares on or after 20 September 1985; and
- Did not acquire their Sirius shares as a result of participation in an employee share scheme.

All references to “Sirius Shareholders” in this section refer to the class of shareholders above.

This letter has been prepared for inclusion in this Acquisition Scheme Booklet and should be read in conjunction with the remainder of this Acquisition Scheme Booklet. In providing our views, we have relied upon facts as set out in the Acquisition Scheme Booklet that have not been independently verified by KPMG.

The following summary is based upon the legislation and established interpretation of legislation as at the date of this Acquisition Scheme Booklet, but is not intended to be an

12. Taxation Implications for Sirius Shareholders (cont)

authoritative or complete statement of the law relevant to the circumstances of each Shareholder. Shareholders should seek independent professional advice in relation to their own particular circumstances.

The information contained in this summary is of a general nature and is not intended to address the circumstances of any particular individual or entity. No one should act on such information without appropriate professional advice after a thorough examination of their particular situation. As KPMG does not undertake to update this advice for any changes in the Australian tax law after the date of this letter, it is the responsibility of the Shareholders to take further advice, if they are to rely on our advice at a later date.

KPMG's Tax practice is not licensed to provide financial product advice under the Corporations Act and taxation is only one of the matters that must be considered when making a decision on a financial product. You should consider taking advice from an Australian Financial Services Licence holder before making any decision on a financial product.

1.2 *Class Ruling Application*

A Class Ruling is currently being sought from the Australian Taxation Office (ATO) by Sirius on behalf of Sirius Shareholders to confirm many of the income tax consequences set out in this letter including the availability or otherwise of scrip for scrip CGT rollover relief.

The final Class Ruling will be published on Sirius' website and the ATO website following the completion of the transaction.

It is the ATO's standard practice that class rulings are not issued until the completion of the relevant transaction. Ultimately, the ATO may or may not issue a final class ruling consistent with the outline below.

2 **CGT Consequences**

Under the Scheme, Sirius Shareholders will dispose of their Sirius shares to IGO in exchange for the Acquisition Scheme Consideration, comprising a cash component and a scrip component (shares in IGO).

The disposal of Sirius shares to IGO under the Scheme will give rise to a CGT event for Sirius Shareholders. The CGT event will happen at the time Sirius Shareholders transfer their Sirius shares to IGO under the Scheme (i.e. at the Implementation Date).

Subject to the comments in Section 3 below regarding partial scrip for scrip roll-over relief, the following tax consequences are expected to arise for Sirius Shareholders:

- A capital gain will arise to the extent that capital proceeds received by the Sirius Shareholders from the disposal of their Sirius shares exceed the cost base of those shares.
- A capital loss will be incurred to the extent that capital proceeds received by the Sirius Shareholders are less than the reduced cost base of those shares.

A capital loss may be used to offset any other capital gains derived by the Sirius Shareholders for the relevant year of income or may be carried forward to offset capital gains in future

12. Taxation Implications for Sirius Shareholders (cont)

income years. Specific capital loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future years in certain circumstances. Sirius Shareholders should seek their own tax advice in relation to the operation of these rules.

2.1 *Capital proceeds*

The capital proceeds on the disposal of the Sirius shares should be the Acquisition Scheme Consideration received by Sirius Shareholders.

The capital proceeds will be calculated as the sum of the cash component and the market value of the Scrip (shares in IGO) as at the Acquisition Scheme Implementation Date.

Sirius will provide the relevant market value of the IGO shares to Sirius Shareholders following the completion of the Acquisition Scheme.

2.2 *Cost base*

The cost base or reduced cost base of the Sirius shares will generally be the original amount paid to acquire the Sirius shares plus any incidental costs plus any non-capital costs not claimed as an income tax deduction. The cost base (or reduced cost base) of the Sirius shares will also have been impacted by the Demerger. Further detail in relation to this is contained in the Demerger Scheme Booklet.

2.3 *Indexation or CGT Discount*

Sirius Shareholders may be entitled to reduce any capital gain on the disposal of their Sirius shares by either indexing their cost base or applying the CGT discount.

Certain shareholders such as individuals that have not applied indexation may be entitled to the 50% CGT discount in relation to the amount of any capital gain (after taking into account current year or carry forward capital losses) if the disposal of their Sirius shares occurs 12 months after the date they acquired (or are deemed to have acquired) them.

Complying superannuation entities may be eligible for a 33⅓% discount if the disposal of their Sirius shares occurs 12 months after the date they acquired (or are deemed to have acquired) them.

The CGT discount is not available to certain Sirius Shareholders including those who are companies or for Sirius Shareholders who have chosen to apply the indexation method to the cost base of their Sirius shares.

3 **Availability of partial scrip for scrip roll-over relief**

Sirius Shareholders who make a capital gain on disposal of their Sirius shares for the Scheme Consideration should be eligible to make a choice whether or not to apply partial CGT roll-over relief. Partial rollover relief will only be available to the extent that scrip consideration (shares in IGO) is received. No rollover relief is available to the extent of the cash component.

As noted above, a Class Ruling is currently being sought from the Australian Taxation Office (ATO) by Sirius on behalf of Shareholders to confirm the availability or otherwise of partial

12. Taxation Implications for Sirius Shareholders (cont)

CGT rollover relief. The final Class Ruling will be published on Sirius' website and the ATO website following the completion of the transaction.

4 Tax consequences where partial scrip for scrip roll-over relief is chosen

Where a Sirius shareholder elects to apply partial CGT roll-over relief, the capital gain on the disposal of their Sirius shares will be disregarded to the extent that scrip consideration is received.

Sirius Shareholders must make a choice to apply partial CGT roll-over relief before lodging an income tax return for the income year in which the Implementation Date occurs. A Sirius Shareholder shows proof of their choice by the way they prepare their income tax return (i.e. by excluding the disregarded capital gain from assessable income). There is no need to lodge a separate notice with the ATO.

4.1 Calculation of capital gain if partial CGT roll-over relief applies

Where Sirius Shareholders choose partial CGT roll-over relief, the capital gain (before any relevant CGT discounts or indexation), would be calculated as follows:

$$\text{Capital gain on exchanging Sirius Shares} = C - (S \times C \div (I + C))$$

Where:

- S is the cost base (or reduced cost base) of the Sirius shares exchanged under the Scheme;
- I is the market value of the IGO shares received; and
- C is the value of the cash received.

4.2 Calculation of cost base of IGO shares

Where Sirius Shareholders choose partial CGT roll-over relief, the cost base (or reduced cost base) of the IGO shares will be the portion of the cost base (or reduced cost base) of the Sirius shares which is attributable to the scrip component of the Acquisition Scheme Consideration.

The following formula describes the calculation the cost base of the IGO shares received:

$$S \times I \div (I + C) = \text{Cost base (or reduced cost base) of the IGO shares received}$$

Where:

- S is the cost base (or reduced cost base) of the Sirius shares exchanged under the Scheme;
- I is the market value of the IGO shares received; and
- C is the value of the cash received.

The Sirius Shareholders will be taken to have acquired the IGO Shares under the Acquisition Scheme on the date they acquired their Sirius Shares, for the purposes of any subsequent application of the CGT discount.

12. Taxation Implications for Sirius Shareholders (cont)

Sirius Shareholders who are entitled to choose CGT roll-over relief should consider their specific circumstances before making an election. Sirius Shareholders are advised to obtain professional tax advice that takes into account their specific circumstances before deciding whether to choose CGT roll-over relief.

5 **Tax consequences where partial scrip for scrip roll-over relief is not chosen**

If a Sirius Shareholder does not choose to obtain the CGT roll-over relief, the Sirius Shareholder will make a capital gain or loss as discussed in Section 2 above. The cost base (or reduced cost base) of IGO shares received under the Acquisition Scheme will be equal to the market value of Sirius Shares at the Implementation date less the cash component of the Acquisition Scheme Consideration.

Sirius will advise Sirius Shareholders of the relevant market value of the Sirius Shares following the completion of the Acquisition Scheme.

The date of acquisition of the IGO shares for CGT purposes will be the Acquisition Scheme Implementation Date. This date will be relevant for any future application of the CGT discount with respect to CGT events occurring in respect of the IGO shares.

6 **Stamp Duty**

No stamp duty should be payable by Sirius Shareholders in relation to the disposal of Sirius shares to IGO under the Acquisition Scheme.

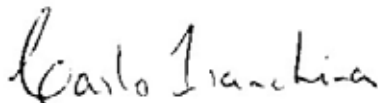
7 **GST**

No GST should be payable by Sirius Shareholders in relation to the disposal of Sirius shares to IGO under the Acquisition Scheme.

However GST may be incurred by Sirius Shareholders in relation to advisor fees and other costs relating to their participation in the Acquisition Scheme. The eligibility of Sirius Shareholders to claim full or partial input tax credits in relation to this GST payable will depend on the individual circumstances of each shareholder. Sirius Shareholders should seek their own independent tax advice in relation to this.

* * * * *

Yours faithfully



Carlo Franchina
Partner



13. IMPLEMENTATION OF THE ACQUISITION SCHEME

13. Implementation of the Acquisition Scheme

13.1 Introduction

This Section 13 describes the additional steps that are required to implement the Acquisition Scheme, if:

- (a) the Acquisition Scheme is approved by Sirius Shareholders;
- (b) the Acquisition Scheme is approved by the Court; and
- (c) all other Conditions of the Acquisition Scheme have been satisfied or waived.

13.2 Scheme Implementation Deed

On 25 May 2015, Sirius and IGO entered into the Scheme Implementation Deed pursuant to which (among other things) Sirius agreed to propose the Acquisition Scheme to Sirius Shareholders.

The Scheme Implementation Deed sets out Sirius' and IGO's obligations in connection with the implementation of the Acquisition Scheme. A summary of the key terms of the Scheme Implementation Deed is set out in Annexure A and provides details in relation to (among other things):

- (a) the Conditions to the Acquisition Scheme;
- (b) Sirius' exclusivity obligations;
- (c) information in relation to the respective Sirius Break Fee and IGO Break Fee triggers; and
- (d) each party's termination rights.

13.3 Deed Poll

IGO has executed the Deed Poll in favour of the Scheme Participants.

Among other things, in the Deed Poll, IGO has:

- (a) covenanted to perform its obligations under the Acquisition Scheme; and
- (b) agreed to pay each Scheme Participant the Acquisition Scheme Consideration for each Scheme Share transferred to IGO on the Acquisition Scheme Implementation Date, should the Acquisition Scheme become Effective.

Under the Acquisition Scheme, each Scheme Participant irrevocably appoints Sirius as its attorney and agent to enforce the Deed Poll against IGO.

A copy of the Deed Poll is set out in Annexure B.

13. Implementation of the Acquisition Scheme (cont)

13.4 Key steps to implement the Acquisition Scheme

The key steps to implement the Acquisition Scheme and relevant information concerning these steps is set out below. All dates following the Acquisition Scheme Meeting are indicative only and are subject to change. Sirius will announce any change to the dates set out in the Important Dates section to ASX.

Step 1: Demerger Scheme Meeting – Sirius Shareholders vote on the Demerger Scheme at the Demerger Scheme Meeting

In accordance with an order of the Court dated Thursday, 30 July 2015:

- (a) Sirius has convened the Demerger Scheme Meeting to be held at 9.00am on Thursday, 3 September 2015 at the Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia; and
- (b) Sirius Shareholders as at 5.00pm on Tuesday, 1 September 2015 will be eligible to vote at the Demerger Scheme Meeting. The Notice of Demerger Scheme Meeting is set out in Annexure D to the Demerger Scheme Booklet.

At the Demerger Scheme Meeting, the Requisite Majorities of Sirius Shareholders must approve the Demerger Scheme Resolution. To be approved by the Requisite Majorities, the resolution must be approved by:

- (a) **(headcount test)** a majority in number (ie more than 50%) of Sirius Shareholders present and voting at the Demerger Scheme Meeting (in person, or by proxy or representative); and
- (b) **(voting test)** holders of at least 75% of the total number of votes cast on the Scheme Resolution by Sirius Shareholders present and voting at the Demerger Scheme Meeting (in person, or by proxy or representative).

If the Demerger Scheme is not approved by Sirius Shareholders at the Demerger Scheme Meeting, the Acquisition Scheme will not proceed.

Instructions on how to vote at the Demerger Scheme Meeting are set out the Demerger Scheme Booklet which was dispatched to Sirius Shareholders on Tuesday, 4 August 2015.

Steps 2 to 7 described below will only occur if the Demerger Scheme Resolution is passed by the Requisite Majorities of Sirius Shareholders.

Step 2: Acquisition Scheme Meeting – Sirius Shareholders to vote on the Acquisition Scheme at the Acquisition Scheme Meeting

In accordance with an order of the Court dated Thursday, 30 July 2015:

- (a) Sirius has convened the Acquisition Scheme Meeting to be held at 10.00am on Thursday, 3 September 2015 at the Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia; and
- (b) Sirius Shareholders as at 5.00pm on Tuesday, 1 September 2015 will be eligible to vote at the Acquisition Scheme Meeting. The Notice of Acquisition Scheme Meeting is set out in Annexure D to this Acquisition Scheme Booklet.

13. Implementation of the Acquisition Scheme (cont)

At the Acquisition Scheme Meeting, the Requisite Majorities of Sirius Shareholders must approve the Acquisition Scheme Resolution. To be approved by the Requisite Majorities, the resolution must be approved by:

- (a) **(headcount test)** a majority in number (ie more than 50%) of Sirius Shareholders present and voting at the Acquisition Scheme Meeting (in person, or by proxy or representative); and
- (b) **(voting test)** holders of at least 75% of the total number of votes cast on the Acquisition Scheme Resolution by Sirius Shareholders present and voting at the Acquisition Scheme Meeting (in person, or by proxy or representative).

If the Acquisition Scheme is not approved by Sirius Shareholders at the Acquisition Scheme Meeting, the Acquisition Scheme will not proceed.

Instructions on how to vote at the Acquisition Scheme Meeting are set out in Section 4.3 of this Acquisition Scheme Booklet and the Notice of Acquisition Scheme Meeting in Annexure D.

Steps 3 to 7 described below will only occur if the Acquisition Scheme Resolution is passed by the Requisite Majorities of Sirius Shareholders.

Step 3: General Meeting – Sirius Shareholders to vote on the Capital Reduction Resolution at the General Meeting

- (a) Sirius has convened the General Meeting of Sirius Shareholders in accordance with section 249CA of the Corporations Act, to be held at 11.00am on Thursday, 3 September 2015 at the Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia; and
- (b) Sirius Shareholders as at 5.00pm on Tuesday, 1 September 2015 will be eligible to vote at the General Meeting. The Notice of General Meeting is set out in Annexure F to the Demerger Scheme Booklet.

At the General Meeting, the Capital Reduction Resolution must be passed by a simple majority.

Instructions on how to vote at the General Meeting are set out in the Demerger Scheme Booklet.

Steps 4 to 7 described below will only occur if the Capital Reduction Resolution is passed by a simple majority of Sirius Shareholders.

Step 4: Second Court Hearing – Sirius to apply to the Court for approval of the Acquisition Scheme

In the event that:

- (a) the Demerger Scheme and the Acquisition Scheme are both approved by the Requisite Majorities of Sirius Shareholders; and
- (b) all of the conditions precedent to the Demerger Scheme and the Acquisition Scheme (other than Court approval) have been satisfied or, if applicable, waived,

Sirius will apply to the Court for an order approving both the Acquisition Scheme and the Demerger Scheme.

13. Implementation of the Acquisition Scheme (cont)

Any Sirius Shareholder and, with the Court's permission, any other interested person has a right to appear at the Second Court Hearing.

Step 5: Effective Date – Sirius to make the Acquisition Scheme Effective

If the Court makes an order approving the Acquisition Scheme (referred to in this Acquisition Scheme Booklet as the **Acquisition Scheme Order**), Sirius will lodge an office copy of the Acquisition Scheme Order with ASIC. Once lodged, the Acquisition Scheme will become Effective and binding on IGO, Sirius and each Scheme Participant.

On the Effective Date, Sirius will notify ASX that the Acquisition Scheme has become Effective and lodge a copy of the Acquisition Scheme Order with ASX. Trading in Sirius Shares will be suspended from close of trading on the Effective Date.

Once the Acquisition Scheme becomes Effective, each Scheme Participant, without the need for any further act, irrevocably appoints Sirius and any of the Sirius Directors or Sirius' officers (jointly and severally) as its attorney and agent for the purposes of executing any document or doing any other act necessary or desirable to give effect to the Acquisition Scheme. This includes executing a proper instrument of transfer in respect of a Scheme Participant's Scheme Shares (or by the Nominee, in the case of Ineligible Overseas Shareholders).

Step 6: Scheme Record Date – Sirius to determine entitlements to Acquisition Scheme Consideration

Those Sirius Shareholders on the Sirius Register on the Scheme Record Date (other than the Ineligible Overseas Shareholders), being 5.00pm on Tuesday, 15 September 2015 (three Business Days after the Effective Date), will be entitled to receive the Acquisition Scheme Consideration in respect of the Scheme Shares they hold.

(a) Dealings on or prior to the Scheme Record Date

For the purposes of determining who is a Scheme Participant (ie a Sirius Shareholder on the Scheme Record Date), dealings in Sirius Shares will only be recognised if:

- (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Sirius Register as the holder of the relevant Sirius Shares on or before 5.00pm on the Scheme Record Date; and
- (ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 5.00pm on the Scheme Record Date at the place where the Sirius Register is kept.

Sirius will not accept for registration or recognise for any purpose, any transfer or transmission application in respect of Sirius Shares received after the Scheme Record Date.

(b) Dealings after the Scheme Record Date

For the purposes of determining entitlements to the Acquisition Scheme Consideration, Sirius will maintain the Sirius Register in its form as at the Scheme Record Date until the Acquisition Scheme Consideration has been issued and paid to the Scheme Participants. The Sirius Register in this form will solely determine entitlements to the Acquisition Scheme Consideration.

13. Implementation of the Acquisition Scheme (cont)

After the Scheme Record Date:

- (i) all holding statements in relation to Sirius Shares will cease to have any effect as documents relating to title in respect of those shares; and
- (ii) each entry on the Sirius Register will cease to have effect, other than as evidence of entitlement to the Acquisition Scheme Consideration in respect of the Scheme Shares relating to that entry.

Step 7: Acquisition Scheme Implementation Date – Scheme Participants to receive Acquisition Scheme Consideration and Sirius Shares transferred to IGO

By no later than the Business Day prior to the Acquisition Scheme Implementation Date, IGO will transfer to the Scheme Trust Account an aggregate amount equal to the cash component of the Acquisition Scheme Consideration for all Scheme Participants.

The Acquisition Scheme Implementation Date is expected to be Tuesday, 22 September 2015 (five Business Days after the Scheme Record Date).

On the Acquisition Scheme Implementation Date, each Scheme Participant (other than Ineligible Overseas Shareholders) will be:

- (a) paid the cash component of, and
- (b) issued the New IGO Shares as part of,

the Acquisition Scheme Consideration.

Once the Acquisition Scheme Consideration has been paid and issued, the Scheme Shares will be transferred to IGO, without the Scheme Participants needing to take any further action, and the Sirius Register will be updated accordingly.

Details regarding the funding of the Acquisition Scheme Consideration are set out in Section 6.11 of this Acquisition Scheme Booklet.

13.5 Relationship between the Acquisition Scheme and the Demerger Scheme

The Acquisition Scheme and the Demerger Scheme are separate transactions. However, they are inter-conditional. This means that neither the Acquisition Scheme nor the Demerger Scheme will proceed unless the other becomes Effective (among other conditions precedent). If either the Acquisition Scheme or the Demerger Scheme does not become Effective, Sirius will continue to operate as a standalone entity.

The Demerger Scheme Booklet, which was sent to Sirius Shareholders at the same time as this Acquisition Scheme Booklet, contains detailed information in relation to the Demerger Scheme and that information is not provided in this Acquisition Scheme Booklet. The Sirius Board recommends that each Sirius Shareholder reads the Demerger Scheme Booklet in its entirety.

13. Implementation of the Acquisition Scheme (cont)

13.6 Issue of New IGO Shares

On the Acquisition Scheme Implementation date, IGO will issue the New IGO Shares to the Scheme Participants, as part of the Acquisition Scheme Consideration, in accordance with the Acquisition Scheme. The obligation of IGO to do so will be satisfied by IGO:

- (a) issuing the corresponding number of New IGO Shares to each Scheme Participant, or, in the case of Ineligible Overseas Shareholders, to the Nominee; and
- (b) dispatching or procuring the dispatch of, holding statements to the Scheme Participants and to the Nominee, setting out their holding of IGO Shares as issued to them pursuant to the Acquisition Scheme.

Each of the Scheme Participants who are issued New IGO Shares under the Acquisition Scheme will:

- (a) become a member of IGO pursuant to section 231 of the Corporations Act;
- (b) have their name entered on the IGO Register; and
- (c) becomes bound by the terms of IGO's constitution in respect of their IGO Shares.

13.7 Deemed warranties by Scheme Participants

The Acquisition Scheme provides that each Scheme Participant is taken to have warranted to IGO that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) that are transferred under the Acquisition Scheme will, at the date of transfer, be fully paid (in the case of the Sirius Ordinary Shares) or partly paid (in the case of Sirius Partly Paid Shares), and free from all mortgages, charges, liens, encumbrances, security interests and other interests of third parties of any kind, whether legal or otherwise; and
- (b) they have the full power and capacity to sell and transfer their Scheme Shares to IGO together with any rights and entitlements attaching to those shares.

13.8 Joint holders

In the case of any Scheme Shares that are held in joint names, any uncertificated holdings statements for New IGO Shares to be issued to Scheme Participants will be issued in the names of the joint holders and forwarded to the holder whose name appears first in the Sirius Register as at the Scheme Record Date.

13. Implementation of the Acquisition Scheme (cont)

13.9 Fractional entitlements and security splitting

(a) Fractional entitlements

Any fractional entitlement of a Scheme Participant to part of an IGO Share or a cent will be rounded up or down to the nearest whole number of IGO Shares or nearest whole cent (as applicable) in accordance with the Acquisition Scheme (and if the fractional entitlement would include one half of an IGO Share, the entitlement will be rounded up to the nearest whole number of IGO Shares in accordance with the Acquisition Scheme).

(b) Security splitting

If IGO is of the opinion, formed reasonably, that several Scheme Participants each of which holds a holding of Sirius Shares which results in a fractional entitlement to New IGO Shares have, before the Scheme Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Participant's entitlement to the Acquisition Scheme Consideration, IGO may direct Sirius to give notice to those Scheme Participants:

- (i) setting out the names and Registered Address for each Scheme Participant;
- (ii) stating that opinion; and
- (iii) attributing to one of them specifically identified in the notice the Sirius Shares held by all of them.

After that notice has been given, the Scheme Participant specifically identified in the notice as the deemed holder of all the specific Scheme Shares will, for the purposes of the Acquisition Scheme, be taken to hold all the Scheme Shares and each of the other Scheme Participants whose names and Registered Address are set out in the notice will, for the purposes of the Acquisition Scheme, be taken to hold no Scheme Shares.

13. Implementation of the Acquisition Scheme (cont)

13.10 Ineligible Overseas Shareholders

IGO is not obliged to issue New IGO Shares to an Ineligible Overseas Shareholder as part of the Acquisition Scheme if IGO is not satisfied that it can lawfully issue New IGO Shares to that Ineligible Overseas Shareholder, either unconditionally or after compliance with terms which IGO reasonably regards as not unduly onerous or impractical.

Ineligible Overseas Shareholders are those Sirius Shareholders whose Registered Address is a place outside Australia or New Zealand and their respective external territories.

Instead, the New IGO Shares that would otherwise have been issued to Ineligible Overseas Shareholders will be issued to a Nominee. The Nominee must, as soon as practicable (but, in any event, within one month after the Acquisition Scheme Implementation Date), offer all these New IGO Shares for sale on ASX in such manner, at such price or prices and on such other terms as the Nominee determines in good faith (and at the risk of the Ineligible Overseas Shareholders).

The Nominee must, as soon as reasonably practicable (but, in any event, within ten Business Days after settlement of all the sales of the New IGO Shares that were issued to the Nominee), remit to Sirius the proceeds of the sales, the same proportion of the net proceeds of sale of all such New IGO Shares (after deducting any applicable fees, brokerage, taxes, charges and costs of sale) as the New IGO Shares component of the Acquisition Scheme Consideration issued to the Nominee in respect of that Ineligible Overseas Shareholder bears to the total number of New IGO Shares issued to, and sold by, the Nominee. Pursuant to the Acquisition Scheme, Sirius is obligated to distribute the cash proceeds of the sale of the New IGO Shares to the Ineligible Overseas Shareholders (in lieu of the New IGO Shares they would have received if they had been eligible under the Acquisition Scheme).

13.11 Delisting from ASX

Sirius will apply for termination of the official quotation of Sirius Shares on ASX, and for Sirius to be removed from the official list of ASX, in both cases, on and from the Acquisition Scheme Implementation Date.

13. Implementation of the Acquisition Scheme (cont)

13.12 Trading in New IGO Shares

(a) Deferred settlement trading of New IGO Shares

Trading on ASX of New IGO Shares to be issued as Acquisition Scheme Consideration is expected to commence on a deferred settlement basis on or about Tuesday, 8 September 2015. Sirius and IGO disclaim all liability, whether in negligence or otherwise, to any Scheme Participant who trades New IGO Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by IGO, or otherwise. See Section 9 ("Risk Factors") for a description of risks associated with trading during this period.

(b) Normal settlement trading of New IGO Shares (on a T+3 basis)

Trading on ASX of the New IGO Shares issued as part of the Acquisition Scheme Consideration is expected to commence on a normal (T+3) basis on or about Friday, 18 September 2015 (being one Business Day after the Acquisition Scheme Implementation Date).

(c) CHESS and holding statements

Soon after the issue of New IGO Shares to Scheme Participants (other than Ineligible Overseas Shareholders), those Scheme Participants will receive a holding statement with respect to their holding of New IGO Shares as allocated under the Acquisition Scheme. The holding statement will also provide details of the applicable HIN (in the case of holdings on the CHESS subregister) or SRN (in the case of holdings on the issuer-sponsored subregister). Scheme Participants will be required to quote their HIN or SRN, as applicable, in all dealings with any broker or with the Share Registry.



14. ADDITIONAL INFORMATION

14. Additional Information

This Section 14 sets out the statutory information required under section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the Corporations Regulations, but only to the extent that this information is not otherwise disclosed in other sections of this Acquisition Scheme Booklet. This Section 14 also includes additional information that the Sirius Board considers may be material to a decision on how to vote on the Acquisition Scheme.

14.1 Interests of Sirius Directors in Sirius Securities

(a) Sirius Directors' interests in Sirius Shares

As at the date of this Acquisition Scheme Booklet, the number of Sirius Shares held by or on behalf of each Sirius Director are as follows:

Sirius Director	Number of Sirius Shares	% interest in Sirius issued capital
Jeff Dowling	25,000	0.01%
Mark Bennett	2,590,001	0.63%
Anna Neuling	100,000	0.02%
David Craig	nil	nil
Neil Warburton	nil	nil
Terrence Grammer	nil	nil

Each Sirius Director intends to vote any Sirius Shares held or controlled by him or her in favour of the Acquisition Scheme Resolution, in the absence of a Superior Proposal.

(b) Sirius Directors' interests in Sirius Options

As at the date of this Acquisition Scheme Booklet, the number of Sirius Options held by or on behalf of each Sirius Director are as follows:

Sirius Director	Number of Sirius Options	Exercise price	Expiry date
Jeff Dowling	1,000,000	A\$3.51	21 November 2017
Mark Bennett	3,000,000	A\$3.17	22 November 2016
	750,000	A\$0.60	26 November 2015
Anna Neuling	200,000	A\$0.60	1 November 2015
	750,000	A\$3.17	22 November 2016
	200,000	A\$0.20	29 November 2016

14. Additional Information (cont)

David Craig	500,000	A\$3.51	21 November 2017
Neil Warburton	500,000	A\$3.51	21 November 2017
Terrence Grammer	1,500,000	A\$3.17	22 November 2016
	500,000	A\$0.20	29 November 2016
	300,000	A\$0.60	26 November 2015

(c) Sirius Directors' interest in Sirius Share Appreciation Rights

As at the date of this Acquisition Scheme Booklet, the number of Sirius Share Appreciation Rights held by or on behalf of each Sirius Director are as follows:

Sirius Director	Number of Sirius Share Appreciation Rights	Vesting date
Jeff Dowling	nil	nil
Mark Bennett	326,479	30 June 2016
	242,027	30 June 2017
Anna Neuling	32,936	30 June 2016
	24,417	30 June 2017
David Craig	nil	nil
Neil Warburton	nil	nil
Terrence Grammer	nil	nil

(d) Sirius Directors' interest in Sirius Performance Shares

No Sirius Director has an interest in any Sirius Performance Shares.

Details regarding the treatment of Sirius Options, Sirius Share Appreciation Rights and Sirius Performance Shares if the Acquisition Scheme proceeds are set out in Section 3.15, 3.16 and 3.17 of this Acquisition Scheme Booklet.

14. Additional Information (cont)

14.2 Sirius Directors' dealings in Sirius Securities

No Sirius Director has acquired or disposed of a Relevant Interest in any Sirius Security in the four month period ending on the date immediately before the date of this Acquisition Scheme Booklet.

14.3 Interests and dealings of Sirius Directors in IGO

(a) Sirius Directors' interests in IGO securities

As at the date of this Acquisition Scheme Booklet, no securities in IGO were held by or on behalf of any Sirius Director.

(b) Sirius Directors' dealings in IGO securities

No Sirius Director acquired or disposed of a Relevant Interest in any IGO securities in the four month period ending on the date immediately before the date of this Acquisition Scheme Booklet.

14.4 Interests and dealings of IGO Directors in Sirius

(a) IGO Directors' interests in Sirius Securities

As at the date of this Acquisition Scheme Booklet, no securities in Sirius were held by or on behalf of any IGO Director.

(b) IGO Directors' dealings in Sirius Securities

No IGO Director acquired or disposed of a Relevant Interest in any Sirius Securities in the four month period ending on the date immediately before the date of this Acquisition Scheme Booklet.

14.5 Rights and liabilities attaching to IGO Shares

(a) Introduction

The rights and liabilities attaching to the IGO Shares which will be issued as the consideration under the Acquisition Scheme are governed by IGO's constitution and the Corporations Act. The key terms of IGO's Constitution in this regard are set out below, however this is not an exhaustive summary of all rights and liabilities attaching to IGO Shares. A full copy of IGO's constitution is available on the IGO Group's website at <http://www.igo.com.au/irm/content/governance.aspx?RID=295> (via the link to the "Constitution").

(b) Liability of IGO Shareholders

The acceptance of a person of a share in IGO, whether by issue or transfer, does not require the person to pay calls in respect of the share or to make any contribution to the debts or liabilities of IGO.

Subject to the Corporations Act, and the terms upon which the shares are issued, directors may make calls upon IGO Shareholders in respect of any money unpaid on their shares that is not payable at fixed times.

14. Additional Information (cont)

(c) Meetings of IGO Shareholders and voting rights

Each IGO Shareholder has the right to receive notice of, attend and vote at general meetings. No business may be transacted at a general meeting unless a quorum of IGO Shareholders are present and entitled to vote on the resolution. At a general meeting, every person who is an IGO Shareholder or a proxy, attorney or representative of an IGO Shareholder has one vote on a show of hands and one vote on a poll for each fully paid share held (with adjusted voting rights for partly paid shares). Voting at any general meeting of IGO Shareholders is by a show of hands unless a poll is demanded by the chairperson of the meeting, at least five IGO Shareholders entitled to vote on the resolution, or by IGO Shareholders with at least 5% of the votes that may be cast on the resolution on a poll.

(d) Dividends

The IGO Directors may from time to time pay any interim and final dividends that, in their judgment, the financial position of IGO justifies. Each IGO Share has the same dividend rights, irrespective of the amounts paid or credited as paid on the shares, subject to any special rights, arrangements or restrictions attached to the shares. Scheme Participants will be entitled to receive any IGO FY2015 Final Dividend (if declared) provided the Acquisition Scheme is implemented prior to Wednesday, 30 September 2015.

(e) Transfer of shares

IGO Shareholders may transfer IGO Shares by a written transfer in the required form or by a proper ASTC transfer effected in accordance with the ASX Settlement Operating Rules and ASX requirements. All transfers must comply with IGO's constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act. The IGO Directors may refuse to register a transfer of shares in circumstances permitted by IGO's constitution, the ASX Listing Rules or the ASX Settlement Operating Rules. The IGO Directors must refuse to register a transfer of shares where required to do so by the ASX Listing Rules or the ASX Settlement Operating Rules.

(f) Alteration of capital or variation of class rights

Subject to sections 246C and 246D of the Corporations Act, a variation or cancellation of rights attached to IGO Shares is allowed with the written consent of either the holders of a 75% majority of the issued shares of the affected class, or the sanction of a special resolution passed at a meeting of the holders of the issued shares of the affected class. In either case, the holders of not less than 10% of the votes in the class of shares whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

(g) Appointment and retirement of IGO Directors

The minimum number of IGO Directors is three, and the maximum number is to be fixed by the IGO Board but may not be more than 10 unless so resolved at a general meeting. The IGO Board may appoint any individual to be an IGO Director, either as an addition to the existing IGO Directors or to fill a casual vacancy, and any IGO Director so appointed (unless a managing director) holds office until the conclusion of the next annual general meeting. Apart from a managing director, no IGO Director may hold office without re-election beyond the third annual general meeting following the meeting at which that

14. Additional Information (cont)

director was last elected or re-elected. The ASX Listing Rules also provide for circumstances in which an election of directors is to be held.

(h) Removal of IGO directors

In addition to the provisions for retirement of an IGO Director and in addition to the provisions of the Corporations Act regarding the removal of directors, the office of an IGO Director becomes vacant in certain prescribed circumstances, including if the IGO Director becomes unsound of mind, bankrupt or insolvent, is convicted on indictment of an offence, or if the IGO Director fails to attend meetings of the IGO Directors for more than three consecutive months without a leave of absence.

(i) Non-marketable parcels

IGO Directors may sell the shares of any IGO Shareholder which constitute a less than marketable parcel by following certain procedures prescribed by IGO's constitution, including provision of notice.

(j) Proportional takeover bids

A proportional takeover bid must be approved by a resolution of IGO Shareholders who hold securities of the class in respect of which the proportional takeover bid is made. Such a resolution must gain 50% of the votes made on the resolution in order to be approved.

(k) Winding up

Subject to IGO's constitution, the Corporations Act and the rights or restrictions attached to any shares or class of shares, if IGO is wound up, and the property of the company is sufficient to pay all debts and liabilities of IGO and the costs, charges and expenses of the winding up, the excess property to be distributed must be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.

In the case of winding up, a liquidator may, with the sanction of a special resolution of IGO Shareholders, divide among the members the whole or party of the IGO's property, and decide how the division is to be carried out as between the members or different classes of members.

(l) Amendments

Under the Corporations Act, the constitution of IGO may be amended only by a special resolution passed by at least three quarters of the votes cast by IGO Shareholders entitled to vote on the resolution. At least 28 days written notice specifying the intention to propose the resolution must be given.

14.6 Benefits and agreements

(a) Benefits in connection with retirement from office

It is proposed that no payment or other benefit be made or given to any Sirius Director, secretary or executive officer of Sirius or of any Related Body Corporate as compensation for loss of, or as consideration for or in connection with his or her

14. Additional Information (cont)

retirement from, office as director, secretary or executive officer of Sirius or of a Related Body Corporate, as a result of the Acquisition Scheme, other than the following:

- (i) Mark Bennett will receive A\$1,158,993, plus accrued statutory leave entitlements; and
- (ii) Anna Neuling will receive A\$174,058, plus accrued statutory leave entitlements,

comprising an amount in respect of notice under the terms of executive services agreements and full payment of any statutory entitlements owed to them.

These amounts are the same as, and not in addition to, the amounts referred to in Section 14.5(a) of the Demerger Scheme Booklet.

(b) Participation in the Acquisition Scheme and associated arrangements

The number of Sirius Shares, Sirius Options and Sirius Share Appreciation Rights that each Sirius Director holds is set out in Section 14.1 of this Acquisition Scheme Booklet. Each Sirius Director will receive the Acquisition Scheme Consideration in respect of each Sirius Share they hold as at the Scheme Record Date. In addition, Sirius Directors who hold Sirius Options and / or Sirius Share Appreciation Rights will receive consideration calculated in the manner described in Sections 3.16 and 3.17 of this Acquisition Scheme Booklet, respectively.

(c) Other agreements or arrangements connected with or conditional on the Acquisition Scheme

There is no additional agreement or arrangement made between any Sirius Director and another person in connection with or conditional on the outcome of the Acquisition Scheme, other than the following:

- (i) Anna Neuling will provide consultancy services to the Merged Group to assist with integration of the businesses after the Acquisition Scheme Implementation Date at a daily rate of A\$1,800 (exclusive of GST) for a maximum of three days per week in September 2015 and October 2015, and a maximum of one day per week in November 2015; and
- (ii) each Non-Executive Director of Sirius has been paid a special exertion fee for the increased time already spent, and in anticipation of the time that will be spent, working on the Transaction until it is completed. There are two separate fee amounts, to reflect the differing levels of involvement each Non-Executive Director had in the Transaction process. This fee is not conditional on either the Acquisition Scheme or the Demerger Scheme being implemented, and was paid to the Non-Executive Directors in June 2015 as follows (inclusive of superannuation):
 - (A) Jeff Dowling and David Craig: A\$50,000; and
 - (B) Neil Warburton and Terrence Grammer: A\$35,000.

(d) Interests of Sirius Directors in contracts with IGO

None of the Sirius Directors have an interest in any contract entered into by IGO, other than in their capacity as a holder of Sirius Securities.

14. Additional Information (cont)

(e) Benefits from IGO

No Sirius Director has agreed to receive, or is entitled to receive, any benefit from IGO or any Related Body Corporate of IGO which is conditional on, or is related to, the Acquisition Scheme, other than in their capacity as a holder of Sirius Securities or as set out in this Section 14.6.

As soon as practicable after implementation of the Acquisition Scheme, IGO will procure that Mark Bennett and Neil Warburton are appointed to the IGO Board. Mark Bennett and Neil Warburton will receive a fee for their services as Non-Executive directors of IGO in accordance with IGO's remuneration arrangements.

(f) Employment with S2 Resources

Information in relation to the future employment of Sirius Directors by S2 Resources is set out in Section 14.5(e) of the Demerger Scheme Booklet.

14.7 ASIC modifications

Regulation 5.1.01 of the Corporations Regulations requires that, unless ASIC otherwise allows, this Acquisition Scheme Booklet must contain the matters set out in Part 3 of Schedule 8 to the Corporations Act. ASIC has granted relief from the following disclosure requirements:

(a) Regulation 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations

This regulation requires the Acquisition Scheme Booklet to disclose particulars of any payment or benefit that is proposed to be made or given to any Sirius Director or secretary or executive officer of Sirius or a Related Body Corporate of Sirius as compensation for the loss of office or as consideration for or in connection with, their retirement from office.

ASIC has granted Sirius relief from certain requirements of this regulation, the effect of which is that this Acquisition Scheme Booklet:

- (i) is not required to contain particulars of any payments or benefits to be made to a Sirius Director or secretary or executive officer of Sirius in connection with their loss of, or retirement from, office, unless that person will lose office or retire as a consequence of, or in connection with, the Acquisition Scheme or the amount of any payment or benefit which may be made to that person on the loss of, or retirement from, office may be materially affected by the Acquisition Scheme;
- (ii) is not required to disclose the names of directors, secretaries or executive officers of the broader Sirius Group who will lose office or retire except where that person is also a Sirius Director; and
- (iii) may describe any payments made in aggregate instead of on an individual basis.

(b) Regulation 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations

This regulation requires the Acquisition Scheme Booklet to disclose whether, to the knowledge of the Sirius Board, the financial position of Sirius has materially changed since the date of the last balance sheet sent to Sirius Shareholders, and any details of any change.

14. Additional Information (cont)

ASIC has allowed Sirius to depart from this requirement, as:

- (i) Sirius has complied with the Corporations Act in respect of its half yearly reporting requirements;
- (ii) Sirius will provide a copy of its half year report free of charge to anyone who requests a copy prior to the Effective Date;
- (iii) Sirius has disclosed any material changes in this Acquisition Scheme Booklet or on ASX; and
- (iv) the form of this Acquisition Scheme Booklet is substantially the same as the form provided to ASIC on Wednesday, 29 July 2015.

(c) Regulation 8310 of Part 3 of Schedule 8 of the Corporations Regulations

This regulation requires that the Acquisition Scheme Booklet set out particulars of intentions of the Sirius Directors in relation to:

- (i) any major changes to Sirius' business, including the redeployment of any fixed assets; and
- (ii) the future employment of Sirius' present employees.

ASIC has allowed Sirius to depart from this requirement on the basis that the form of this Acquisition Scheme Booklet is substantially the same as the form provided to ASIC on Wednesday, 29 July 2015.

14.8 ASX waivers

For the purposes of the Acquisition Scheme, ASX has confirmed to Sirius that it will grant Sirius a waiver from complying with ASX Listing Rule 6.23.2 so that Sirius may cancel the Sirius Options and Sirius Share Appreciation Rights for consideration without the approval of Sirius Shareholders.

14.9 Formal disclosures and consents

The following parties have given and have not, before the date of this Acquisition Scheme Booklet, withdrawn their written consent:

- (a) to be named in this Acquisition Scheme Booklet in the form and context in which they are named; and
- (b) if applicable, to the inclusion of each statement made by them (and each statement based on statements made by them) (if any) in the form and context in which these statements appear in this Acquisition Scheme Booklet.

14. Additional Information (cont)

Name	Role
BDO Corporate Finance	Independent Expert
Optiro	Independent Geologist
Hartleys	Corporate adviser to Sirius
Ashurst Australia	Legal adviser to Sirius
KPMG	Australian tax adviser to Sirius
BDO Audit	Auditor of Sirius and IGO
EY	Investigating Accountant
Computershare Investor Services	Share Registry to Sirius

IGO has:

- (a) accepted responsibility for the IGO Information; and
- (b) given, and has not, before the date of this Acquisition Scheme Booklet, withdrawn its written consent to the inclusion of the IGO Information in the form and context in which it appears in this Acquisition Scheme Booklet.

BDO Corporate Finance has given, and has not, before the date of this Acquisition Scheme Booklet, withdrawn its written consent to the inclusion of the Independent Expert's Report in the form and context in which it appears in Annexure E and references to the Independent Expert's Report in the form and context in which they appear.

Optiro has given, and has not, before the date of this Acquisition Scheme Booklet, withdrawn its written consent to the inclusion of the Independent Geological Report in the form and context in which it appears in Annexure E and references to the Independent Geological Report in the form and context in which they appear.

BDO Audit has given, and has not, before the date of this Acquisition Scheme Booklet, withdrawn its written consent to the inclusion of references to the reviewed financial reports of the Sirius Group and the IGO Group for the half years ended 31 December 2013 and 31 December 2014, in the form and context in which those references appear in Section 5.5.

EY has given, and has not, before the date of this Acquisition Scheme Booklet, withdrawn its written consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it appears in Section 10 and references to the Independent Limited Assurance Report in the form and context in which they appear.

KPMG has given, and has not, before the date of this Acquisition Scheme Booklet, withdrawn its written consent to the inclusion of Section 12 of this Acquisition Scheme Booklet and references to the information set out in that Section in the form and context in which they appear.

14. Additional Information (cont)

Each person named above:

- (a) does not make or purport to make any statement in this Acquisition Scheme Booklet or any statement on which a statement in this Acquisition Scheme Booklet is based, other than IGO in respect of the IGO Information, BDO Corporate Finance in respect of the Independent Expert's Report, Optiro in respect of the Independent Geological Report, KPMG in respect of Section 12 of the Acquisition Scheme Booklet, EY in respect of the Independent Limited Assurance Report and BDO Audit in respect of the Sirius Group's reviewed financial reports for the half years ended 31 December 2013 and 31 December 2014;
- (b) to the maximum extent permitted by law, disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Acquisition Scheme Booklet, other than (to the extent applicable) those statements included with the consent of IGO, BDO Corporate Finance, Optiro, KPMG, EY or BDO Audit specified in this Section 14.9; and
- (c) has not authorised or caused the issue of the Acquisition Scheme Booklet.

14.10 Sirius' Mineral Resources and Ore Reserves disclosure

The information in this Acquisition Scheme Booklet which relates to Mineral Resources and Ore Reserves for the Nova-Bollinger Project is extracted from the announcement entitled "Nova Nickel Project Definitive Feasibility Study" dated 14 July 2014 and available on the ASX website at www.asx.com.au or the Sirius website www.siriusresources.com.au. Sirius confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Sirius confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

14. Additional Information (cont)

14.11 IGO's Mineral Resources and Ore Reserves disclosure

(a) Exploration results

The information in this Acquisition Scheme Booklet that relates to exploration results is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by IGO of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The information in this Acquisition Scheme Booklet has been extracted from the IGO ASX Quarterly Activities Report dated 22 April 2015 and is available on the IGO website www.igo.com.au. IGO confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the market announcement continue to apply and have not materially changed. IGO confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

(b) Resources and Reserves

The information in this Acquisition Scheme Booklet that relates to Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by IGO of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The information in this Acquisition Scheme Booklet has been extracted from the IGO ASX Releases for Mineral Resources and Ore Reserves dated 28 August 2014 (excluding Stockman Ore Reserves) and 28 November 2014 (Stockman Ore Reserves only), and are available on the IGO website www.igo.com.au. IGO confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. IGO confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

14.12 Material litigation

To the best knowledge of the Sirius Board, Sirius is not involved in any litigation or dispute which is material in the context of Sirius and its subsidiaries taken as a whole.

14. Additional Information (cont)

14.13 Effect of the Acquisition Scheme on creditors of Sirius

The Acquisition Scheme, if implemented, will not materially prejudice Sirius' ability to pay its creditors. Sirius will not incur any additional material liabilities other than the transaction costs as disclosed in Section 14.15 of this Acquisition Scheme Booklet, or as otherwise disclosed in this Acquisition Scheme Booklet.

14.14 Foreign jurisdiction

The distribution of this Acquisition Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Sirius disclaims all liabilities to such persons.

Sirius Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Acquisition Scheme Booklet, or any aspect of the Acquisition Scheme, in any jurisdiction outside Australia.

14.15 Fees and expenses

The aggregate amount of the fees and expenses expected to be incurred by Sirius in connection with the Transaction after the Announcement Date will be approximately A\$14.7 million (exclusive of GST). Of this amount, A\$2.7 million (exclusive of GST) is expected to be payable by Sirius irrespective of whether or not the Acquisition Scheme becomes Effective.

These amounts do not include the transaction costs that may be incurred by IGO in relation to the Transaction.

14.16 Other information material to the making of a decision in relation to the Acquisition Scheme

Except as set out in this Acquisition Scheme Booklet, so far as the Sirius Board is aware, there is no information material to the making of a decision by a Sirius Shareholder in relation to the Acquisition Scheme (being information that is within the knowledge of any Sirius Director or director of any Related Bodies Corporate of Sirius) as at the date of this Acquisition Scheme Booklet, which has not been previously disclosed to Sirius Shareholders.

14. Additional Information (cont)

14.17 Supplementary information

Sirius will issue a supplementary document to this Acquisition Scheme Booklet if between the date of this Acquisition Scheme Booklet and the Effective Date, it becomes aware that:

- (a) a material statement in the Acquisition Scheme Booklet is or becomes false or misleading in a material respect;
- (b) there is a material omission from this Acquisition Scheme Booklet;
- (c) there has been a significant change affecting a matter included in this Acquisition Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Acquisition Scheme Booklet if it had arisen before the date of this Acquisition Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Sirius may circulate and publish any supplementary document by:

- (a) making an announcement to ASX;
- (b) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (c) posting the supplementary document to Sirius Shareholders at their Registered Address as shown in the Sirius Register; or
- (d) posting a statement on Sirius' website at www.siriusresources.com.au,

as Sirius, in its absolute discretion, considers appropriate in the circumstances.



15. GLOSSARY AND INTERPRETATION

15. Glossary and Interpretation

15.1 Definitions

The meaning of the terms used in this Acquisition Scheme Booklet are set out below.

TERM	MEANING
AC	means aircore.
Acquisition Scheme	means the scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which all Scheme Shares will be transferred to IGO, in the form set out in Annexure C together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.
Acquisition Scheme Booklet	means this document, including all the Annexures.
Acquisition Scheme Consideration	means the Sirius Ordinary Share Consideration with respect to a Sirius Ordinary Shareholder or the Sirius Partly Paid Share Consideration with respect to a Sirius Partly Paid Shareholder.
Acquisition Scheme Implementation Date	means five Business Days after the Scheme Record Date, or such other date as Sirius and IGO agree.
Acquisition Scheme Meeting	means the meeting of Sirius Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to approve the Acquisition Scheme.
Acquisition Scheme Order	means an order of the Court approving the Acquisition Scheme.
Acquisition Scheme Resolution	means the resolution to approve the Acquisition Scheme to be voted on at the Acquisition Scheme Meeting, as set out in the Notice of Acquisition Scheme Meeting.
Acquisition Scheme Transaction Documents	means the Scheme Implementation Deed, the Deed Poll and the Acquisition Scheme.
AngloGold Ashanti	means AngloGold Ashanti Australia Limited (ABN 42 008 737 424).
APA Group	means the APA Group, comprising the Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441).
Announcement Date	means the date of announcement of the Transaction, being Monday, 25 May 2015.
ASIC	means the Australian Securities and Investments Commission.
Associates	has the meaning given to that term in section 12 of the Corporations Act.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.
ASX Listing Rules	means the official listing rules of the ASX.
ASX Settlement	means ASX Settlement Pty Limited (ABN 49 008 504 532).
ATO	means the Australian Taxation Office.
Baloo Gold Deposit	means the accumulation of gold mineralisation defined by drilling beneath Lake Cowan to the east of the Eundynie Peninsula.
BDO Audit	means BDO Audit (WA) Pty Ltd (ACN 112 284 787), who is the auditor for Sirius.
BDO Corporate Finance	means BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045), who has been appointed as the Independent Expert.

15. Glossary and Interpretation (cont)

TERM	MEANING
Bollinger Deposit	means Nickel copper deposit from RL 239 to RL -133 which lies adjacent to Nova and is contained in mining tenement M28/375.
Business Day	means a day on which trading banks are open for business in Perth, Western Australia.
Capital Reduction	means, subject to Sirius Shareholder approval, the capital reduction to be undertaken as part of the implementation of the Demerger Scheme pursuant to section 256C of the Corporations Act.
Capital Reduction Resolution	means the resolution to approve the Capital Reduction to be put to Sirius Shareholders at the General Meeting.
CGT	means Australian capital gains tax.
CHES	means the Clearing House Electronic Subregister System operated by ASX Settlement, which proves for the electronic transfer, settlement and registration of securities.
Class Ruling	means the class ruling in relation to taxation implications for Australian tax resident Scheme Participants.
Competing Proposal	<p>means any proposal, agreement, arrangement or transaction which, if entered into or completed in accordance with its terms, would result in:</p> <p>(a) a third party (either alone or with any associate):</p> <p>(i) directly or indirectly acquiring a relevant interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the issued shares in Sirius or in any material subsidiary of Sirius, or otherwise acquiring control of Sirius or any material subsidiary of Sirius; or</p> <p>(ii) directly or indirectly acquiring or becoming the holder of, or otherwise having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of Sirius' business or assets or the business or assets of the Sirius Group;</p> <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approval acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement, but excluding, for the avoidance of doubt:</p> <p>(i) any relevant interest acquired as a result of any restructuring of the Creasy Group where, following the restructuring, the Sirius Shares and Sirius Performance Shares controlled by Mark Creasy as at the date of this document remain controlled by Mark Creasy; and</p> <p>(ii) any internal reconstruction or restructuring undertaken in connection with preparing S2 Resources for the Demerger;</p> <p>(b) a material part of the business or assets of the Sirius Group being disposed of, demerged or otherwise separated from the rest of the business or assets of the Sirius Group, other than a disposal, demerger or other separation of S2 Resources or the assets of S2 Resources from the Sirius Group contemplated by the Demerger Transaction Documents; or</p> <p>(c) Sirius being prevented from implementing the Transaction.</p>
Competent Person	has the same meaning as given to it in the JORC Code.
Condition	means a condition precedent set out in clause 3.2 of the Scheme Implementation Deed and summarised in Annexure A.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth) made under the Corporations Act.
Court	means the Federal Court of Australia, Western Australian registry or such other court of competent jurisdiction under the Corporations Act agreed to in writing by IGO and Sirius.

15. Glossary and Interpretation (cont)

TERM	MEANING
Creasy Group	means: <ul style="list-style-type: none"> (a) Mark Creasy; (b) FraserX Pty Ltd (ACN 099 488 114); (c) Ponton Minerals Pty Ltd (ACN 108 313 024); (d) Lake Rivers Gold Pty Ltd (ACN 122 986 681); (e) Free CI Pty Ltd (ACN 147 090 542); and (f) Yandal Investments Pty Ltd (ACN 070 684 810), and all entities who are associates of those listed above.
Deed Poll	means the deed poll entered into by IGO, in the form set out in Annexure B to this Acquisition Scheme Booklet.
Deferred Settlement Trading Date	means the day after the Effective Date, being the day when the New IGO Shares commence trading on ASX on a deferred settlement basis in accordance with the ASX Listing Rules.
Demerger	means the demerger of S2 Resources from Sirius to be implemented by the Demerger Scheme on the terms set out the Demerger Transaction Documents.
Demerger Deed Poll	means the deed poll for the Demerger Scheme as included in the Demerger Implementation Deed.
Demerger Implementation Deed	means the deed between Sirius and S2 Resources which governs implementation of the Demerger Scheme, subject to such amendments as agreed between Sirius and IGO (such agreement not to be unreasonably withheld or delayed).
Demerger Scheme	means, subject to Sirius Shareholder approval, the scheme of arrangement between Sirius and the Scheme Participants pursuant to which Sirius will demerge S2 Resources by applying the Capital Reduction, on behalf of Scheme Participants, as consideration for the transfer to those shareholders of the Demerger Scheme Consideration, as set out in the Demerger Implementation Deed.
Demerger Scheme Booklet	means the booklet to be approved by the Court under section 411(1) of the Corporations Act for distribution to Sirius Shareholders in relation to the Demerger Scheme, and which includes explanatory statements complying with the requirements of the Corporations Act and the Corporations Regulations, the Demerger Scheme, notices of meeting, proxy forms and the report of an independent expert.
Demerger Scheme Consideration	means the number of S2 Shares that will be distributed to Scheme Participants, and which is currently intended to be one (1) S2 Share for every two (2) Sirius Shares held as at the Scheme Record Date, but which is subject to change at the sole discretion of Sirius, or as required by ASX in order to achieve Listing.
Demerger Scheme Meeting	means the meeting of Sirius Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to approve the Demerger Scheme.
Demerger Scheme Resolution	means the resolution to approve the Demerger Scheme to be voted on at the Demerger Scheme Meeting, as set out in the Notice of Demerger Scheme Meeting.
Demerger Transaction Documents	means the Demerger Transition Deed, the Demerger Scheme, the Demerger Deed Poll and the Demerger Implementation Deed.
Demerger Transition Deed	means the Demerger Transition Deed between Sirius and S2 Resources setting out the transitional and ongoing relationship between Sirius and S2 Resources.
Effective	means the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) in relation to the Acquisition Scheme and Demerger Scheme.
Effective Date	means the date on which the Acquisition Scheme and the Demerger Scheme become Effective.

15. Glossary and Interpretation (cont)

TERM	MEANING
End Date	means Monday, 30 November 2015, subject to any extension to that date.
Exploration Permit	means a permit to carry out mining exploration issued under the laws and regulations of Sweden.
Exploration Reservations	means the reservation of an area of land for mining exploration, issued under the laws and regulations of Finland.
EY	means Ernst & Young, who has been appointed as the Investigating Accountant.
FY2013	means the financial year ending 30 June 2013.
FY2014	means the financial year ending 30 June 2014.
FY2015	means the financial year ending 30 June 2015.
FY2016	means the financial year ending 30 June 2016.
General Meeting	means the meeting of Sirius Shareholders to be convened to vote on the Capital Reduction Resolution and all other resolutions to carry into effect the matters to be set out in the Demerger Scheme Booklet, including any resolutions to constitute S2 Resources in readiness for the Demerger Scheme and to prepare S2 Resources for listing on ASX.
Government Agency	means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including ASIC, ASX the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.
HIN	means holder identification number, being the number identifying registration on the CHESSE subregister.
IGO	means Independence Group NL (ACN 092 786 304).
IGO Board	means the board of directors of IGO.
IGO Break Fee	means the liquidated amount of A\$18.45 million, payable by IGO to Sirius in certain circumstances as summarised in Section 3.14.
IGO Director	means a director on the IGO Board.
IGO FY2015 Final Dividend	means the dividend (if the IGO Board decides to pay it) payable to eligible IGO Shareholders which is expected to be declared by IGO in September 2015.
IGO Group	means IGO and each of its Related Bodies Corporate.
IGO Information	means the information contained in the following sections: (a) Letter from Chairman of IGO; (b) Section 2 - FAQ number 8, "Who is IGO?"; (c) Section 2 - FAQ number 13, "How will IGO fund the cash component of the Acquisition Scheme Consideration?"; (d) Section 6 – Profile of IGO; (e) Section 7 – Profile of the Merged Group; (f) Section 8 – Pro Forma Historical Financial Information for the Merged Group; (g) Section 9.1 – Risks for the Merged Group; and (h) Section 14.5 – Rights and liabilities attaching to IGO Shares, and all other statements of intention or belief of IGO, or of information regarding IGO, that relate to the Transaction (except to the extent information in the above Sections has been provided by Sirius).
IGO Performance Right	means a performance right issued under the IGO Performance Rights Plan, which was approved by IGO Shareholders at the 2014 Annual General Meeting on 20 November 2014.
IGO Register	means the share register of IGO, maintained by the Share Registry.

15. Glossary and Interpretation (cont)

TERM	MEANING
IGO Share	means a fully paid ordinary share in IGO.
IGO Shareholder	means a holder of an IGO Share.
Important Dates	means the dates set out in the timetable in the Important Dates and Expected Timetable for the Acquisition Scheme Section of this Acquisition Scheme Booklet.
Independent Expert	means BDO Corporate Finance, who has prepared the Independent Expert's Report.
Independent Expert's Report	means the report by the Independent Expert set out in Annexure E to this Acquisition Scheme Booklet.
Independent Geologist	means Optiro, who has prepared the Independent Geological Report.
Independent Geological Report	means the VALMIN Code compliant valuation report for exploration assets, prepared by the Independent Geologist.
Independent Limited Assurance Report	means the report prepared by the Investigating Accountant on the IGO and Sirius Historical Statements of Financial Position as at 31 December 2014 and the Merged Group Pro Forma Historical Statement of Financial Position.
Indicated Mineral Resource	has the meaning given to this term in the JORC Code, available at www.jorc.org .
Ineligible Overseas Shareholder	means a Scheme Participant whose address shown in the Sirius Register is a place outside Australia or New Zealand and their respective external territories.
Inferred Mineral Resource	has the meaning given to this term in the JORC Code, available at www.jorc.org .
Integration Period	means the period of three months after implementation of the Transaction for the purposes of integrating the IGO and Sirius businesses.
Investigating Accountant	means EY, who has prepared the Independent Limited Assurance Report.
IRESS	means IRESS Limited.
Jaguar Operation	means the Jaguar copper-zinc-silver mining and processing operation, located 60km north of Leonora, Western Australia.
JORC / JORC Code	means the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Geoscientists and Minerals Council of Australia.
KPMG	means KPMG Tax (ABN 51 194 660 193).
Last Practical Trading Day	means Wednesday, 22 July 2015, being the trading day that is 7 trading days prior to the date of this Acquisition Scheme Booklet.
Listing	means the initial inclusion of S2 Resources in the official list of the ASX.
Longstop Date	means Wednesday, 30 September 2015.
Long Operation	means the Long nickel mine, located in Kambalda, Western Australia.
Merged Group	means the combined Sirius Group and IGO Group, post-Demerger of S2 Resources and implementation of the Acquisition Scheme.
Mineral Resource	has the meaning given to this term in the JORC Code, which is available at www.jorc.org .
Monsoon, Nanook and Earlobe Prospects	means the areas of gold mineralisation, anomalism and alteration defined by drilling beneath Lake Cowan and the Polar Bear Peninsula (or, separately, the Monsoon Prospect, the Nanook Prospect and the Earlobe Prospect).
New IGO Share	means an IGO Share issued as part of the Acquisition Scheme Consideration.

15. Glossary and Interpretation (cont)

TERM	MEANING
Ngadju People	means the people: <ul style="list-style-type: none"> (a) on whose behalf the Ngadju native title claim (WAD 6020/1998, as amended from time to time) (Ngadju Claim) is made, as described in Schedule A of the Ngadju Claim, and as replaced or varied from time to time; (b) the common law holders of native title in respect of the area the subject of the Ngadju determination (WCD 2014/004) made on 21 November 2014; and (c) if a Determination (as defined in the Nova Mining Agreement) is made in respect of the remaining portion of the Ngadju Claim, those people who are, from time to time, the common law holders of native title in respect of the determination.
Nominee	means the nominee appointed by IGO to receive and sell New IGO Shares on behalf of Ineligible Overseas Shareholders.
Norse Exploration	means Norse Exploration Pty Ltd (ABN 37 603 486 899).
Notice of Acquisition Scheme Meeting	means the notice in relation to the Acquisition Scheme Meeting set out in Annexure D to this Acquisition Scheme Booklet.
Notice of Demerger Scheme Meeting	means the notice in relation to the Demerger Scheme Meeting.
Nova Deposit	means the Nova nickel-copper-cobalt deposit from RL -85 to RL -160 and is contained in mining tenement M28/376.
Nova-Bollinger Project	means the 100% Sirius-owned tenement within which the Nova Deposit and Bollinger Deposit is located, being ML28/376.
Nova Mining Agreement	means the mining agreement, dated 4 August 2014, between the Ngadju People and Sirius.
Nova Mining Lease	means Mining Lease M 28/376.
NPAT	means net profit after tax.
Optiro	means Optiro Pty Ltd (ACN 131 922 739), who has been appointed as the Independent Geologist.
Ore Reserve	has the meaning given to this term in the JORC Code, which is available at www.jorc.org .
Probable Ore Reserve	has the meaning given to this term in the JORC Code, which is available at www.jorc.org .
Pre-Announcement Trading Day	means the last trading day prior to the announcement of the Transaction, being Friday, 22 May 2015.
RC	means reverse circulation.
Registered Address	in relation to a Sirius Shareholder, means the address of the shareholder shown in the Sirius Register as at the Scheme Record Date.

15. Glossary and Interpretation (cont)

TERM	MEANING
Related Body Corporate	has the meaning given to that term in section 50 of the Corporations Act.
Relevant Interest	has the meaning given to that term in section 608 of the Corporations Act.
Requisite Majorities	<p>(a) a majority in number (ie more than 50%) of Sirius Shareholders present and voting on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting (either in person, or by proxy or representative); and</p> <p>(b) at least 75% of the total number of votes cast on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting by Sirius Shareholders (either in person, or by proxy or representative).</p>
S&P/ASX 200 Index	means the 200 largest index-eligible stocks listed on ASX by float-adjusted market capitalisation, from Standard & Poor's.
S2 Resources	means S2 Resources Ltd (ACN 606 128 090).
S2 Share	means each fully paid ordinary share in S2 Resources.
Sakumpu	means Sakumpu Exploration Oy, a company domiciled in Finland.
Scandinavian Assets	means those assets of Sirius Europa and Norse Exploration located in Sweden and Finland.
Scheme Implementation Deed	means the Scheme Implementation Deed between Sirius and IGO dated Monday, 25 May 2015, as varied on Wednesday, 29 July 2015. A summary of the Scheme Implementation Deed is set out in Annexure A to this Acquisition Scheme Booklet.
Scheme Participant	means each person who is a Sirius Shareholder as at the Scheme Record Date.
Scheme Record Date	<p>means 5.00pm on the day which is three Business Days after the Effective Date, currently expected to be Tuesday, 15 September 2015, to be the record date to determine entitlements to receive:</p> <p>(a) the Acquisition Scheme Consideration under the Acquisition Scheme; and</p> <p>(b) the Demerger Scheme Consideration under the Demerger Scheme.</p>
Scheme Share	means a Sirius Share held by a Scheme Participant.
Scheme Trust Account	means a bank account operated by Sirius (as trustee or agent for each Scheme Participant) established to hold the cash component of the Acquisition Scheme Consideration.
Second Court Date	means the first day on which the applications made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Acquisition Scheme and the Demerger Scheme are heard, or if the applications are adjourned for any reason, the first day on which the adjourned applications are heard.
Second Court Hearing	means the hearing of the application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Acquisition Scheme and the Demerger Scheme.
Share Registry	means Computershare Investor Services Pty Limited (ABN 76 007 153 184).
Sirius	means Sirius Resources NL (ACN 009 150 083).
Sirius Board	means the board of directors of Sirius.
Sirius Break Fee	means the liquidated amount of A\$18.45 million, payable by Sirius to IGO in certain circumstances as summarised in Section 3.14.
Sirius Director	means a director on the Sirius Board.
Sirius Employee Share Scheme	means the Sirius Employee Share Scheme adopted on 19 November 2013.

15. Glossary and Interpretation (cont)

TERM	MEANING
Sirius Europa	means Sirius Europa Pty Ltd (ABN 31 603 292 333).
Sirius Group	means Sirius and each of its Related Bodies Corporate.
Sirius Information	means all of the information in this Acquisition Scheme Booklet (excluding the Annexures) other than the IGO Information.
Sirius Option	means an option to subscribe for a Sirius Share, granted to various directors of Sirius, service providers and pursuant to Sirius' employee incentive option plan.
Sirius Ordinary Share	means a fully paid ordinary share in Sirius.
Sirius Ordinary Share Consideration	means 0.66 New IGO Shares and A\$0.52 cash per Sirius Ordinary Share held by a Sirius Ordinary Shareholder on the Scheme Record Date, subject to the terms of the Acquisition Scheme.
Sirius Ordinary Shareholder	means each person entered in the Sirius Register as a holder of Sirius Ordinary Shares.
Sirius Overseas Shareholder	means a Scheme Participant: <ul style="list-style-type: none"> (a) who is (or who is acting on behalf of) a citizen or resident of a jurisdiction other than Australia or New Zealand and their respective external territories; or (b) who is recorded in the Sirius Register at the Scheme Record Date as having an address outside Australia or New Zealand and their respective external territories.
Sirius Partly Paid Share	means a partly paid Sirius Share, paid up to A\$57.00, and capable of being subject to a further call of A\$3.00.
Sirius Partly Paid Share Consideration	means 57/60ths of the Sirius Ordinary Share Consideration per Sirius Partly Paid Share held by a Sirius Partly Paid Shareholder on the Scheme Record Date, subject to the terms of the Acquisition Scheme, or such other proportion of the Sirius Ordinary Share Consideration as agreed between the parties to reflect the value of the Sirius Partly Paid Shares.
Sirius Partly Paid Shareholder	means each person entered in the Sirius Register as a holder of Sirius Partly Paid Shares.
Sirius Performance Share	means a performance share granted under the Fraser Range Restructuring Agreement (being the agreement between the certain members of the Creasy Group, Sirius Gold Pty Ltd (ABN 36 146 091 527) and Sirius, dated 20 October 2010) which may be converted into a Sirius Share on the occurrence of certain events described in Sirius' notice of general meeting and explanatory statement dated 11 November 2010. The Sirius Performance Shares on issue are listed in Schedule 5 of the Scheme Implementation Deed.
Sirius Register	means the share register of Sirius, maintained by the Share Registry.
Sirius Security	means a Sirius Share, Sirius Option, Sirius Share Appreciation Right or a Sirius Performance Share.
Sirius Share	means Sirius Partly Paid Shares and Sirius Ordinary Shares.
Sirius Share Appreciation Right	means a share appreciation right in relation to Sirius Shares, granted under Sirius' long term incentive plan.
Sirius Shareholder	means each person who is registered in the Sirius Register as a holder of Sirius Ordinary Shares or Sirius Partly Paid Shares.
Sirius Shareholder Information Line	means the information line set up for the purpose of responding to enquiries from Sirius Shareholders in relation to the Acquisition Scheme, being 1800 992 793 (within Australia) or +61 1800 992 793 (from outside Australia) on week days between 6.30am and 5.30pm (Perth time).
SRN	means security reference number allocated by an issuer to identify a holder on an issuer sponsored or certificated subregister.

15. Glossary and Interpretation (cont)

TERM	MEANING
Stockman Project	means the Stockman copper-zinc-silver project, located 460km by road north-east of Melbourne, Victoria.
Superior Proposal	means a bona fide Competing Proposal which the Sirius Board, acting in good faith and after taking advice from Sirius' financial and legal advisers, determines: <ul style="list-style-type: none"> (a) is capable of being implemented within a reasonable timeframe and in accordance with its terms; and (b) would, if so implemented, result in a more favourable outcome for Sirius Shareholders than would result from implementation of the Transaction.
Taipan Nickel Prospect	means the area with nickel mineralisation defined by drilling at the Taipan nickel prospect on the Polar Bear Peninsula.
Takeovers Panel	means the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
Transaction	means the Acquisition Scheme, the Demerger Scheme, the Capital Reduction and other associated transactions contemplated by the Transaction Documents.
Transaction Documents	means the Acquisition Scheme Transaction Documents and the Demerger Transaction Documents.
Transaction Meetings	means the Demerger Scheme Meeting, the Acquisition Scheme Meeting and the General Meeting, together, and Transaction Meeting means any one of them, as the context requires.
Transaction Resolutions	means the Acquisition Scheme Resolution, the Demerger Scheme Resolution and the Capital Reduction Resolution, together.
Tropicana or Tropicana Gold Mine	means the Tropicana gold mine, located along the Yilgarn Craton and Fraser Range Mobile Belt Collision Zone, Western Australia.
Tropicana Joint Venture	means the joint venture between the IGO Group (30%) and AngloGold Ashanti (70%) in respect of the Tropicana Gold Mine.
VALMIN Code	means the VALMIN Code 2005, which sets out the requirements for the technical assessment and valuation for mineral assets and securities for independent expert reports.
VMS	means volcanogenic massive sulphides.
VWAP	means the volume-weighted average price.
Yellow Proxy Form	means the proxy form on yellow coloured paper accompanying this Acquisition Scheme Booklet, to be completed in respect of voting on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting.

15. Glossary and Interpretation (cont)

15.2 Interpretation

In this Acquisition Scheme Booklet, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Acquisition Scheme Booklet;
- (b) words and phrases in this Acquisition Scheme Booklet have the same meaning given to them (if any) in the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;
- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) a reference to a Section or Annexure is a reference to a Section or Annexure of this Acquisition Scheme Booklet;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to time in Perth, Western Australia; and
- (j) unless expressly stated otherwise, a reference to dollars, \$, A\$ or AUD is a reference to the lawful currency of Australia.



ANNEXURE

ANNEXURE A

A. Summary of Terms of Scheme Implementation Deed

Summary of terms of Scheme Implementation Deed

This Annexure sets out a summary of the key terms of the Scheme Implementation Deed entered into between Sirius and IGO on 25 May 2015. A full copy of the Scheme Implementation Deed is set out in Sirius' ASX announcement on 25 May 2015 and is available on ASX's website at www.asx.com.au.

Unless otherwise defined in this Annexure, capitalised terms used in this Annexure have the meaning given to those terms in the Glossary in Section 15 of the Acquisition Scheme Booklet.

CONDITIONS

For the Acquisition Scheme to become Effective, the following conditions must be satisfied or waived.

- (a) **Regulatory approvals:** Before 5.00pm on the day before the Second Court Date:
- (i) all consents, approvals, waivers and modifications that are necessary to implement the Acquisition Scheme (including ASX approvals) are obtained on terms acceptable to the parties; and
 - (ii) none of these approvals, waivers and modifications have been withdrawn, cancelled or revoked.
- (b) **No regulatory actions:** Between the Announcement Date and 8.00am on the Second Court Date:
- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
 - (ii) there is no action or investigation announced, commenced or threatened by any Government Agency; and
 - (iii) no application is made to any Government Agency,
- in consequence or in connection with the Transaction which restrains, prohibits or impedes the implementation of the Transaction or any part of it.
- (c) **Independent Expert recommendation:** The Independent Expert issues the Independent Expert's Report concluding that the Acquisition Scheme is in the best interests of the Scheme Participants, and does not change this view prior to 5.00pm on the day before the Second Court Date.
- (d) **Sirius Shareholder approval:**
- (i) **(Approval of the Acquisition Scheme):** Sirius Shareholder approval is obtained at the Acquisition Scheme Meeting for the Acquisition Scheme.
 - (ii) **(Approval of the Demerger Scheme):** Sirius Shareholder approval is obtained at the Demerger Meeting for the Demerger Scheme.
 - (iii) **(Approval of the Capital Reduction Resolution):** Sirius Shareholder approval is obtained for the Capital Reduction Resolution.

A. Summary of Terms of Scheme Implementation Deed (cont)

- (e) **Sirius unlisted securities:** Before 5.00pm on the day before the Second Court Date, 75% of the total number of Sirius Options and Sirius Share Appreciation Rights on issue as at the Announcement Date:
 - (i) have vested and been exercised;
 - (ii) are the subject of binding agreements under which they will either be transferred to IGO or cancelled in accordance with the offers as agreed between IGO, Sirius and holders of Sirius Options and Sirius Share Appreciation Rights; or
 - (iii) have otherwise been dealt with as is agreed between Sirius and IGO.
- (f) **Court approval of the Schemes:** The Court approves the Acquisition Scheme and the Demerger Scheme under section 411(4)(b) of the Corporations Act and an office copy of the scheme orders are lodged with ASIC.
- (g) **Sirius matters:** Between the Announcement Date and 8.00am on the Second Court Date, no Sirius Prescribed Event or Sirius Material Adverse Change occurs.
- (h) **IGO matters:** Between the Announcement Date and 8.00am on the Second Court Date, no IGO Material Adverse Change occurs.
- (i) **Representations and warranties:** The representations and warranties given by Sirius and IGO are materially true and correct.

IF THE CONDITIONS PRECEDENT ARE NOT MET

If the conditions precedent are not satisfied or waived by the relevant date specified in the Scheme Implementation Deed, the parties must consult in good faith with a view to determining whether the Acquisition Scheme can proceed on alternative terms, the time for satisfaction of conditions precedent can be extended or the End Date can be extended.

ACQUISITION SCHEME VOTED DOWN

If the Acquisition Scheme is not approved by Sirius Shareholders at the Acquisition Scheme Meeting by reason only of non-satisfaction of the Headcount Test, then Sirius must if requested by IGO, seek the Acquisition Scheme Order within three Business Days of the Acquisition Scheme Meeting notwithstanding the Headcount Test has not been satisfied and make submission to the Court and file evidence as is reasonably required to persuade the Court to exercise its discretion to disregard the Headcount Test.

SCHEME CONSIDERATION

Scheme Participants will receive the Acquisition Scheme Consideration for each Sirius Share held by them at the Record Date.

If IGO would be required to issue New IGO Shares to an Ineligible Overseas Shareholder, it must issue them to a nominee appointed by IGO.

CONDUCT OF BUSINESS

Sirius and IGO must each, up to and including on the Acquisition Scheme Implementation Date, conduct its business in the ordinary course, in substantially the same manner and at the same locations as conducted on the Announcement Date.

A. Summary of Terms of Scheme Implementation Deed (cont)

Sirius and IGO must each use reasonable efforts to:

- (a) preserve its business organisation;
- (b) keep available the services of its officers and employees;
- (c) preserve its relationship with financiers, customers suppliers, licensors, licensees, Government Agencies and others having business dealings with it; and
- (d) maintain the value of its business and assets, including current level of insurance.

For Sirius, "business in the ordinary course" includes:

- (e) annual staff performance and remuneration reviews;
- (f) ongoing development, construction and exploration of the Nova-Bollinger Project;
- (g) ongoing exploration within the Agreed Budget; and
- (h) new and existing offtake agreements and construction-related contracts with respect to the Nova-Bollinger Project.

Sirius must keep IGO informed of its business and operations including providing regular reports on the financial affairs and operations of the Sirius Group; and providing copies of all material correspondence between Sirius and any Government Agency or counterparty to a material agreement.

BOARD MATTERS

As soon as practicable after implementation of the Acquisition Scheme, Sirius will procure the resignation of the Sirius Directors and directors of its subsidiaries and the appointment of the persons nominated by IGO to the Sirius Board or the board of the subsidiary. As soon as practicable after Implementation of the Acquisition Scheme, IGO will procure that Mark Bennett and Neil Warburton are appointed to the IGO Board.

EXCLUSIVITY

No-shop restriction

During the Exclusivity Period, Sirius must not solicit any discussions with a view to obtaining a Competing Proposal (**No-shop Restriction**).

No-talk restriction

During the Exclusivity Period, Sirius must not participate in discussions, negotiations or agreements regarding a Competing Proposal, or provide any non-public information about the Sirius Group to a third party (other than a Government Agency) with a view to obtaining a Competing Proposal, including providing information for the purpose of due diligence investigations (**No-talk Restriction**).

However, the No-talk Restriction does not apply in respect of a bona fide Competing Proposal where there has not been a breach of the No-shop Restriction and the Sirius Board, acting in good faith and after taking advice from financial and legal advisers, determines that such Competing Proposal is, or may lead to, a Superior Proposal.

A. Summary of Terms of Scheme Implementation Deed (cont)

No existing discussions

Sirius warrants that it is not currently in negotiations or discussions and has not entered into any agreement regarding a Competing Proposal or any other potential transaction or series of transactions which would exceed 5% of the value of Sirius' assets at the Announcement Date.

IGO warrants and covenants, from the Announcement Date until the earlier of the Implementation Date and the End Date, that it has not entered into any agreement and will not make any public announcement with respect to a transaction or series of transactions which would exceed 5% of the value of IGO's assets. However, this term is not intended to prevent IGO from assessing and discussing medium to long-term acquisition opportunities in the ordinary course.

Notification

During the Exclusivity Period, Sirius must, as soon as possible (and within 24 hours), inform IGO in writing if Sirius becomes aware of any Competing Proposal or the provision by Sirius of any non-public information concerning Sirius or the Sirius Group to any third party in connection with a Competing Proposal.

A notification must include all material terms and conditions of the Competing Proposal and identify the relevant person making the proposal where that person has consented to the disclosure of their identity. If such consent has not been given, Sirius may withhold the identity of the person if the Sirius Board determines that disclosure would likely breach the Sirius Directors' fiduciary or statutory duties.

BREAK FEE

- (a) **Sirius Break Fee:** Sirius undertakes to pay IGO the Sirius Break Fee if:
- (i) prior to the End Date, any Sirius Director recommends that Sirius Shareholders accept or vote in favour of, or otherwise supports or endorses, a Competing Proposal that is announced;
 - (ii) prior to the End Date, any Sirius Director does not recommend that Sirius Shareholders vote in favour of any of the resolutions to be put to the Transaction Meetings or publicly adversely changes or withdraws such recommendation, or makes an announcement that is inconsistent with such recommendation, including for any reason other than:
 - (A) as a result of the Independent Expert concluding that the Acquisition Scheme is not in the best interests of Sirius Shareholders (unless such conclusion is due to a Competing Proposal); or
 - (B) in circumstances where Sirius is entitled to terminate the Scheme Implementation Deed.
 - (iii) a Competing Proposal is announced or made prior to the End Date and, within 12 months, the relevant third party or parties directly or indirectly:
 - (A) acquires a relevant interest in more than 50% of all Sirius Shares and that Competing Proposal is or becomes unconditional;
 - (B) acquires a legal, beneficial or economic interest in a substantial part of the assets of the Sirius Group;

A. Summary of Terms of Scheme Implementation Deed (cont)

- (C) acquires control of Sirius, as defined in section 50AA of the Corporations Act;
 - (D) otherwise acquires or merges with Sirius;
 - (E) enters into an agreement with Sirius or the Sirius Board that would prevent Sirius from implementing the Transaction; or
- (iv) IGO terminates the Scheme Implementation Deed in the event that Sirius is in material breach of the Scheme Implementation Deed that is not remedied after notice.
- (b) **IGO Break Fee:** IGO undertakes to pay Sirius the IGO Break Fee if Sirius terminates the Scheme Implementation Deed in the event that IGO is in material breach of the Scheme Implementation Deed that is not remedied after notice.

TERMINATION

The Scheme Implementation Deed provides Sirius and IGO with a number of termination rights as set out below.

- (a) **Termination for non-fulfilment of Condition:** A party, for whose benefit a condition precedent is included, may terminate the Scheme Implementation Deed by notice in writing if the condition precedent benefiting the terminating party is not satisfied or waived and the parties cannot reach an agreement, within five Business Days after both parties become aware of an act, event or occurrence which prevents the condition precedent being fulfilled, to allow the Acquisition Scheme to proceed by way of alternative means or method so as to achieve a commercial outcome which reflects the Acquisition Scheme or agree to extend the End Date;
- (b) **Termination by IGO:** IGO may terminate the Scheme Implementation Deed by giving notice in writing to Sirius at any time before 8.00am on the Second Court Date if:
- (i) **(Material breach)** Sirius is in material breach of the Scheme Implementation Deed and has not remedied that breach within 10 Business Days after being notified of the breach;
 - (ii) **(No directors' recommendation)** any of the Sirius Directors fails to recommend that Sirius Shareholders vote in favour of any of the resolutions to be put to the Transaction Meetings or publicly adversely changes or withdraws such recommendation, or makes a public statement indicating that the Sirius Director no longer recommends or supports the Transaction or recommending another transaction (including a Competing Proposal); or
 - (iii) **(Inconsistency)** Sirius or any of the Sirius Directors acts in any manner which is inconsistent with obtaining approval for the Acquisition Scheme and the Transaction more broadly (including by recommending a Competing Proposal).
- (c) **Termination by Sirius:** Sirius may terminate the Scheme Implementation Deed by giving notice in writing to IGO before 8.00am on the Second Court Date if:
- (i) **(Material breach)** IGO is in material breach of the Scheme Implementation Deed and has not remedied that breach within 10 Business Days after being notified of the breach;

A. Summary of Terms of Scheme Implementation Deed (cont)

- (ii) **(No director's support)** any of the IGO Directors publicly withdraws his or her support for the Acquisition Scheme; or
- (iii) **(Superior Proposal)** the Sirius Board publicly recommends a Superior Proposal and Sirius had paid the Sirius Break Fee to IGO.

OBLIGATIONS ON TERMINATION

On termination, the parties will have no further obligations (except for those specified to continue beyond termination) under the Scheme Implementation Deed and each party will retain any accrued rights and remedies.

OTHER CLAUSES

The Scheme Implementation Deed contains other clauses. These include some clauses which are customary for an agreement of this nature and particular representations, warranties and indemnities by the parties.

In addition, the Scheme Implementation Deed includes an acknowledgement by IGO that Sirius will pay to S2 Resources A\$20 million in cash (less certain agreed deductions) for working capital purposes. Sirius and IGO have executed a variation to the Scheme Implementation Deed, which provides that Sirius must pay this amount in the period after the Acquisition Scheme Meeting (if the Acquisition Scheme Resolution is approved by the Requisite Majorities) and prior to the Effective Date.

ADDITIONAL DEFINED TERMS

The terms defined below are in addition to the terms defined in Section 15.1 of this Acquisition Scheme Booklet (Glossary).

Agreed Budget means the Sirius corporate model, as set out in Schedule 6 to the Scheme Implementation Deed, which includes expenditure in relation to S2 Resources and the proposed assets and subsidiaries of S2 Resources.

Due Diligence Period means the period during which time Sirius and IGO conducted reciprocal due diligence investigations in relation to the IGO Disclosure Material and the Sirius Disclosure Material, respectively, pursuant to the confidentiality deed between IGO and Sirius in respect of the Transaction.

Exclusivity Period means the period commencing on the date of the Scheme Implementation Deed, being 25 May 2015, and ending on the earlier of:

- (a) termination of the Scheme Implementation Deed in accordance with its terms;
- (b) the Acquisition Scheme Implementation Date; and
- (c) the End Date.

Headcount Test means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the Acquisition Scheme Resolution is passed by a majority in number of Sirius Shareholders present and voting, either in person or by proxy at the Acquisition Scheme Meeting.

IGO Disclosure Material means the IGO Due Diligence Information and information available on the Public Registers prior to the date of the Scheme Implementation Deed.

IGO Due Diligence Information means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of IGO and its

A. Summary of Terms of Scheme Implementation Deed (cont)

subsidiaries provided or made available by or on behalf of any member of the IGO Group to Sirius during the Due Diligence Period.

IGO Material Adverse Change, in relation to IGO means an event, occurrence or matter that occurs, is announced or otherwise becomes known to Sirius after the date of the Scheme Implementation Deed which, whether individually or when aggregated with all such events, occurrences or matters of a like kind, has had or is reasonably likely to have, in the reasonable opinion of Sirius, acting in good faith:

- (a) the effect of reducing the value of the IGO Group's consolidated net assets by an amount that is greater than \$75 million against what it would reasonably have been expected to have been but for the event, occurrence or matter; or
- (b) a material adverse effect on the assets, liabilities, financial or trading position, performance, profitability or prospects of the IGO Group (in each case taken as a whole),

other than an event, occurrence or matter:

- (c) required or permitted to be done or procured by IGO pursuant to the Scheme Implementation Deed or the Acquisition Scheme;
- (d) required or permitted to be done or procured by IGO pursuant to the Transaction Documents;
- (e) fairly disclosed in the IGO Disclosure Material, or which ought reasonably have been expected to arise from a matter, event or circumstance which was so disclosed;
- (f) resulting from changes in general economic or political conditions, the securities markets in general or law, provided that such changes could not reasonably be expected to have a materially disproportionate effect on the IGO Group relative to other ASX-listed diversified mining and exploration companies; and
- (g) resulting from any actions taken or not taken at the written request of Sirius or with Sirius' prior written consent.

Insolvency Event means, in respect of a person:

- (a) an administrator being appointed to the person;
- (b) an order being made, or the entity passing a resolution, for its winding up;
- (c) an application being made to a court for an order for its winding up where that application is not permanently stayed, discontinued or dismissed within 14 days;
- (d) a liquidator or provisional liquidator of the entity being appointed;
- (e) the entity being or becoming unable to pay its debts when they fall due;
- (f) the entity executing a deed of company arrangement;
- (g) a receiver, or a receiver and manager, being appointed in relation to the entity, or a substantial part of the property of the entity;
- (h) the entity being deregistered as a company or otherwise dissolved; or
- (i) any analogous event under the laws of any applicable jurisdiction,

A. Summary of Terms of Scheme Implementation Deed (cont)

in each case unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved by IGO or Sirius.

Ngadju Shares means the 400,000 Sirius Shares to be issued to the Trustee (as defined in the mining agreement between the Ngadju People and members of the Sirius Group dated 4 August 2014) nominated by the Ngadju People pursuant to terms of the mining agreement, and which are to be held on trust for the benefit of the Ngadju People.

Sirius Consolidated Tax Group means the consolidated group of which Sirius is the head company. In this definition, "consolidated group" and "head company" have the respective meanings given by the *Income Tax Assessment Act 1997* (Cth).

Sirius Disclosure Material means the Sirius Due Diligence Information and information available on the Public Registers prior to the date of the Scheme Implementation Deed.

Sirius Due Diligence Information means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Sirius and its subsidiaries provided or made available by or on behalf of any member of the Sirius Group to IGO during the Due Diligence Period.

Sirius Excluded Transaction means a transaction:

- (a) fairly disclosed in the Sirius Disclosure Material;
- (b) required or permitted to be done or procured by Sirius under the Scheme Implementation Deed or the Acquisition Scheme;
- (c) contemplated by the Demerger Transaction Documents; or
- (d) in relation to which IGO has expressly consented in writing (such consent not to be unreasonably withheld or delayed).

Sirius Material Adverse Change means in relation to a Sirius, means an event, occurrence or matter that occurs, is announced or otherwise becomes known to IGO after the date of the Scheme Implementation Deed which, whether individually or when aggregated with all such events, occurrences or matters of a like kind, has had or is reasonably likely to have, in the reasonable opinion of IGO, acting in good faith:

- (a) the effect of reducing the value of the Sirius Group's consolidated net assets by an amount that is greater than A\$75 million against what it would reasonably have been expected to have been but for the event, occurrence or matter; or
- (b) a material adverse effect on the assets, liabilities, financial or trading position, performance, profitability or prospects of the Sirius Group (in each case taken as a whole),

other than an event, occurrence or matter:

- (c) required or permitted to be done or procured by Sirius pursuant to the Scheme Implementation Deed or the Acquisition Scheme;
- (d) required or permitted to be done or procured by Sirius pursuant to the Transaction Documents;

A. Summary of Terms of Scheme Implementation Deed (cont)

- (e) fairly disclosed in the Sirius Disclosure Material or the Agreed Budget, or which ought reasonably have been expected to arise from a matter, event or circumstance which was so disclosed;
- (f) resulting from changes in general economic or political conditions, the securities markets in general or law, provided that such changes could not reasonably be expected to have a materially disproportionate effect on the Sirius Group relative to other ASX listed nickel, gold and base metal exploration companies; and
- (g) resulting from any actions taken or not taken at the written request of IGO or with IGO's prior written consent.

Sirius Prescribed Event means the occurrence of any of the following:

- (a) **(share conversions)** Sirius converting all or any Sirius Shares into a larger or smaller number of shares;
- (b) **(capital reduction)** Sirius resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any Sirius Shares, other than the Capital Reduction;
- (c) **(buy back)** Sirius entering into a buy-back agreement or resolving to approve the terms of a buy back agreement under the Corporations Act;
- (d) **(distribution)** Sirius declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (e) **(issue of securities)** a member of the Sirius Group issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than:
 - (i) an issue of securities on the exercise of Sirius Options, vesting of Sirius Share Appreciation Rights, or the conversion of Sirius Performance Shares, which have previously been notified to ASX, where such vesting or conversion occurs as a result of the satisfaction of the applicable conditions (including by any exercise of Sirius Board discretion, the exercise of which discretion is not affected by the Scheme Implementation Deed);
 - (ii) the issue of the Ngadju Shares; and
 - (iii) agreeing to issue equity securities or other rights which may convert into or result in the issue of Sirius Shares, provided that such securities and/or rights are only issued if the Acquisition Scheme is terminated before the End Date or under clause 14.1(b).
- (f) **(change to constitution)** a member of the Sirius Group making any change to its constitution;
- (g) **(deregistration)** a member of the Sirius Group being deregistered as a company or otherwise dissolved except:
 - (i) in the case of a Sirius Group member with less than A\$10 million in net assets as at the date of the Scheme Implementation Deed; and

A. Summary of Terms of Scheme Implementation Deed (cont)

- (ii) in relation to any member of the Sirius Group that is or is intended to become a subsidiary of S2 Resources;
- (h) **(acquisition)** a member of the Sirius Group acquiring, offering to acquire or agreeing to acquire any one or more assets (including any one or more shares in any company) having a market value that in aggregate is, or the consideration for which in aggregate is, A\$10 million or more;
- (i) **(disposal)** a member of the Sirius Group disposing, offering to dispose or agreeing to dispose of any one or more assets (including any one or more shares in any company), or an interest in any one or more assets, having a market value that in aggregate is, or the consideration for which in aggregate is, A\$10 million or more (and, for the avoidance of doubt, "dispose" includes sell, transfer, grant an option over, declare or create a trust over, surrender, allow to lapse or encumber), other than in relation to S2 Resources or the assets of S2 Resources;
- (j) **(Security Interest)** a member of the Sirius Group granting, or agreeing to grant, any security interest over the whole, or a substantial part, of its business or property other than in relation to S2 Resources or the assets of S2 Resources;
- (k) **(entry into agreement)** entering into, or offering to enter into, any joint venture, asset or profit sharing arrangement, partnership or merger of businesses or of corporate entities (including through a multiple listed companies structure) in respect of any one or more assets (including any one or more shares in any company) or undertakings having a market value that in aggregate is, or involving or in relation to S2 Resources or the assets of S2 Resources;
- (l) **(expenditure)** other than in the ordinary course of business or as fairly disclosed in Sirius Disclosure Material or the Agreed Budget before the date of the Scheme Implementation Deed:
 - (i) incurring or committing to, or bringing forward the time for incurring or committing, or granting to another person a right the exercise of which would involve a member of the Sirius Group incurring or committing to, any capital expenditure or liability; or
 - (ii) foregoing any revenue, for individual items or amounts of A\$10 million or more;
- (m) **(Material Agreements)** varying or terminating, or agreeing to vary or terminate, any material agreement;
- (n) **(related party transactions)** the Sirius Group entering into or resolving to enter into a transaction with any related party of Sirius (other than a related party which is a wholly owned member of the Sirius Group, including S2 Resources) as defined in section 228 of the Corporations Act;
- (o) **(financial advisors)** a member of the Sirius Group amending in any material respect any arrangement with a financial advisor, or entering into arrangements with a new financial advisor, in respect of the Transaction or a Competing Proposal (except in the case of a Competing Proposal a member of the Sirius Group may enter arrangements in relation to a Competing Proposal provided the arrangements are on terms consistent with those in the market generally);

A. Summary of Terms of Scheme Implementation Deed (cont)

- (p) **(Sirius Consolidated Tax Group)** the Sirius Group doing anything that would result in a change in the membership of the Sirius Consolidated Tax Group other than anything in relation to entry into, and implementation of, the Demerger Scheme;
- (q) **(Insolvency Event)** an Insolvency Event occurring in relation to a member of the Sirius Group, other than an occurrence:
 - (i) consented to in writing by IGO (such consent not to be unreasonably withheld);
 - (ii) required to be done or procured by Sirius pursuant to the Scheme Implementation Deed or the Acquisition Scheme;
 - (iii) fairly disclosed in the Sirius Disclosure Material or the Agreed Budget, or which ought reasonably to have been expected to arise from a matter, event or circumstance that was so disclosed; or
 - (iv) which is a Sirius Excluded Transaction.

ANNEXURE **B**

B. Deed Poll

ashurst

Deed Poll – Share Scheme

Independence Group NL

ACN 092 786 304

Deed Poll relating to proposed Scheme of
Arrangement between Sirius and its members

28 July 2015

B. Deed Poll (cont)

DEED POLL

THIS DEED POLL is made on **28 JULY** 2015

DATE**BY**

Independence Group NL ACN 092 786 304 whose registered office is at Suite 4, Level 5, South Shore Centre, 85 South Perth Esplanade, South Perth, WA 6151 (**IGO**).

FOR THE BENEFIT OF

Each holder of fully paid ordinary shares and each holder of partly paid shares in Sirius Resources NL (**Sirius**) ACN 009 150 038 as at the Record Date (**Scheme Shareholder**)

RECITALS

- (A) Sirius, whose registered office is at 253 Balcatta Road, Balcatta, WA 6021 and IGO have entered into a Scheme Implementation Deed dated 25 May 2015 (the **Scheme Implementation Deed**).
- (B) Under the Scheme Implementation Deed, Sirius has agreed to propose the Share Scheme, pursuant to which (among other things) the Scheme Shareholders will transfer to IGO, and IGO is to acquire, all the Sirius Shares, and IGO is to provide the Share Scheme Consideration to each Scheme Shareholder.
- (C) IGO is executing this document to covenant in favour of each Scheme Shareholder to perform the obligations contemplated of it under the Share Scheme.

IGO DECLARES AS FOLLOWS1. **INTERPRETATION**1.1 **Definitions**

A term defined in the Share Scheme has the same meaning in this document as given to the term in the Share Scheme, unless the context makes it clear that a definition is not intended to apply.

1.2 **Rules for interpreting this document**

The rules in clause 1.2 and 1.3 of the Share Scheme apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

2. **NATURE OF THIS DOCUMENT**

IGO acknowledges that:

- (a) this document is a deed poll and may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not parties to it; and
- (b) under the Share Scheme, each Scheme Shareholder irrevocably appoints Sirius and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this document against IGO.

B. Deed Poll (cont)

3. **CONDITIONS PRECEDENT AND TERMINATION**

3.1 **Conditions precedent**

IGO's obligations under this document are subject to the Share Scheme becoming Effective.

3.2 **Termination**

The obligations of IGO under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Share Scheme does not become Effective on or before the End Date,

unless Sirius and IGO otherwise agree in writing (and, if required, as approved by the Court) in accordance with the Scheme Implementation Deed.

3.3 **Consequences of termination**

If this document is terminated pursuant to clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) IGO is released from its obligations under this document; and
- (b) each Scheme Shareholder retains any rights, powers or remedies it has against IGO in respect of any breach of this document which occurred before this document was terminated.

4. **SCHEME CONSIDERATION**

Subject to clause 3.1, in consideration of the transfer of each Scheme Share to IGO in accordance with the Share Scheme, IGO covenants in favour of each Scheme Shareholder that it will duly and punctually observe and perform all obligations contemplated of it under the Share Scheme, including all obligations contemplated of it relating to the provision of the Share Scheme Consideration in accordance with the Share Scheme.

5. **REPRESENTATIONS AND WARRANTIES**

IGO represents and warrants in favour of each Scheme Shareholder that:

- (a) **(status)** it is a validly existing corporation under the laws of its place of incorporation; and
- (b) **(power)** it has full legal capacity and power to execute this document and to carry out the transactions that this document contemplates; and
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its execution of this document and its carrying out of the transactions that this document contemplates; and
- (d) **(documents effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms; and
- (e) **(no contravention)** neither the execution of this document nor the carrying out by it of the transactions that it contemplates in accordance with its terms, does or will contravene:

B. Deed Poll (cont)

- (i) any law to which it or any of its property is subject or any order of any government agency that is binding on it or any of its property;
- (ii) any authorisation from a government agency held by it;
- (iii) any material undertaking or instrument binding on it or any of its property;
or
- (iv) its constitution;
- (f) **(solvent)** it is solvent and not affected by any Insolvency Event; and
- (g) **(New IGO Shares)** each New IGO Share will, upon issue:
 - (i) be fully paid up; and
 - (ii) be free from any Security Interest (other than as provided for under the constitution of IGO); and
 - (iii) rank equally in all respects with all IGO Shares then on issue.

6. CONTINUING OBLIGATIONS

This document is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of IGO having fully performed its obligations under this document or termination of this document pursuant to clause 3.

7. FURTHER ASSURANCES

IGO will, on its own behalf and to the extent authorised by the Share Scheme, on behalf of each Scheme Shareholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this document and the transactions contemplated by it.

8. NOTICES

8.1 How to give a notice

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
 - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address;
 - (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full; or
 - (iii) sent in electronic form (such as email).

8.2 When a notice is given

A notice, consent or other communication that complies with this clause is regarded as given and received:

- (a) if it is delivered or sent by fax:

B. Deed Poll (cont)

- (i) by 5.00 pm (local time in the place of receipt) on a Business Day – on that day; or
 - (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day; and
- (b) if it is sent by mail:
- (i) within Australia – one Business Day after the date of posting;
 - (ii) to or from a place outside Australia – three Business Days after posting; and
- (c) if it is sent in electronic form:
- (i) if it is transmitted by 5.00 pm (Perth, Western Australia time) on a Business Day – on that Business Day; or
 - (ii) if it is transmitted after 5.00pm (Perth, Western Australia time) on a Business Day or on a day that is not a Business Day – on the next Business Day.

8.3 Address for notices

IGO's mail address and fax number are those set out below, or as IGO otherwise notifies:

IGO

Address: Suite 4, Level 5, South Shore Centre, 85
South Perth Esplanade, South Perth, WA 6151

Fax number: +61 8 9238 8399

Attention: Peter Bradford / Anthony Walsh

Email: Peter.Bradford@igo.com.au /
Tony.Walsh@igo.com.au

9. GENERAL

9.1 Costs and stamp duty

IGO must bear and be responsible for:

- (a) its own costs arising out of the negotiation, preparation and execution of this document; and
- (b) any and all stamp duty (including any related fines or penalties) payable on or in respect of this document, or any transaction contemplated by it (including any transfer of Scheme Shares pursuant to the Share Scheme), and IGO indemnifies each Scheme Participant on demand against any liability for any and all such stamp duty.

9.2 Amendment

A provision of this document may not be amended or varied unless:

B. Deed Poll (cont)

- (a) before the Second Court Date, the amendment or variation is agreed to in writing by Sirius (on behalf of each Scheme Shareholder but without the need for Sirius to refer the amendment or variation to any Scheme Shareholder) and, if required, is approved by the Court; or
- (b) on or after the Second Court Date, the amendment or variation is agreed to in writing by Sirius (on behalf of each Scheme Shareholder but without the need for Sirius to refer the amendment or variation to any Scheme Shareholder) and is approved by the Court,

and IGO executes a further deed poll in favour of each Scheme Shareholder giving effect to that amendment or variation.

9.3 Waiver

- (a) IGO may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of IGO as a waiver of any right unless the waiver is in writing and signed by IGO.

9.4 Assignment

The rights and obligations of IGO and of each Scheme Shareholder under this document are personal and, except with the prior written consent of Sirius and IGO cannot be assigned, encumbered, charged or otherwise dealt with.

9.5 Operation of this document

- (a) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

9.6 Governing law

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of Western Australia.
- (b) IGO submits to the non-exclusive jurisdiction of the courts of Western Australia, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document. IGO irrevocably waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

B. Deed Poll (cont)

EXECUTED as a deed poll.

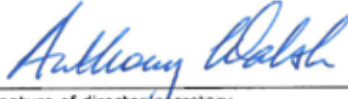
EXECUTED by **INDEPENDENCE GROUP**
NL:



Signature of director

PETER BAYFORD

Name



Signature of director/secretary

TONY WALSH

Name

ANNEXURE C

C. Scheme of Arrangement

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Scheme of Arrangement – Share Scheme

Sirius Resources NL
ACN 009 150 083

Scheme Shareholders

C. Scheme of Arrangement (cont)

SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

- (1) **Sirius Resources NL** ACN 009 150 083 whose registered office is at 253 Balcatta Road, Balcatta, WA (**Sirius**); and
- (2) Scheme Shareholders.

BACKGROUND

- (A) Sirius is a public company incorporated in Australia. It is registered in Western Australia and is a public company limited by shares. It has its registered office at 253 Balcatta Road, Balcatta, WA 6021. Sirius is admitted to the official list of ASX and Sirius Shares are quoted on the stock market conducted by ASX. As at the date of this document, 341,638,313 number of Sirius Shares were on issue.
- (B) IGO is a public company incorporated in Australia under the Corporations Act. It is registered in Western Australia and is a company limited by shares. It has its registered office at Suite 4, Level 5, South Shore Centre, 85 South Perth Esplanade, South Perth, WA 6151. IGO is admitted to the official list of ASX and its fully paid ordinary shares are quoted on the stock market conducted by ASX. As at the date of this document, 234,256,573 number of IGO shares were on issue.
- (C) Sirius and IGO entered into the Scheme Implementation Deed on 25 May 2015 to facilitate the implementation of the Share Scheme. The directors of Sirius have proposed the Share Scheme to Sirius Shareholders and consider that the Share Scheme is in the best interests of Sirius and its members as a whole.
- (D) Under the Scheme Implementation Deed, Sirius and IGO have agreed that each of them will perform their respective obligations under the Share Scheme and do everything within their power that is necessary to give full effect to the Share Scheme.
- (E) IGO has executed the Deed Poll under which it covenants in favour of Sirius Shareholders to carry out its obligations under the Share Scheme including to provide the Share Scheme Consideration in accordance with the terms of the Share Scheme
- (F) If the Share Scheme becomes Effective:
 - (1) IGO will issue and pay the Share Scheme Consideration in accordance with the terms of the Share Scheme in consideration for the transfer of the Scheme Shares to IGO;
 - (2) all the Scheme Shares will be transferred to IGO and Sirius will become a wholly owned subsidiary of IGO; and
 - (3) Sirius will enter IGO's name in the Register as the holder of all the Scheme Shares.

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document:

CHESS means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited, which provides for the electronic transfer, settlement and registration of securities.

C. Scheme of Arrangement (cont)

IGO Share Register means the register of IGO shareholders maintained by or on behalf of IGO.

Nominee means the nominee appointed by IGO to sell the New IGO Shares to which Ineligible Overseas Shareholders would otherwise become entitled to under the Share Scheme.

Registered Address means, in relation to a Sirius Shareholder, the address of the shareholder shown in the Register.

Scheme Implementation Deed means the Scheme Implementation Deed between Sirius and IGO dated 25 May 2015 relating to the implementation of the Share Scheme.

Scheme Ordinary Share means a Sirius Ordinary Share held by a Scheme Ordinary Shareholder as at the Record Date.

Scheme Partly Paid Share means a Sirius Partly Paid Share held by a Scheme Partly Paid Shareholder as at the Record Date.

Scheme Share means a Scheme Ordinary Share or a Scheme Partly Paid Share (as appropriate).

Scheme Transfer, in relation to Scheme Shares, means a proper instrument of transfer of the Scheme Shares.

Sirius Share Registry means Computershare Investor Services Pty Ltd (ABN 48 078 279 277).

A term that is not defined in this document and is defined in the Scheme Implementation Deed has the same meaning in this document as given to the term in the Scheme Implementation Deed, unless the context makes it clear that a definition is not intended to apply.

1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (iii) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.

C. Scheme of Arrangement (cont)

- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The words **officer** and **security interest** have the same meaning as in section 9 of the Corporations Act.
- (g) The expression **related body corporate** has the same meaning given in section 50 of the Corporations Act.
- (h) All references to time in this document are references to Perth, Western Australia.
- (i) A reference to **\$** or **dollar** is to Australian currency.

1.3 Non-Business Days

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

2. CONDITIONS PRECEDENT

2.1 Conditions precedent to the Share Scheme

The Share Scheme is conditional on the following:

- (a) all the conditions set out in clause 3.2 of the Scheme Implementation Deed, other than the conditions in clauses 3.2(h) and 3.2(i), having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by 8:00 am on the Second Court Date;
- (b) the Court having made an order under section 411(4)(b) of the Corporations Act approving the Demerger Scheme, without modification or with modifications which are acceptable to both Sirius and IGO (each acting reasonably);
- (c) the Court having made an order under section 411(4)(b) of the Corporations Act approving the Share Scheme, without modification or with modifications which are acceptable to both Sirius and IGO (each acting reasonably);
- (d) the lodgement with ASIC of an office copy of the Court order approving the Demerger Scheme under section 411(4)(b) of the Corporations Act; and
- (e) the lodgement with ASIC of an office copy of the Court order approving the Share Scheme under section 411(4)(b) of the Corporations Act; and
- (f) the fulfilment of such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Share Scheme as are acceptable to Sirius and IGO (each acting reasonably).

2.2 Effective Date

The Share Scheme takes effect on the Effective Date. Sirius must lodge with ASIC an office copy of the order of the Court approving the Share Scheme under section 411(4)(b) of the Corporations Act and by no later than 10.00 am on the first Business Day after the date on which the Court makes that order.

C. Scheme of Arrangement (cont)

2.3 **End Date**

The Share Scheme will lapse and be of no effect if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms.

3. **THE SCHEME**

3.1 **Sirius to lodge Court orders with ASIC**

Following approval of the Share Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, Sirius will, as soon as reasonably practicable, lodge with ASIC an office copy of that order in accordance with section 411(11) of the Corporations Act.

3.2 **Effective Date**

The Share Scheme takes effect on the Effective Date.

3.3 **Implementation steps**

On the Implementation Date:

- (a) subject to the provision of the Share Scheme Consideration in accordance with the Share Scheme and IGO having provided Sirius with written confirmation of that having occurred, all the Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares as at the Implementation Date, will be transferred to IGO without the need for any further act by any Scheme Shareholder (other than acts performed by Sirius or its directors and officers as attorney and agent for the Scheme Shareholders under the Share Scheme) by Sirius effecting a valid transfer or transfers of the Scheme Shares to IGO under section 1074B of the Corporations Act or, if that procedure is not available for any reason in respect of any Scheme Shares, by:
 - (i) Sirius delivering to IGO for execution duly completed Scheme Transfers to transfer the Scheme Shares to IGO, duly executed by Sirius or any of its directors and officers as the attorney and agent of each Scheme Shareholder as transferor under clauses 5.2 and 5.3;
 - (ii) IGO executing the Scheme Transfers as transferee and delivering the executed and, if necessary, stamped Scheme Transfers to Sirius; and
 - (iii) Sirius upon receipt of the Scheme Transfers under subparagraph (ii) entering or procuring entry of the name and address of IGO in the Sirius Register as the holders of all the Scheme Shares; and
- (b) IGO will issue and pay to each Scheme Shareholder the Share Scheme Consideration for each Scheme Share held by the Scheme Shareholder, in accordance with and subject to the terms of the Share Scheme.

3.4 **Provision of Share Scheme Consideration**

IGO's obligations under clause 3.3(b) will be satisfied as follows:

- (a) in respect of the cash component of the Share Scheme Consideration:

C. Scheme of Arrangement (cont)

- (i) by no later than the Business Day before the Implementation Date, IGO will deposit in cleared funds an amount equal to the aggregate amount of the cash component of the Share Scheme Consideration payable to each Scheme Shareholder, in an Australian dollar denominated trust account operated by Sirius as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to IGO's account);
- (ii) on the Implementation Date, Sirius must pay or procure the payment of the cash component of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 3.4(a)(i) by, in Sirius' absolute discretion:
 - (A) where a Scheme Shareholder has, before the Record Date, made a valid election in accordance with the requirements of Sirius' share registry to receive dividend payments from Sirius by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (B) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 3.4(a)(ii)(A), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 3.5); and
- (iii) to the extent that there is a surplus in the amount held by Sirius as trustee for the Scheme Shareholders in the trust account referred to in clause 3.4(a)(i), that surplus may be paid by Sirius to IGO; and
- (b) in respect of the scrip component of the Share Scheme Consideration, on the Implementation Date, IGO must:
 - (i) issue New IGO Shares for the scrip component of the Share Scheme Consideration to the Scheme Shareholders and procure that the name and address of each Scheme Shareholder is entered in the IGO Share Register in respect of those New IGO Shares; and
 - (ii) as soon as practicable after the Implementation Date:
 - (A) enter into the IGO Share Register each Scheme Shareholder in respect of the New IGO Shares to which they are entitled under the Share Scheme;
 - (B) send to each Scheme Shareholder holding statements for the New IGO Shares to which they are entitled under the Share Scheme by prepaid post to their Registered Address as at the Record Date, unless that Scheme Shareholder has directed otherwise; and
 - (C) use all reasonable endeavours to ensure that such New IGO Shares are, from the Business Day following the Effective Date (or such later date as ASX requires), quoted for trading on the ASX initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

C. Scheme of Arrangement (cont)

This clause 3.4 does not apply to a Scheme Shareholder who does not have a Registered Address or where Sirius and IGO believe that such Scheme Shareholder (other than Ineligible Overseas Shareholders) is not known at their Registered Address.

3.5 **Joint holders**

In the case of Scheme Shares held in joint names:

- (a) the New IGO Shares to be issued under the Share Scheme must be issued to and registered in the names of the joint holders;
- (b) the cash component of the Share Scheme Consideration is payable to the joint holders and any cheque required to be sent under the Share Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Sirius, the holder whose name appears first in the Register as at the Record Date or to the joint holders; and
- (c) any other document required to be sent under the Share Scheme will be forwarded to either, at the sole discretion of Sirius, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

3.6 **Unclaimed monies**

- (a) Sirius may cancel a cheque issued under the Share Scheme if the cheque:
 - (i) is returned to Sirius; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) The applicable legislation relating to unclaimed monies will apply in relation to any Share Scheme Consideration which becomes unclaimed money within the meaning of such legislation.

3.7 **Sirius to remit proceeds of sale of New IGO Shares to Ineligible Overseas Shareholders**

- (a) If IGO is not satisfied that it may lawfully issue New IGO Shares to an Ineligible Overseas Shareholder either unconditionally or after compliance with terms which IGO reasonably regards as not unduly onerous or impractical, IGO has no obligation to issue New IGO Shares to the Ineligible Overseas Shareholder and, instead, IGO will issue those New IGO Shares to the Nominee to sell on behalf of the Ineligible Overseas Shareholder.
- (b) Where the Nominee is issued New IGO Shares under this clause, IGO will cause:
 - (i) the Nominee, as soon as reasonably practicable (but, in any case within one month after the Implementation Date), to offer all the New IGO Shares comprising such for sale on ASX in such manner, at such price or prices and on such other terms as the Nominee determines in good faith (and at the risk of the Ineligible Overseas Shareholders);
 - (ii) as soon as reasonably practicable but in any case within ten Business Days after settlement of all the sales of the New IGO Shares comprising part of the Share Scheme Consideration issued to the Nominee having occurred, the Nominee to remit to Sirius the proceeds of the sales, the same proportion of the net proceeds of sale of all such shares (after deduction of any applicable fees, brokerage, taxes, charges and costs of sale) as the Share Scheme Consideration issued to the Nominee in respect of that

C. Scheme of Arrangement (cont)

Ineligible Overseas Shareholder bears to the total number of New IGO Shares issued to and sold by the Nominee under this clause 3.7; and

- (iii) Sirius to pay or procure the payment of the proceeds of sale in clause 3.7(b)(ii) to each Ineligible Overseas Shareholder (in addition to the cash component of the Share Scheme Consideration) in the same manner as provided in respect of the Share Scheme Consideration in clause 3.4(a).
- (c) If Sirius receives professional advice that any withholding or other tax is required by law to be withheld from a payment to an Ineligible Overseas Shareholder, Sirius is entitled to withhold the relevant amount before making the payment to the Ineligible Overseas Shareholder (and payment of the reduced amount shall be taken to be full payment of the relevant amount for the purposes of the Share Scheme. Sirius must pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Ineligible Overseas Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Ineligible Overseas Shareholder.
- (d) Each Ineligible Overseas Shareholder appoints IGO, and each director and officer of IGO, as its agent to receive on its behalf any financial services guide or other notice that may be given under the Corporations Act by the Nominee to each Ineligible Overseas Shareholder for or in connection with its appointment or the sales.
- (e) None of IGO, Sirius or the Nominee gives any assurance as to the price that will be achieved for the sale of New IGO Shares described in this clause 3.7.
- (f) Payment of the amount calculated in accordance with clause 3.7(b) to an Ineligible Overseas Shareholder in accordance with this clause 3.7 satisfies in full the Ineligible Overseas Shareholder's right to the scrip component of the Share Scheme Consideration.

3.8 Fractional entitlements

- (a) Any fractional entitlement of a Scheme Shareholder to part of an IGO Share or a cent will be rounded up or down to the nearest whole number of IGO Shares or nearest whole cent (as applicable) in accordance with the Share Scheme (and if the fractional entitlement would include one half of an IGO Share, the entitlement will be rounded up to the nearest whole number of IGO Shares in accordance with the Share Scheme).
- (b) If IGO is of the opinion, formed reasonably, that several Scheme Shareholders, each of which holds a holding of Sirius Shares which results in a fractional entitlement to New IGO Shares have, before the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Shareholder's entitlement to the Share Scheme Consideration, IGO may direct Sirius to give notice to those Scheme Shareholders:
 - (i) setting out the names and Registered Address for of all of them;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice the Sirius Shares held by all of them,

C. Scheme of Arrangement (cont)

and, after the notice has been so given, the Scheme Shareholder specifically identified in the notice shall, for the purposes of the Share Scheme, be taken to hold all those Sirius Shares and each of the other Scheme Shareholders whose names are set out in the notice shall, for the purposes of the Share Scheme, be taken to hold no Sirius Shares.

3.9 Agreement to become member of IGO

Each Scheme Shareholder agrees for all purposes to become a member of IGO (without the need for any further act on its part) and to be bound by the constitution of IGO.

3.10 Sirius Shares transferred free from encumbrance

- (a) To the extent permitted by law, the Sirius Shares transferred to IGO under the Share Scheme will be transferred (subject to Sirius' constitution) free from all security interests (including mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise).
- (b) Each Scheme Shareholder is deemed to have warranted to IGO and, to the extent enforceable, appointed and authorised Sirius as its agent to warrant to IGO that all its Scheme Shares (including any rights and entitlements attaching to those Shares) will, as at the time of the transfer of them to IGO, be:
 - (i) in the case of Scheme Ordinary Shareholders, fully paid; and
 - (ii) in the case of Scheme Partly Paid Shareholders, partly paid to \$57 and capable of being subject to a further call of \$3,

and (subject to Sirius' constitution) free from all security interests (including mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise), and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer its Scheme Shares (including any rights and entitlements attaching to those shares) to IGO under the Share Scheme. Sirius undertakes to have provide such warranty to IGO on behalf of the Scheme Shareholder as at the time of transfer of the Scheme Shares.

3.11 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under the Share Scheme to IGO will, at the time of transfer of them to IGO, vest in IGO free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) IGO will be beneficially entitled to the Scheme Shares transferred to it under the Share Scheme pending registration by Sirius of the name and address of IGO in the Register as the holder of the Scheme Shares.

4. DEALINGS IN SIRIUS SHARES

4.1 What Sirius Share dealings are recognised?

To establish the persons who are Scheme Shareholders, dealings in Sirius Shares will be recognised only if:

C. Scheme of Arrangement (cont)

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the Sirius Shares as at the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Sirius Share Registry at or before the Record Date,

and Sirius will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Scheme Shares received after the Record Date (except a transfer to IGO pursuant to the Share Scheme and any subsequent transfer by IGO or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

4.2 **Sirius to register transfer and transmission applications**

Sirius will register registrable transfers and transmission applications of the kind referred to in clause 4.1(b) by, or as soon as practicable after, the Record Date, provided that, for the avoidance of doubt, nothing in this clause 4.2 requires Sirius to register a transfer that would result in a Sirius Shareholder holding a parcel of Sirius Shares that is less than a "marketable parcel" (and for these purposes "marketable parcel" has the meaning given in the ASX Operating Rules).

4.3 **Transfers received after Record Date not recognised**

If the Share Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Record Date otherwise than pursuant to the Share Scheme, and any attempt to do so will have no effect and Sirius shall be entitled to disregard any such disposal.

4.4 **Sirius to maintain Register to determine entitlements**

In order to determine entitlements to the Share Scheme Consideration, Sirius will maintain, or procure the maintenance of, the Register in accordance with this clause 4 until the Share Scheme Consideration has been paid to Scheme Shareholders and the Register in this form will solely determine entitlements to the Share Scheme Consideration.

4.5 **Holding statements no effect from Record Date**

From the Record Date, all holding statements for Scheme Shares will cease to have effect as documents of title (or evidence thereof), and each entry on the Register at the Record Date will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Share Scheme Consideration.

4.6 **Sirius to provide contact information for Scheme Shareholders**

As soon as practicable after Record Date and in any event at least three Business Days before the Implementation Date, Sirius will give to IGO or procure that IGO be given details of the name, Registered Address and the number of Sirius Shares held by each Scheme Shareholder, as shown in the Register at the Record Date, in whatever form IGO reasonably requires.

4.7 **Suspension of trading**

Sirius will apply for a suspension of trading in Sirius Shares on the stock market conducted by ASX with effect from the close of trading on the Effective Date.

C. Scheme of Arrangement (cont)

4.8 **Sirius to apply for termination of quotation of Sirius Shares**

On a date after the Implementation Date to be determined by IGO, Sirius will apply for termination of the official quotation on the stock market conducted by ASX of Sirius Shares and must apply to have itself removed from the official list of ASX.

5. **GENERAL PROVISIONS**

5.1 **Sirius giving effect to the Share Scheme**

Sirius must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that is necessary, expedient or incidental to give full effect to the Share Scheme and the transactions contemplated by it. Without limiting Sirius' power under the Share Scheme, Sirius has power to do all things that it considers necessary or desirable to give effect to the Share Scheme and the Scheme Implementation Deed and each Scheme Shareholder consents to Sirius doing all such things, whether on behalf of the Scheme Shareholders, Sirius or otherwise.

5.2 **Scheme Shareholders' agreements and consents**

Each Scheme Shareholder:

- (a) agrees to the transfer of their Sirius Shares, together with all rights and entitlements attaching to those Shares, to IGO, in accordance with the Share Scheme;
- (c) agrees to the variation, cancellation or modification of the rights attached to their Sirius Shares constituted by or resulting from the Share Scheme;
- (d) agrees to, on the direction of IGO, destroy any share certificates relating to their Sirius Shares;
- (b) agrees to become a member of IGO and to have its name entered in the IGO Share Register and accepts the New IGO Shares issued to it under the Share Scheme on the terms and conditions of the constitution of IGO;
- (c) acknowledges that the Share Scheme binds Sirius and all Scheme Shareholders (including those who do not attend the Share Scheme Meeting and those who do not vote, or vote against the Share Scheme, at the Share Scheme Meeting); and
- (d) consents to Sirius doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, expedient or incidental to Implementation and to give full effect to the Share Scheme and the transactions contemplated by it and Sirius, as agent of each Scheme Shareholder, may sub-delegate its functions under this document to any of its directors and officers, jointly and severally,

without the need for any further act by the Scheme Shareholder.

5.3 **Appointment of Sirius as attorney of Scheme Shareholders**

Each Scheme Shareholder without the need for any further act, irrevocably appoints Sirius and each of its directors and officers, jointly and severally, on and from the Effective Date, as the Scheme Shareholder's attorney and agent:

C. Scheme of Arrangement (cont)

- (a) to execute any document or do any other act necessary, expedient or incidental to give full effect to the Share Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or execution and delivery of any Scheme Transfer) under clause 3; and
- (b) to enforce the Deed Poll against IGO,

and Sirius accepts each such appointment. Sirius may as agent and attorney of each Scheme Shareholder sub-delegate any of its functions, authorities or powers under this clause to all or any of its directors and officers (jointly, severally, or jointly and severally).

5.4 Appointment of IGO as attorney in respect of Scheme Shares

- (a) From the Implementation Date until IGO is registered as the holder of all Scheme Shares, each Scheme Shareholder:
 - (i) irrevocably appoints IGO as its attorney and agent (and irrevocably appoints IGO as its agent and attorney to appoint any of the directors and officers of IGO as its attorney and agent) to:
 - (A) appoint the chairman of the board of directors of IGO or failing him, any director or secretary of IGO as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Sirius;
 - (B) exercise the votes attaching to the Sirius Shares registered in the name of the Scheme Shareholder; and
 - (C) sign any Sirius Shareholders' resolution;
 - (ii) must take all other action in the capacity of a registered holder of Scheme Shares as IGO reasonably directs; and
 - (iii) acknowledges and agrees that in exercising the powers referred to in clause 5.4(i), IGO and its chairman or any director or secretary nominated by IGO may act in the best interests of IGO as the intended registered holder of the Scheme Shares.
- (b) From the Implementation Date no Scheme Shareholder may attend or vote at any shareholders' meetings of Sirius or sign any Sirius Shareholders resolution (whether in person, by proxy or by corporate representative) other than under this clause.

5.5 Binding effect of Scheme

The Share Scheme binds Sirius and all Sirius Shareholders from time to time, including those who do not attend the Share Scheme Meeting, do not vote at that meeting or vote against the Share Scheme and, to the extent of any inconsistency, overrides the constitution of Sirius.

5.6 Alteration or condition to Share Scheme

If the Court proposes to approve the Share Scheme subject to any alteration or condition Sirius may, by its counsel or solicitors, but subject to the prior approval of IGO (which may not be unreasonably withheld or delayed), consent on behalf of all persons concerned, including each Scheme Shareholder, to those alterations or conditions, and each Scheme Shareholder agrees to any such alterations or conditions which counsel for Sirius consents to.

C. Scheme of Arrangement (cont)

5.7 Deed Poll

Sirius undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against IGO for and on behalf of each Scheme Shareholder.

5.8 Notices

- (a) A notice, consent or other communication under this document is only effective if it is:
- (i) in writing, signed by or on behalf of the person giving it;
 - (ii) addressed to the person to whom it is to be given; and
 - (iii) either:
 - (A) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address;
 - (B) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full; or
 - (C) sent in electronic form (such as email).
- (b) A notice, consent or other communication that complies with this clause is regarded as given and received:
- (i) if it is delivered or sent by fax:
 - (A) by 5.00 pm (local time in the place of receipt) on a Business Day – on that day; or
 - (B) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day; and
 - (ii) if it is sent by mail:
 - (A) within Australia – one Business Day after the date of posting;
 - (B) to or from a place outside Australia – three Business Days after posting; and
 - (iii) if it is sent in electronic form:
 - (A) if it is transmitted by 5.00 pm (Perth, Western Australia time) on a Business Day – on that Business Day; or
 - (B) if it is transmitted after 5.00pm (Perth, Western Australia time) on a Business Day or on a day that is not a Business Day – on the next Business Day.
- (c) Sirius' address and fax number are those set out below, or as Sirius notifies the sender:

C. Scheme of Arrangement (cont)

Sirius

Address: 253 Balcatta Road, Balcatta, WA 6021

Fax number: +61 8 6241 4299

Attention: Mark Bennett / Anna Neuling

Email: Mark.Bennett@siriusresources.com.au /
Anna.Neuling@siriusresources.com.au

5.9 Costs and stamp duty

- (a) Subject to paragraph (b), Sirius will pay all the costs of the Share Scheme.
- (b) IGO will pay all stamp duty and any related fines, penalties and other costs in respect of the Share Scheme (including in connection with the transfer of the Scheme Shares to IGO) in accordance with the terms of the Share Scheme.

5.10 Governing law

This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of Western Australia.

5.11 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Sirius nor IGO, nor any director, officer, secretary or employee of any of them, shall be liable for anything done or omitted to be done in the performance of the Share Scheme or the Deed Poll in good faith.

ANNEXURE **D**

D. Notice of Acquisition Scheme Meeting

Notice of Acquisition Scheme Meeting

Notice is hereby given that by an order of the Court made on Thursday, 30 July 2015 pursuant to Section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) a meeting of the holders of ordinary shares in Sirius Resources NL ACN 009 150 083 (**Sirius**) will be held at 10.00am on Thursday, 3 September 2015 at the Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia.

PURPOSE OF THE ACQUISITION SCHEME MEETING

The purpose of this Acquisition Scheme Meeting is to consider, and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Sirius and IGO agree) proposed to be made between Sirius and Sirius Shareholders and to consider and, if thought fit, pass the Acquisition Scheme Resolution.

The Acquisition Scheme Booklet accompanying this Notice of Acquisition Scheme Meeting constitutes an explanatory statement for the purposes of section 412(1) of the Corporations Act.

BUSINESS OF THE MEETING – ACQUISITION SCHEME RESOLUTION

To consider and, if thought fit, to pass the following resolution in accordance with Section 411(4)(a)(ii) of the Corporations Act:

“That, pursuant to and in accordance with Section 411 of the Corporations Act, the Acquisition Scheme, the terms of which are contained in and more particularly described in the Acquisition Scheme Booklet (of which this Notice of Acquisition Scheme Meeting forms part) is approved (with or without modification as approved by the Court to which Sirius and IGO agree).”

CHAIRMAN

The Court has directed that Jeff Dowling is to act as Chairman of the Acquisition Scheme Meeting (and that, if Jeff Dowling is unable or unwilling to attend, David Craig is to act as Chairman of the Acquisition Scheme Meeting) and has directed the Chairman to report the result of the Acquisition Scheme Resolution to the Court.

Dated Friday, 31 July 2015

BY ORDER OF THE SIRIUS BOARD



Anna Neuling
Company Secretary

D. Notice of Acquisition Scheme Meeting (cont)

EXPLANATORY NOTES

The Notice of Acquisition Scheme Meeting relates to the Acquisition Scheme and should be read in conjunction with the accompanying Acquisition Scheme Booklet. The Acquisition Scheme Booklet contains important information to assist you in determining how to vote on the Acquisition Scheme Resolution, including the information prescribed by the Corporations Act and the *Corporations Regulations 2001* (Cth).

A copy of the Acquisition Scheme is set out in Annexure C of the Acquisition Scheme Booklet.

Terms used in this Notice of Acquisition Scheme Meeting have the same meaning as set out in the Glossary in Section 15.1 of the Acquisition Scheme Booklet.

REQUIRED VOTING MAJORITY

In accordance with Section 411(4)(a)(ii) of the Corporations Act, the Acquisition Scheme Resolution must be approved by:

- a majority in number (ie more than 50%) of Sirius Shareholders present and voting on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting (either in person, or by proxy or representative); and
- at least 75% of the total number of votes cast on the Acquisition Scheme Resolution at the Acquisition Scheme Meeting by Sirius Shareholders (either in person, or by proxy or representative),

(the **Requisite Majorities**).

ENTITLEMENT TO VOTE

The Court has ordered that, for the purposes of the Acquisition Scheme Meeting, each Sirius Shareholder who is registered on the Sirius Register at 5.00pm on Tuesday, 1 September 2015 is entitled to attend and vote at the Acquisition Scheme Meeting, and will have the following voting rights:

- one vote for each Sirius Ordinary Share; and
- 57/60ths of a vote for each Sirius Partly Paid Share (being, a fraction of a vote which represents the proportion paid up on each Sirius Partly Paid Share over the issue price of each Sirius Partly Paid Share).

In the case of jointly held Sirius Shares, only one of the joint shareholders is entitled to vote. If more than one Sirius Shareholder votes in respect of jointly held Sirius Shares, only the vote of the Sirius Shareholder whose name appears first in the Sirius Register will be counted.

VOTING AT THE ACQUISITION SCHEME MEETING

You may vote on the Acquisition Scheme Resolution by:

- attending the Acquisition Scheme Meeting in person; or
- proxy, attorney or, in the case of a corporation which is a Sirius Shareholder, by corporate representative appointed in accordance with the Corporations Act.

Relevant details in respect of each of these methods is set out below.

D. Notice of Acquisition Scheme Meeting (cont)

Voting in person

To vote in person, you must attend the Acquisition Scheme Meeting. If you attend, you will be admitted to the meeting and given a voting card at the point of entry to the meeting upon disclosing your name and address. Please bring a form of personal identification with you, such as your driver's licence.

Voting by proxy

To vote by proxy, you must complete and return the personalised Yellow Proxy Form accompanying this Acquisition Scheme Booklet in accordance with the instructions on the form so that it is received by the Share Registry by no later than 10.00am on Tuesday, 1 September 2015.

You may appoint an individual or body corporate as your proxy.

Voting by attorney

To vote by attorney, the attorney must have a duly executed power of attorney, specifying the name of the Sirius Shareholder, the attorney, the meetings at which the appointment may be used and that the power of attorney applies in relation to Sirius. The appointment may be a standing one and the attorney need not be a Sirius Shareholder.

Voting by corporate representative

For a body corporate to vote by corporate representative, the representative must have a duly executed appointment which complies with the requirements of section 250D of the Corporations Act. The representative should bring this appointment to the meeting. The appointment may set out restrictions on the representative's powers.

An "Appointment of Corporate Representative" may be obtained for this purpose from the Share Registry's website at <https://www-au.computershare.com/Investor/help/printableforms>.

LODGEMENT OF PROXY FORMS AND POWERS OF ATTORNEY

To be effective, completed Yellow Proxy Forms, powers of attorney and authorities must be received by the Share Registry in accordance with the method set out below at least 48 hours before the time for holding the Acquisition Scheme Meeting (that is, by no later than 10.00am on Tuesday, 1 September 2015) or, if the Acquisition Scheme Meeting is adjourned, at least 48 hours before the resumption of the Acquisition Scheme Meeting:

- **Postal address:**

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne, Victoria 3001
Australia
- **Facsimile number:**

(within Australia) 1800 783 447

(outside Australia) +61 3 9473 2555

COURT APPROVAL

If the Acquisition Scheme Resolution is approved at the Acquisition Scheme Meeting by the Requisite Majorities, the implementation of the Acquisition Scheme (with or without modification) will be subject, among other things, to the subsequent approval of the Court.

JOINTLY HELD SECURITIES

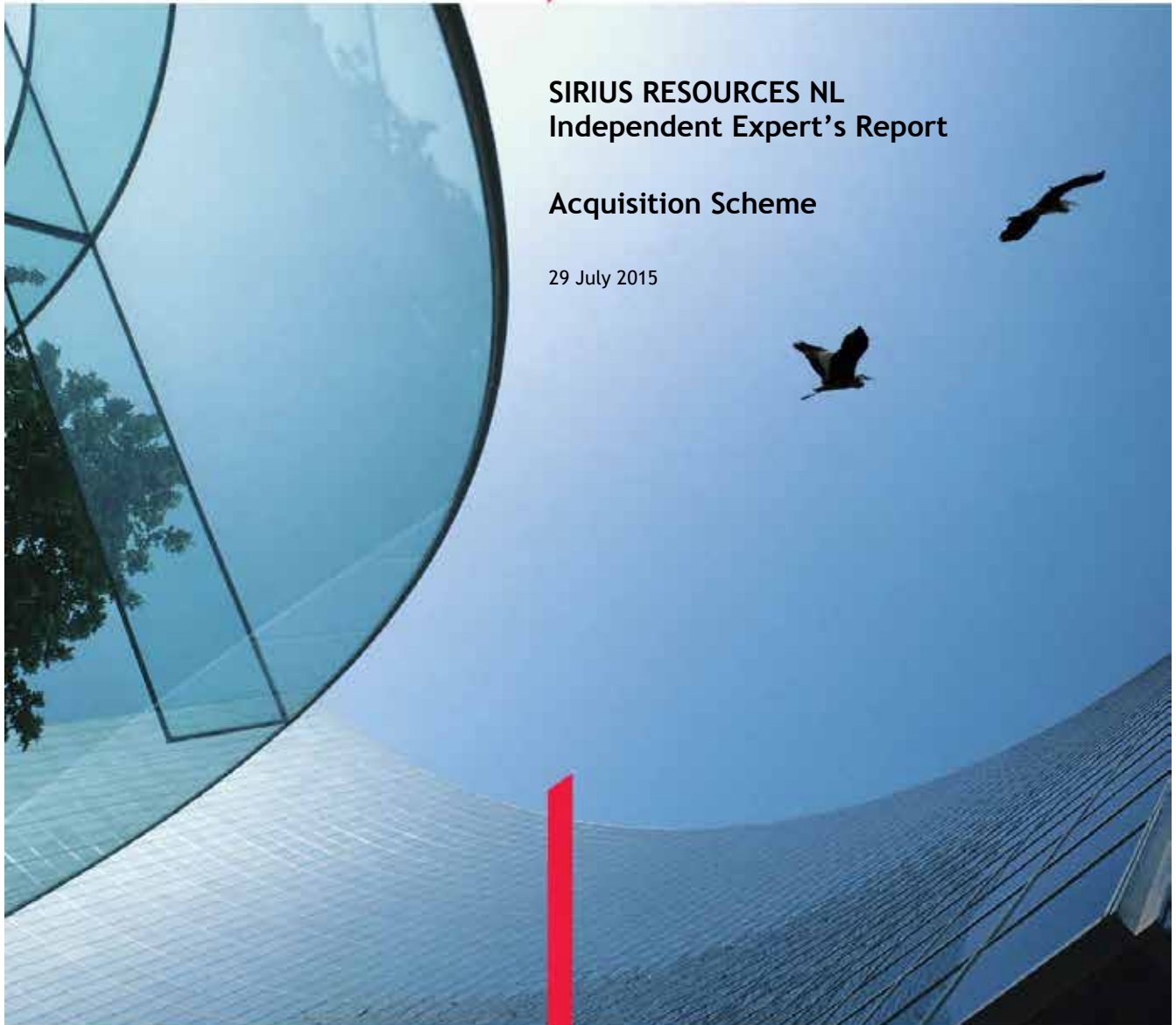
If Sirius Shares are jointly held and more than one member votes in respect of those jointly held Sirius Shares, only the vote of the Sirius Shareholder whose name appears first in the Sirius Register will be counted.

ADVERTISEMENT

Where this Notice of Acquisition Scheme Meeting is advertised unaccompanied by the Acquisition Scheme Booklet, a copy of the Acquisition Scheme Booklet can be obtained by anyone entitled to attend the Acquisition Scheme Meeting from Sirius' website (www.siriusresources.com.au) or by contacting the Share Registry.

ANNEXURE E

E. Independent Expert's Report



E. Independent Expert's Report (cont)

Financial Services Guide

29 July 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Sirius Resources NL ('Sirius') to provide an independent expert's report on the proposed acquisition of all the issued shares of Sirius by Independence Group NL ('IGO') through an acquisition scheme and the demerger of Sirius' Polar Bear and Scandinavian exploration assets through a demerger scheme. You will be provided with a copy of our report as a retail client because you are a shareholder of Sirius.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

BDO CORPORATE FINANCE (WA) PTY LTD

E. Independent Expert's Report (cont)

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The combined fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement and another independent expert's report prepared for the proposed demerger of certain of Sirius' exploration assets including its Polar Bear and Scandinavian exploration assets through a demerger scheme is approximately \$175,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments

BDO Corporate Finance (WA) Pty Ltd prepared an independent expert report for Sirius in connection with the proposal to acquire the Creasy Group's 30 per cent interest in the Nova-Bollinger Project. Our fee for the preparation of that report was \$40,000.

BDO Corporate Finance (WA) Pty Ltd also undertook a financial model audit for Sirius in relation to Sirius securing debt funding for the Nova Nickel Project. Our fee for providing those services was approximately \$25,400.

BDO Audit (WA) Pty Ltd is currently the independent auditor of Sirius and IGO.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Sirius for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

E. Independent Expert's Report (cont)

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Appendix 1 - Glossary of Terms and Copyright Notice

Appendix 2 - Valuation Methodologies

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Appendix 4 - Liquidity Analysis of IGO

Appendix 5 - Independent Technical Assessment and Valuation Report by Optiro Pty Ltd

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E. Independent Expert's Report (cont)

29 July 2015

The Directors
Sirius Resources NL
253 Balcatta Road
BALCATTWA WA 6021

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 25 May 2015, Sirius Resources NL ('Sirius' or 'the Company') announced that it had entered into a binding Scheme Implementation Deed under which Independence Group NL ('IGO') has agreed to acquire all the issued capital of Sirius by way of a scheme of arrangement ('the Acquisition Scheme').

Sirius will also undertake a demerger of certain of its exploration assets, including the Polar Bear project and its Scandinavian assets ('Demerger') via a capital reduction. The Demerger will also be implemented by way of a scheme of arrangement ('the Demerger Scheme'). The new listed vehicle will be called S2 Resources Ltd ('S2') and will be led by Mark Bennett.

Under the Demerger Scheme, if approved by the shareholders of Sirius ('Shareholders'), each Sirius shareholder will receive one S2 share for every two Sirius shares held.

Under the Acquisition Scheme, if approved by Shareholders, each Sirius shareholder holding fully paid ordinary shares in Sirius ('Sirius Ordinary Shares') will receive:

- 0.66 IGO shares for each Sirius Ordinary Share held; and
- cash consideration of \$0.52 for each Sirius Ordinary Share held.

Sirius shareholders holding partly paid shares in Sirius ('Sirius Partly Paid Shares') will be entitled to participate in both the Demerger Scheme and the Acquisition Scheme in proportion to the amount paid up on their Sirius Partly Paid Shares.

Following the completion of the Transaction, S2 will apply for admission to the official list of the Australian Securities Exchange ('ASX').

E. Independent Expert's Report (cont)

2. Summary and Opinion

2.1. Purpose of the report

The directors of Sirius have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Acquisition Scheme is in the best interests of the shareholders of Sirius ('**Shareholders**').

BDO has prepared a separate independent expert's report to express an opinion as to whether or not the Demerger Scheme is in the best interests of the Shareholders. Accordingly, BDO does not express an opinion on the Demerger Scheme in this report.

The Acquisition Scheme and the Demerger Scheme are separate transactions. However, as the Acquisition Scheme and the Demerger Scheme are inter-conditional, we have analysed the financial effects of the Acquisition Scheme and Demerger Scheme as a whole ('**the Schemes**') for the purpose of providing an opinion as to whether or not the Acquisition Scheme is in the best interests of Shareholders.

Our Report is prepared pursuant to Section 411 of the Corporations Act and is to be included in a scheme booklet by Sirius prepared in relation to the Acquisition Scheme ('**Acquisition Scheme Booklet**') in order to assist the Shareholders in their decision whether to approve the Acquisition Scheme.

2.2. Approach

There is no statutory requirement for the Directors of Sirius to commission an independent expert's report in relation to the Acquisition Scheme. However the Directors of Sirius have requested that BDO prepare an independent expert's report stating whether, in BDO's opinion, the Acquisition Scheme is in the best interests of Shareholders, and the reasons for that opinion.

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 60 'Schemes of Arrangement' ('**RG 60**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Schemes as a whole as outlined in the body of this report. We have considered:

- a post-merger analysis;
- how the value of a Sirius share prior to the Schemes on a controlling basis, compares to the aggregate value of:
 - 0.66 shares in IGO following the implementation of the Schemes on a minority basis;
 - \$0.52 cash; and
 - holding one S2 share on a minority basis for every two Sirius shares held as a result of the Demerger Scheme.
- the likelihood of a superior alternative offer being available to Sirius;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Acquisition Scheme; and
- the position of Shareholders should the Acquisition Scheme not proceed.

E. Independent Expert's Report (cont)

2.3. Opinion

We have considered the terms of the Schemes as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Acquisition Scheme is fair and reasonable. Therefore, we also conclude that, in the absence of a superior offer, the Acquisition Scheme is in the best interests of Shareholders.

We consider the Sirius Partly Paid Shares to be de minimis, which have no material impact on our opinion. We have considered the terms of the Acquisition Scheme for Sirius Partly Paid Shares and also conclude that the Acquisition Scheme is fair and reasonable and in the best interests to the holders of Sirius Partly Paid Shares.

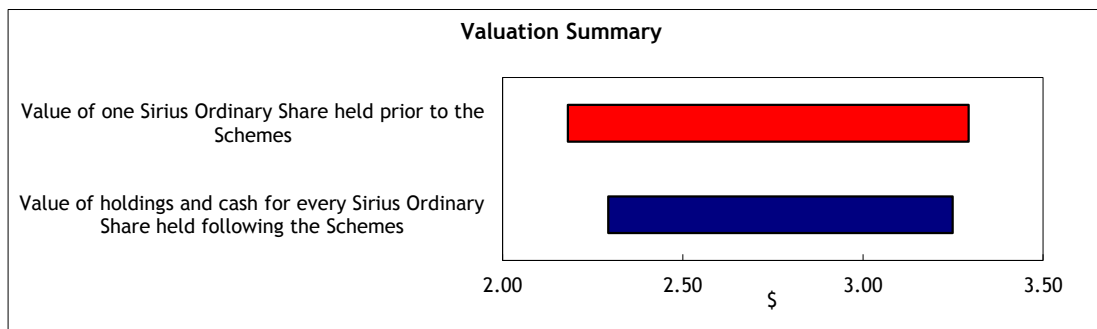
2.4. Fairness

In section 14, we determined that the value of the holdings resulting from the Schemes (which includes the value of the combined entity of Sirius and IGO on a minority basis) compares to the value of one Sirius share on a control basis prior to the implementation of the Schemes as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of one Sirius Ordinary Share held prior to the implementation of the Schemes	11.1	2.18	2.72	3.29
Value of holdings and cash for every Sirius Ordinary Share held following the implementation of the Schemes	13.4	2.29	2.75	3.25

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Acquisition Scheme is fair for Shareholders.

2.5. Reasonableness

We have considered the analysis in section 15 of this report, in terms of both:

- advantages and disadvantages of the Acquisition Scheme; and
- other considerations, including the position of Shareholders if the Acquisition Scheme does not proceed and the consequences of not approving the Acquisition Scheme.

E. Independent Expert's Report (cont)

In our opinion, the position of Shareholders if the Acquisition Scheme is approved is more advantageous than the position if the Acquisition Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Acquisition Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
15.1.1	The Acquisition Scheme is fair	15.2.1	Dilution of existing shareholders exposure to Sirius assets
15.1.2	Provides Shareholders with the opportunity to gain immediate exposure to a portfolio of diversified assets	15.2.2	Portfolio diversification may not be desirable to particular Shareholders
15.1.3	Creation of a combined group with a stronger financial position and greater market presence		
15.1.4	Sirius shareholders may receive a more timely dividend		
15.1.5	Creation of a combined group with a stronger growth profile		
15.1.6	Synergies brought about by operational efficiencies and lower corporate costs		
15.1.7	Management expertise of IGO will help ensure the development and future operations of Sirius' Nova nickel mine are progressed in a timely manner		

Other key matters we have considered include:

Section	Description
15.3.1	Likelihood of an alternative proposal
15.3.2	Post announcement pricing

E. Independent Expert's Report (cont)

3. Scope of the Report

3.1 Purpose of the Report

The Acquisition Scheme is to be implemented pursuant to section 411 of the Corporations Act 2001 Cth ('Corporations Act' or 'the Act'). Part 3 of Schedule 8 to the Corporations Act Regulations 2001 (Cth) ('Regulations') prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act ('Section 411').

Schedule 8 of the Regulations requires an independent expert's report if:

- the corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- the corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the scheme is in the best interest of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

Accordingly, there is no requirement for this report pursuant to Section 411. Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Acquisition Scheme, the directors of Sirius have requested that BDO prepare this report as if it were an independent expert's report pursuant to Section 411, and to provide an opinion as to whether the directors of Sirius are justified in recommending the Acquisition Scheme in the absence of a superior offer.

3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term 'in the best interests of'. In determining whether the Acquisition Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The

E. Independent Expert's Report (cont)

expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not.

This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of a Sirius share including a premium for control prior to the Schemes and the aggregate value of the holdings and cash received by Shareholders following the Schemes detailed below (fairness - see Section 14 'Is the Acquisition Scheme Fair?'):
 - 0.66 shares in IGO following the implementation of the Schemes on a minority basis;
 - \$0.52 cash; and
 - holding one S2 share on a minority basis for every two Sirius shares held under the Demerger Scheme.
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Acquisition Scheme, after reference to the value derived above (reasonableness - see Section 15 'Is the Acquisition Scheme Reasonable?'); and
- A consideration of whether the Acquisition Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable, then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225'). A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

E. Independent Expert's Report (cont)

4. Outline of the Schemes

On 25 May 2015, each of IGO and Sirius announced that they had entered into a binding Scheme Implementation Deed ('SID') under which IGO will acquire all issued Sirius Ordinary Shares and Sirius Partly Paid Shares by way of a scheme of arrangement under the Act. Under the Acquisition Scheme, holders of Sirius Ordinary Shares will receive 0.66 IGO shares and \$0.52 cash for each existing Sirius Ordinary Share they hold (and holders of Sirius Partly Paid Shares will receive fractional amount of this consideration proportionate to the amount paid up on the Sirius Partly Paid Shares).

IGO shareholders will continue to hold their existing IGO fully paid ordinary shares. IGO intends to use a combination of its own cash reserves, together with proceeds drawn under an unsecured syndicated facility agreement, to fund the cash component of the consideration under the Acquisition Scheme.

Sirius has also entered into a Demerger Implementation Deed ('DID') with S2 under which Sirius will demerge S2 by way of a capital reduction in accordance with section 256B(1) of the Corporations Act ('Capital Reduction'). A resolution to approve the Capital Reduction pursuant to section 256C(1) of the Corporations Act will be put to Shareholders of Sirius at a general meeting on the same day as the meetings to be held for the purposes of the Schemes.

Under the Demerger Scheme, holders of Sirius Ordinary Shares will receive one share in S2 for every two Sirius shares they hold (and holders of Sirius Partly Paid Shares will receive a fractional amount proportionate to the amount paid up on the Sirius Partly Paid Shares).

The offer under the Acquisition Scheme will result in a total of 511,406,170 shares in the merged entity of IGO and Sirius following the Acquisition Scheme ('Proposed Merged Entity') as set out below.

Pro-forma Capital Structure	Number
Number of shares Sirius has on issue (as 30 June 2015)	412,201,575
Number of Sirius performance shares	2,200,000
Number of Sirius shares to be issued to the Ngadju people	400,000
Number of Sirius shares on issue	414,801,575
Exchange ratio, number of IGO shares issued for each Sirius share	0.66
Number of IGO shares to be issued to SIR shareholders	273,769,040
Number of IGO shares issued to SIR option holders (under private treaty)	2,056,943
Total number of IGO shares to be issued to SIR shareholders & option holders	275,825,983
Proposed Merged Entity after the Scheme	
Number of shares IGO has on issue	235,580,187
Maximum number of shares to be issued to Shareholders	275,825,983
Maximum number of shares on issue in IGO on completion of the Scheme	511,406,170
Interest held by Shareholders	53.93%
Interest held by existing IGO shareholders	46.07%
	100.00%

Source: BDO analysis

The above analysis assumes that Sirius' share appreciation rights holders accept a cash settlement by private treaty. We do not consider the scrip payment option if elected to have a material impact on our opinion.

E. Independent Expert's Report (cont)

We note that the Sirius performance shares will vest and therefore be included under the Acquisition Scheme.

The Schemes and the various obligations of the parties, IGO and Sirius, are conditional on the conditions set out in the SID, including but not limited to, the following:

- certain regulatory approvals of ASIC and the ASX;
- approval of the Acquisition Scheme and Demerger Scheme by the requisite majorities (under the Act) of Shareholders at the scheme meetings;
- approval by Shareholders of the capital reduction to effect the Demerger;
- the independent expert's report for the Acquisition Scheme concluding that the Acquisition Scheme is in the best interests of Shareholders;
- 75% of the total number of Sirius Options, Sirius Performance Shares and Sirius Share Appreciation rights on issue at 25 May 2015:
 - have vested and been exercised;
 - being subject of binding agreements pursuant to terms contemplated in Schedule 5 of the SID; or
 - otherwise having been dealt with as between Sirius and IGO.
- court approval of both of the Schemes in accordance with section 411 (4)(b) of the Act; and
- such other conditions as are customary for transactions of this nature.

Further disclosures of the conditions precedent to the Schemes are included in the SID and the Acquisition Scheme Booklet.

5. Profile of Sirius

5.1 History

Sirius, formerly known as Croesus Mining NL, is an Australian mineral exploration company with its head office located in Balcatta, Western Australia. Sirius listed on the ASX on 24 July 1986 and has a widespread tenement portfolio in Western Australia covering approximately 3,500 square kilometres ('km²').



Source: Company website, investor presentations (released 30 September 2013)

E. Independent Expert's Report (cont)

Sirius explores for gold, nickel, zinc, copper, cobalt, other base metals, and platinum group metals. Sirius' primary exploration assets include a 100% owned Nova Nickel Mine ('Nova') and the Fraser Range project ('Fraser SIR') as well as a 70% interest in the Fraser Range Joint Venture ('Fraser Range JV'). In addition, Sirius has the 100% owned Polar Bear project ('Polar Bear') and the Norcott project, as well as an 80% interest in the Eundynie Joint Venture ('Eundynie JV').

Sirius' most recent capital raising occurred on 25 July 2014 for \$189 million through the placement of 49.5 million shares at \$3.82 per share. The share placement was heavily oversubscribed and placed the Company in a strong financial position prior to the finalisation of the debt funding for the Nova project.

The company's current board members and senior management are shown below:

- Mr Jeff Dowling - Non-Executive Chairman
- Dr Mark Bennett - Chief Executive Officer and Managing Director
- Ms Anna Neuling - Director - Corporate and Commercial
- Mr David Craig - Non-Executive Director
- Mr Neil Warburton - Non-Executive Director
- Mr Terry Grammer - Non-Executive Director
- Mr Grant Dyker - Chief Financial Officer
- Mr Rob Dennis - Chief Operating Officer
- Mr Jeffrey Foster - General Manager, Project Generation
- Mr John Barlett - General Manager, Exploration

Sirius Gold Pty Ltd, incorporated in 2010, is a wholly owned subsidiary of Sirius. Sirius acquired Mark Creasy's 30% interest in Nova through Sirius Gold Pty Ltd.

Polar Metals Pty Ltd, incorporated in 2011, is a wholly owned subsidiary of Sirius, which comprises the various Polar Bear tenements.

Sirius Europa Pty Ltd ("Europa") is a wholly owned subsidiary of Sirius. Europa was registered on 9 December 2014. Norse Exploration Pty Ltd ("Norse") is a 67% owned subsidiary of Europa. Norse was registered on 23 December 2014.

VMS Metals Pty Ltd, incorporated in 2011, and Sirex Exploration Canada Ltd are also wholly owned subsidiaries of Sirius.

5.2 Projects

5.2.1 Fraser Range Tenements

Sirius holds various tenements in the Fraser Range which covers an area of 2,993 square kilometres, including 100 kilometres ('km') of strike length of the Proterozoic Albany-Fraser mobile belt on the southeast margin of the Yilgarn Craton. The Fraser Range tenements are located approximately 700 km east of Perth within the Albany-Fraser province. The area is considered prospective for nickel, copper and platinum group elements but is heavily dominated by the Tropicana gold and Nova nickel deposits. A number of companies have interests in the area with the main projects being Sirius' Nova-Bollinger nickel projects and AngloGold Ashanti and IGO's Tropicana JV project.

The Fraser Range project encompasses a total of one Mining Lease, 18 Exploration Licenses, two Prospecting Licenses and six Miscellaneous Licenses. Mining Lease ML28/376 hosts the Nova-Bollinger deposit.

E. Independent Expert's Report (cont)

Nova Nickel Mine (100%)

The Company's current focus is its wholly owned Nova project comprising a nickel-copper sulphide deposit known as the Nova-Bollinger deposit. The Nova-Bollinger deposit is located 700km east of Perth. Sirius obtained 100% ownership in May 2014 following the purchase of Mark Creasy's 30% joint venture interest.

A Definitive Feasibility Study ("DFS") was completed on 14 June 2014. As part of the DFS, the Nova-Bollinger JORC resource estimate was updated to 14.3mt at 2.4% nickel, 0.9% copper and 0.09% cobalt for 325,000t of nickel, 134,000t of copper and 11,000t of cobalt.

On 4 August 2014, Sirius signed the Nova Mining Agreement with the Ngadju people, the traditional owners of the land comprising Nova. Subsequently, the Nova Mining Lease (M28/276) was granted on 19 August 2014. Construction at the Nova commenced on 26 January 2015, following receipt of final statutory approvals.

At levels of full production, Nova is expected to produce an average of 26,000t of nickel, 850t of cobalt and 11,500t of copper annually. On 27 February 2015, Sirius announced that it has signed a three-year offtake deal with BHP Billiton Nickel West ('BHP Billiton') for 50% of its forecast nickel sulphide concentrate to be produced from Nova. Subsequently, on 13 May 2015 Sirius announced it signed a three year offtake agreement with Trafigura for 100% of its future copper sulphide concentrate produced from Nova for the first three years of production.

Production is expected to begin in late 2016, as shown below.

Milestone	Estimated Timing Calendar year
First Ore from Development	Q2 2016
First Ore Feed to the Processing Plant	Q3 2016
First Concentrate Production	Q4 2016
First Nickel Concentrate Shipment	Q1 2017
First Copper Concentrate Shipment	Q1 2017

Source: Sirius Annual Report 2014

In January 2015, following the granting of all mining permits, excavation and construction of the interim accommodation, aerodrome and access road commenced. A 492 person accommodation village has been largely completed and the initial construction camp has been decommissioned. The foundation for a two kilometre long, all-weather, sealed airstrip has been completed. The box cut was completed in May 2015 with the decline and tailings dam in progress.

In June 2015, GR Engineering Services Limited was awarded a \$114 million Engineering, Procurement and Construction contract for the design and processing of the mineral processing and paste fill plant at Nova. Design work on the plant is underway and expected to be completed in November 2016.

5.2.2 Fraser Range Joint Venture (70%)

Of the licenses held by Sirius at the Fraser Range project, eight Exploration Licenses and two Prospecting Licenses are held in a joint venture with various entities controlled by Mr Mark Creasy ('Creasy Group'). Collectively, these tenements are termed the Fraser Range JV.

The Fraser Range JV covers an area of 895 km² including the 100km of strike length of the Proterozoic Albany-Fraser mobile belt on the south-east margin of the Yilgarn Craton. Sirius has a 70% interest in the

E. Independent Expert's Report (cont)

Fraser Range JV with the Creasy Group retaining a 30% free carried interest to the completion of a bankable feasibility study.

Nickel Exploration

At the Crux-Centauri area (70% Sirius), preliminary systematic aircore and reverse circulation drilling confirming the presence of nickel-copper sulphide mineralisation and anomalous zones of copper and nickel at shallow levels has been completed. Crux-Centauri is located 60 km southwest of the Nova-Bollinger deposit.

As of March 2015, 11 reconnaissance diamond holes have been drilled with results from four confirming the presences of magmatic nickel-copper sulphide mineralisation scattered throughout the region.

Gold Exploration

The Lake Harris Exploration Licence E28/1630 is located to the northwest of the nickel prospective part of the Albany-Fraser belt and covers part of the south western continuation of the gold prospective Tropicana belt.

5.2.3 Fraser Range SIR (100%)

In addition to Sirius' interest in the Fraser Range JV, the Company also has ten Exploration Licences and six Miscellaneous Licences throughout the nickel prospective part of the Albany-Fraser belt. Fraser Range SIR comprises the Talbot and Southern Hill prospect located to the south of the Nova-Bollinger deposits, the Buningonia prospect situated some 40km along strike from Nova.

5.2.4 Polar Bear, Western Australia (100%)

Polar Bear covers an area of approximately 550 km², located between Higginsville and Norseman. It is surrounded by the major gold camps of Norseman (10 million ounces), St Ives (12 million ounces) and Higginsville (12 million ounces). Large parts of the area are relatively under explored due to it being largely concealed by the shallow salt lake sediments of Lake Cowan and the sand dunes of the Polar Bear peninsula.

In total, Polar Bear consists of 25 tenements which include two Exploration Licences, six Mining Leases and 16 Prospecting Licences, covering 151 Km². In addition, Sirius has applications lodged for two exploration licenses, one mining lease and two prospecting licenses covering an additional 38 km².

Sirius has entered into an agreement to acquire 80% of an additional six exploration license applications, covering 103 km², located adjacent to the Polar Bear tenement package (Eundynie JV). Furthermore, Sirius has lodged an application for a single exploration license at Norcott, covering an area of 256 km² and located approximately 15 km to the east of the Polar Bear tenements.

Polar Bear will be a continuing asset of S2 if the Demerger Scheme is approved.

Baloo

In January 2015, Sirius announced the discovery of a significant zone of gold mineralisation at the Baloo prospect following reconnaissance aircore drilling in late 2014.

In the March 2015 Quarterly Activities Report, Sirius stated that infill air core drilling at Baloo had defined a zone of oxide gold mineralise measuring 700 metres in strike and up to 100 metres wide.

E. Independent Expert's Report (cont)

Diamond drilling beneath the oxide zone defined a mineralised shoot and a reverse circulation rig is being commissioned with the aim of replicating the original aircore drilling to provide the basis for a JORC resource estimate of the oxide zone.

Baloo will be a continuing asset of S2 if the Demerger Scheme is approved

Monsoon

At Monsoon, which is located approximately 4km south, reconnaissance aircore drilling on an 80 metre by 40 metre grid has defined sporadic mineralisation over a 1 km strike length.

Monsoon will be a continuing asset of S2 if the Demerger Scheme is approved.

Earlobe

The Earlobe gold prospect is located in a region containing numerous world class gold and nickel mines. The Earlobe prospect is the most advanced gold prospect. Drill intersections at Earlobe include 8m at 5.56g/t, 4m at 4.95g/t, 2m at 26.6g/t and 4m at 6.09g/t gold, and the limits of this prospect have not yet been defined.

Earlobe will be a continuing asset of S2 if the Demerger Scheme is approved.

5.2.5 Scandinavian Assets

On 24 December 2014, Europa signed a Heads of Agreement with Norse and Sakumpu Exploration Oy ('Sakumpu'). The agreement was completed on 9 January 2015 with Europa owning 50.01% of Norse and Norse owning 100% of Sakumpu.

A Subscription Agreement between Europa and Norse was signed on 24 December 2014 and completed 20 January 2015 whereby Norse received \$2 million and as a result Sirius acquired a 67% interest in the assets held by Sakumpu, an option to increase this interest up to 80% of the assets for a further \$2 million was also granted.

Sakumpu holds exploration permits in the Skellefte belt of Sweden and exploration reservations in the Central Lapland Greenstone Belt of Finland. The Swedish ground covers an area of 270 km² adjacent to several major copper-zinc and gold mines. The Finnish ground covers an area of 1,300 km² and is located near the 7 million ounce Kittila gold mine operated by Agnico Eagle Mines and the world-class Sakatti Nickel-Copper-Platinum Group Metals deposit owned by Anglo American.

The Scandinavian assets will be continuing assets of S2 if the Demerger Scheme is approved.

E. Independent Expert's Report (cont)

5.3 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Mar-15 \$'000	Reviewed as at 31-Dec-14 \$'000	Audited as at 30-Jun-14 \$'000	Audited as at 30-Jun-13 \$'000
CURRENT ASSETS				
Cash and cash equivalents	210,103	245,489	58,715	41,378
Inventories	69	12	-	-
Other receivables	6,451	3,320	1,764	935
TOTAL CURRENT ASSETS	216,623	248,821	60,479	42,313
NON-CURRENT ASSETS				
Exploration and evaluation	324,094	287,571	267,803	13,545
Property, plant and equipment	2,972	2,475	2,546	303
Other non-current assets	238	-	-	-
TOTAL NON-CURRENT ASSETS	327,304	290,046	270,349	13,848
TOTAL ASSETS	543,927	538,867	330,828	56,161
CURRENT LIABILITIES				
Trade and other payables	21,014	13,862	4,726	2,446
Provisions	417	413	426	185
TOTAL CURRENT LIABILITIES	21,431	14,275	5,152	2,631
TOTAL LIABILITIES	21,431	14,275	5,152	2,631
NET ASSETS	522,496	524,592	325,676	53,530
EQUITY				
Share capital	694,526	693,906	490,666	203,723
Reserves	28,698	28,698	28,553	24,357
Accumulated losses	(201,982)	(198,012)	(193,543)	(174,550)
Non-controlling interest	1,254	-	-	-
TOTAL EQUITY	522,496	524,592	325,676	53,530

Source: Audited financial statements for the year ended 30 June 2013 and 30 June 2014, reviewed half-yearly financial statements for the period ended 31 December 2014 and reviewed financial statements for the nine months to 31 March 2015.

Sirius' statement of financial position for the nine months ended 31 March 2015 has been reviewed by BDO Audit (WA) Pty Ltd. We instructed BDO Audit (WA) Pty Ltd to undertake this review, as it was our view that, due to the development activities being undertaken on Nova, it was likely that the Company's position may have changed materially since 31 December 2014.

Commentary on Historical Balance Sheet

- The cash and cash equivalents balance increased significantly over the review period. This can be explained by cash received from the below capital raisings:
 - 34.16 million shares issued at an issue price of \$2.44 per share (completed in November 2013);
 - 49.5 million shares issued at an issue price of \$3.82 per share (completed in July 2014);
 - funds raised from the issue of shares on the exercise of options.
- Other receivables of \$3.32 million as at 31 December 2014 is largely attributable to a prepayment (\$2.4 million) relating to the transaction cost incurred to establish the Nova Project Financing Facility.
- Other receivables of \$6.45 million as at 31 March 2015 comprised receivables of \$2.39 million and other assets of \$4.06 million. Other assets of \$4.06 million relate to accrued interest, GST and prepayments.

E. Independent Expert's Report (cont)

- In the year ended 30 June 2013, the Company changed its accounting policy regarding the treatment of exploration and evaluation expenditure. Prior to the change, accumulated exploration and evaluation expenditure was capitalised and carried forward to the extent that it was expected to be recouped. As a result of the change, the Company now expenses exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until such time a JORC compliant resource is announced in relation to the identifiable area of interest.
 - during the financial year ended 30 June 2014 exploration and evaluation expenditure was \$267.80 million of which \$11.37 million was expensed. The significant increase from \$13.54 million to \$267.80 million is attributable to the acquisition of the remaining 30% interest in Nova for an acquisition consideration of \$28 million of cash and 70.9 million fully paid shares valued at \$2.90 per share.
 - during the financial year ended 30 June 2013, total exploration expenditure was \$33.77 million, of which \$25.17 million was expensed and \$8.6 million was capitalised with \$0.5 million written off. The majority of the exploration expenditure incurred related to the Fraser Range JV (\$31.5 million).
- The property, plant and equipment balance as at 30 June 2014 (\$2.5 million) increased significantly compared to the balance as at 30 June 2013 (\$0.3 million). The increase is primarily attributable to buildings, fixed plant and equipment, motor vehicles, furniture and fittings capitalised as part of the development of the Nova site.
- Other non-current assets of \$238,000 for the nine months ended 31 March 2015 relate to performance guarantees of \$198,000 and investments of \$40,238 which relate to the acquisition costs in relation to the purchase of Sakumpu.
- Provisions primarily relate to annual leave for all employees of the Sirius Group.
- The reserves balance of \$28.7 million as at 31 March 2015 reflects option reserves issued to third parties in relation to the acquisition of tenements and mineral rights, share based payment reserves which recognises the options issued to Directors, employees and service providers as the amount recognised following the acquisition of Norse which is attributable to the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

E. Independent Expert's Report (cont)

5.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed for the nine months to 31-Mar-15 \$'000	Reviewed for the six months to 31-Dec-14 \$'000	Audited for the year ended 30-Jun-14 \$'000	Audited for the year ended 30-Jun-13 \$'000
Revenue				
Other income	5,364	3,738	2,581	1,342
Expenses				
Administrative expenses	(5,010)	(3,231)	(5,769)	(3,121)
Depreciation expense	(224)	(145)	(237)	(94)
Share based payments	-	(145)	(4,196)	(20,156)
Exploration expenditure written off	-	-	-	(510)
Exploration expenditure incurred	(9,314)	(4,686)	(11,372)	(25,173)
Loss from continuing operations before income tax	(9,185)	(4,469)	(18,993)	(47,712)
Income tax expense	-	-	-	-
Loss from continuing operations after income tax	(9,185)	(4,469)	(18,993)	(47,712)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(9,185)	(4,469)	(18,993)	(47,712)

Source: Audited financial statements for the year ended 30 June 2014 and 30 June 2013, reviewed financial statements for the half-year ended 31 December 2014, and reviewed management accounts for the nine months to 31 March 2015.

Sirius' statement of comprehensive income for the nine months ended 31 March 2015 has been reviewed by BDO Audit (WA) Pty Ltd.

Commentary on Historical Statement of Comprehensive Income

- Other income relates to interest received.
- Exploration expenditure written off totalled to \$0.510 million at 30 June 2013 resulting from:
 - divestment of the Company's 70% interest in the Collurabbie Joint Venture, resulting in a write off of the future exploration potential of \$350,000;
 - reduction in exploration work on the tenements for Youanmi, resulting in a write off of the future exploration potential of \$150,000; and
 - withdrawal from the Canyon Creek project, resulting in a write off of the future exploration potential of \$10,000.
- Exploration expenditure totalled to \$9.31 million at 31 March 2015 resulting from:
 - \$1.29 million incurred at Nova;
 - \$2.72 million incurred at the Fraser Range JV; and
 - \$5.30 million incurred at Polar Bear.
- Exploration expenditure incurred of \$11.37 million incurred for the financial year ended 30 June 2014 is primarily attributable to the expenditure incurred and expenses of:
 - \$5.16 million incurred at Nova;

E. Independent Expert's Report (cont)

- \$2.66 million incurred at the Fraser Range JV;
 - \$2.44 million incurred at Polar Bear; and
 - \$1.05 million incurred at Fraser Range (100%) Sirius.
- Exploration expenditure of \$4.68 million for the six months ended 31 December 2014 primarily related to exploration costs at Nova.
 - The Company made a loss of \$18.99 million for the year ended 30 June 2014 and a loss of \$4.46 million for the half year ended 31 December 2014. The loss over the previous period was driven by extensive exploration activities undertaken primarily at the Nova.

5.5 Capital Structure

The share structure of Sirius as at the date of our Report is outlined below:

	Number
Total ordinary shares on issue	412,201,575
Top 20 shareholders	331,203,971
Top 20 shareholders - percentage of shares on issue	80.35%

Source: Company's share register

The range of shares held in Sirius as at 4 June 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Capital (%)
1-1,000	2,054	663,090	0.16%
1,001-5,000	1,609	4,573,190	1.11%
5,001-10,000	578	4,682,327	1.14%
10,001-100,000	844	28,177,848	6.83%
100,001 - and over	174	374,105,120	90.76%
TOTAL	5,259	412,201,575	100.00%

Source: Company's share register

The ordinary shares held by the most significant shareholders as at 4 June 2015 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
Mark Gareth Creasy, Yandal Investments Pty Ltd and their related entities	142,592,300	34.59%
HSBC Custody Nominees (Australia) Ltd	44,518,155	10.80%
National Nominees Limited	42,268,931	10.25%
JP Morgan Nominees Australia Limited	36,235,219	8.79%
Citicorp Nominees Pty Limited	26,603,754	6.45%
Top 5 subtotal	292,218,359	70.89%
Others	119,983,216	29.11%
Total ordinary shares on issue	412,201,575	100.00%

Source: Company's share register

E. Independent Expert's Report (cont)

The table below details the options in Sirius on issue as at the date of our Report:

Expiry Date	Exercise Price (\$)	Number of Options
01-Nov-15	0.60	200,000
26-Nov-15	0.60	1,650,000
21-Feb-16	0.60	100,000
22-Nov-16	3.17	8,750,000
29-Nov-16	0.20	1,850,000
14-May-17	0.20	50,000
17-Sep-17	2.80	300,000
06-Nov-17	3.34	1,000,000
21-Nov-17	3.51	2,000,000
22-Nov-17	3.50	1,350,000
21-Feb-18	3.00	500,000
Total number of Options		17,750,000

Source: Sirius option register

As at the date of our Report, Sirius has granted the following unlisted share appreciation rights:

Number	Vesting Dates
645,547	Vesting not earlier than 30 June 2016
509,001	Vesting not earlier than 30 June 2017

Source: Sirius' option register

Each share appreciation right is subject to satisfaction of applicable performance and vesting conditions.

Additionally, Sirius has 2,200,000 performance shares outstanding and 400,000 shares to be issued to the Ngadju people, the traditional owners of the land comprising Nova. The Ngadju claim group had agreed to provide the necessary consent for the grant of Mining Lease M28/376, subject to Sirius and the Ndadju claim group entering into a binding and definitive agreement, which Sirius entered into on 4 August 2014.

E. Independent Expert's Report (cont)

6. Profile of Independence Group NL

6.1. History

IGO is an Australian diversified mining and exploration company, with its head office located in South Perth, Western Australia. IGO was incorporated in 2000 and officially listed on the ASX in January 2002.



Source: Company website

IGO currently has three mines in production, these being the Long Nickel Mine ('Long'), Jaguar Copper-Zinc-Silver Mine ('Jaguar') and Tropicana Gold Mine Joint Venture ('Tropicana') with AngloGold Ashanti Australia Limited ('AngloGold').

The Company also has the Stockman Copper-Zinc-Lead-Silver-Gold Project ('Stockman') in addition regional exploration projects including the Lake Mackay Joint Venture ('Lake Mackay JV'), Bryah Basin Joint Venture ('Bryah Basin JV'), Darlot Joint Venture ('Darlot JV') and Beachcomber and Salt Creek Joint Ventures ('Beachcomber JV' and 'Salt Creek JV').

6.2. Projects

Long, Western Australia (100%)

Long is located in Kambalda, Western Australia. IGO's wholly owned subsidiary Independence Long Pty Ltd, acquired Long from BHP Billiton, formerly WMC Resources Ltd, for \$15 million on 9 September 2002. The mine was recommissioned in October 2002 and has since produced over 2Mt of nickel ore, producing over 100,000 contained nickel metal tonnes.

IGO has a long-term offtake agreement in place with BHP Billiton, under which the ore produced from the mine, is delivered to the adjacent BHP Billiton Nickel Concentrator for toll treatment and production of nickel concentrate. The agreement expires in February 2019.

E. Independent Expert's Report (cont)

Long is estimated to have a three year mine life based on its reserves, as of the last declared reserve statement. Production for the half year ended 31 December 2014 was 5,123t of contained nickel metal. The majority of production for the financial year ended 30 June 2014 came from the high grade ore at Moran.

During the financial year ended 30 June 2014, a total of \$2.784 million of expenditure on jumbo development was incurred, of which \$1.264 million was reported as capital development and \$1.520 million as operational. Going forward, capital development will be focused on the development of the Moran South area.

As announced in IGO's 2015 March Quarterly Activities Report, the first phase of drilling at Moran South was completed in the 2015 March Quarter with twelve underground diamond drill holes for 3,515 metres. Further drill testing of the mineralised zone is scheduled to continue into the financial year ending 30 June 2016.

Seven underground drill holes for 730m have been completed as part of the drill program at McLeay. A further 11 drill holes remain to be completed. The program is aimed at upgrading the indicated resources of McLeay. The McLeay South drill program advanced 93m in the 2015 March Quarter.

Jaguar, Western Australia (100%)

IGO's wholly owned subsidiary Independence Jaguar Ltd operates Jaguar which is located 60 km north of Leonora and 300km north of Kalgoorlie, Western Australia. Jaguar comprises the Jaguar and Bentley copper-zinc-silver underground mines and the Jaguar milling operations. The Jaguar deposit was initially discovered in 2002, approximately 4km south of the Teutonic bore open cut and underground mine. The Bentley deposit was discovered in 2008, and commenced production in June 2011. Jaguar was acquired by IGO through the acquisition of Jabiru Metals Limited in 2011.

The recovered ore is processed at the Jaguar concentrator, producing separate copper and zinc concentrates. The copper concentrate also contains significant gold and silver credits. Both concentrates are trucked to the Port of Geraldton and from there shipped to metal smelters.

Jaguar is estimated to have a three-year mine life based on its reserves and a four and a half year total mine life including the conversion of resources, as of the last declared reserve statement. Production for the half year ended 31 December 2014 was 25,373 tonnes of contained zinc metal and 4,807 tonnes of contained copper metal. Going forward, production ore will be sourced exclusively from the Bentley deposit, as mining at Jaguar was completed during the financial year ended 30 June 2014.

As announced in IGO's 2015 March Quarterly Activities Report, exploration activities will continue to focus on exploration of Daimler, Charlie Chicks, Kent Bore and Triumph prospects as well as "resource extension" at Bentley.

Tropicana JV, Western Australia (30%)

The Tropicana JV encompasses a total tenure area of approximately 9,200 km² of tenements located over a strike length of approximately 350 km on the south eastern margin of the Yilgarn Craton. It is located 330km north-east of Kalgoorlie and 300km east of Laverton. IGO holds a 30% interest in the Tropicana JV and AngloGold holds the remaining 70% interest. AngloGold farmed into the project in 2002, discovering Tropicana, Havana and Boston Shaker gold deposits in 2005, 2006 and 2010 respectively.

IGO and AngloGold announced the decision to begin the development of the Tropicana JV on 11 November 2010, following positive results from a Bankable Feasibility Study. At the commencement of production in

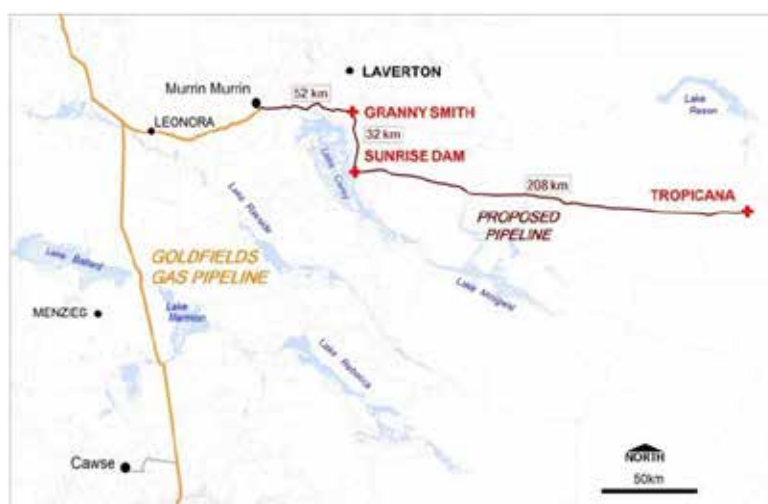
E. Independent Expert's Report (cont)

September 2013, Tropicana was estimated to have an 11 year mine life with the processing plant having a nameplate capacity of 5.8tpa.

Construction of a 200km access road commenced in April 2011 and construction of the treatment plant along with supporting infrastructure commenced during the 2011 June Quarter. On 1 August 2013, Tropicana commenced its commissioning phase; with the first gold pour at the Tropicana JV occurring on 26 September 2013. IGO's attributed gold production for the half year ended 31 December 2014 was 77,248 ounces of gold.

Gas Pipeline Project

On 21 July 2014, AngloGold on behalf of the Tropicana JV entered into an agreement with APA Group ('APA') for the transportation of natural gas to the Tropicana JV. Under the terms of the agreement, APA will construct a 292km gas pipeline connecting the Tropicana JV to APA's gold field's gas pipeline. Construction was scheduled to commence in February 2015 with the first gas scheduled to be available at the Tropicana JV by January 2016.



Source: Company website.

Exploration activities at the Tropicana JV will continue to focus on near-mine exploration within economic haulage distances from the Tropicana JV infrastructure along with regional exploration opportunities as well as resource extension around the existing pits.

Stockman, Victoria (100%)

Stockman is located in Eastern Victoria, approximately 460km by road north-east of Melbourne. Stockman encompasses two copper-zinc-lead-silver-gold deposits, Wilga and Currawong, which were discovered in 1978 and 1979, respectively. Stockman was acquired by IGO through the takeover of Jabiru Metals Limited in 2011. The proposed development of Stockman includes recommissioning the Wilga underground mine and development of a new Currawong underground mine.

The existing Tailings Storage Facility will be expanded for use by Stockman, whilst water will be sourced from either local onsite sources or, if required, off-site, from the Benambra plains, some 30km from the

E. Independent Expert's Report (cont)

project site. Other key infrastructure will include a 16MW site gas-fired power station, a 170-person accommodation village, and a re-commissioned Telstra communications tower.

On 13 February 2013, IGO announced the discovery of Eureka, which is located approximately 350m north-east of Currawong. Eureka represents the first new substantial sulphide discovery at Stockman since 1979.

Other exploration assets

In addition, IGO has the ability to earn an interest in following exploration joint ventures:

- Approximately 70% interest in Darlot JV comprising 740km² of tenure approximately 60km north and along strike from Jaguar. Enterprise Metals Limited to hold the remaining 30% interest.
- Up to a 70% interest in Lake Mackay JV located 400km northwest of Alice Springs, adjacent to the Western Australian border. The Lake Mackay JV includes 7,200km² of exploration licences and 5,000km² of exploration licence applications. ABM Resources NL to hold the remaining interest.
- Up to a 70% interest in Bryah Basin JV situated approximately 40km west long strike from the DeGrussa copper-gold deposit currently mined by Sandfire Resources Ltd. Alchemy Resources Ltd ('Alchemy') to hold the remaining interest.
- Up to a 70% interest in Beachcomber JV and Salt Creek JV with AngloGold, comprising five tenements located at the southern end of Tropicana and 11 tenements on the eastern margin of Tropicana. AngloGold to hold the remaining interest.

6.3. Historical Balance Sheet

Consolidated Balance Sheet	Reviewed as at 31-Dec-14 \$'000	Audited as at 30-Jun-14 \$'000	Audited as at 30-Jun-13 \$'000
CURRENT ASSETS			
Cash and cash equivalents	93,333	56,972	27,215
Trade and other receivables	33,167	30,070	24,159
Inventories	32,670	40,383	22,760
Financial assets	1,016	858	1,092
Derivative financial instruments	5,800	2,519	6,946
TOTAL CURRENT ASSETS	165,986	130,802	82,172
NON-CURRENT ASSETS			
Other receivables	6	57	604
Inventories	16,159	8,803	-
Property, plant and equipment	46,690	47,230	36,278
Mine properties	318,825	329,279	319,690
Exploration and evaluation expenditure	110,782	111,583	115,379
Deferred tax assets	135,980	152,395	152,261
Intangible assets	-	-	179
Derivative financial instruments	-	658	1,981
TOTAL NON-CURRENT ASSETS	628,442	650,005	626,372
TOTAL ASSETS	794,428	780,807	708,544

E. Independent Expert's Report (cont)

Consolidated Balance Sheet	Reviewed as at 31-Dec-14 \$'000	Audited as at 30-Jun-14 \$'000	Audited as at 30-Jun-13 \$'000
CURRENT LIABILITIES			
Trade and other payables	40,044	46,855	53,599
Borrowings	1,755	3,508	6,030
Derivative financial instruments	4,132	6,381	1,910
Provisions	2,545	2,557	2,446
TOTAL CURRENT LIABILITIES	48,476	59,301	63,985
NON CURRENT LIABILITIES			
Borrowings	82	24,854	11,524
Provisions	27,090	25,545	21,724
Derivative financial instruments	905	-	-
Deferred tax liabilities	66,551	61,602	41,249
TOTAL NON-CURRENT LIABILITIES	94,628	112,001	74,497
TOTAL LIABILITIES	143,104	171,302	138,482
NET ASSETS	651,324	609,505	570,062
EQUITY			
Contributed equity	737,323	735,060	734,007
Reserves	15,223	13,476	14,332
Accumulated losses	(101,222)	(139,031)	(178,277)
TOTAL EQUITY	651,324	609,505	570,062

*Note - the 30 June 2014 and June 2013 accounts have been restated for changes in accounting policy relating to the capitalisation of exploration and evaluation expenditure.

Source: Audited financial statements for the year ended 30 June 2013 and 30 June 2014, reviewed financial statements for the half-year ended 31 December 2014.

We comment on the statement of financial position as follows:

- Cash and cash equivalents increased significantly from \$56.97 million as at 30 June 2014 to \$93.33 million as at 31 December 2014. The increase was driven by the first full half-year revenue contribution from the Tropicana JV of \$53.8 million.
- Financial assets represent shares held by IGO in Australian listed and unlisted companies with a carrying value of \$1.02 million at 31 December 2014.
- Derivative financial instruments relate to instruments such as foreign currency contracts and commodity contracts used by IGO to hedge the risk associated with nickel, copper, gold and zinc prices and foreign currency fluctuations. IGO's inventory as at 31 December 2014 of \$48.83 million comprised the following:

E. Independent Expert's Report (cont)

Inventory	Book Value as at 31-Dec-14 \$000
CURRENT	
Mine spares and stores	15,174
ROM inventory	7,168
Concentrate inventory	6,848
Work in progress	325
Gold in circuit	1,305
Gold Dore	1,850
NON-CURRENT	
ROM inventory	16,159
TOTAL INVENTORY	48,829

Source: IGO management

- Trade and other receivables increased to \$33.07 million as at 31 December 2014 comprise trade receivables, GST receivables, sundry debtors and prepayments.
- For the half-year ended 31 December 2014, the Company changed its accounting policy regarding the treatment of exploration and evaluation expenditure. Prior to the change, accumulated exploration and evaluation expenditure was capitalised and carried forward to the extent that it was expected to be recouped. As a result of the change, the Company now capitalises exploration and evaluation expenditure only if it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure. The remaining exploration and evaluation expenditure will be expensed against the profit and loss as incurred.
 - during the half-year ended 31 December 2014 exploration and evaluation expenditure expensed for the Tropicana JV was \$2.1 million;
 - during the half-year ended 31 December 2014 exploration and evaluation expenditure expensed for Long was \$0.4 million, with a further amount of \$6.1m capitalised;
 - during the half-year ended 31 December 2014 exploration and evaluation expenditure expensed for Jaguar was \$3.1 million; and
 - during the half-year ended 31 December 2014 other exploration and evaluation expenditure expensed for the IGO Group was \$7.3 million.

E. Independent Expert's Report (cont)

- The breakdown of property, plant and equipment is shown below:

Property, Plant and Equipment	Reviewed as at 31-Dec-14 \$000	Audited as at 30-Jun-14 \$000
Buildings		
At cost	36,034	35,994
Accumulated depreciation	(14,364)	(12,570)
Mining plant under construction		
At cost	1,338	407
Mining plant and equipment		
At cost	97,740	92,223
Accumulated depreciation	(85,803)	(79,039)
Motor vehicles		
At cost	23,065	18,205
Accumulated depreciation	(15,877)	(14,331)
Furniture, fittings and other equipment		
At cost	7,865	7,396
Accumulated depreciation	(5,396)	(4,787)
Leased assets		
At cost	12,395	18,746
Accumulated depreciation	(10,307)	(15,014)
TOTAL PROPERTY, PLANT AND EQUIPMENT	46,690	47,230

Source: Audited financial statements for the year ended 30 June 2014, reviewed financial statements for the half-year ended 31 December 2014

- Current borrowings of \$1.76 million as at 31 December 2014 relate to lease liabilities and hire purchase agreements.
- Non-current borrowings decreased from \$24.85 million as at 30 June 2014 to \$82,000 for the half-year ended 31 December 2014. This is attributable to the repayment of a \$25 million Corporate Loan Facility with National Australia Bank which comprised a corporate debt facility of \$130 million, an asset finance facility of \$20 million and a contingent instrument facility of \$20 million. IGO also had an additional finance facility with Australia and New Zealand Banking Group ('ANZ') of \$0.42 million which was cancelled during the financial year ended 30 June 2014.
- Current provisions relate to employee entitlements. Non-current provisions comprise primarily of rehabilitation costs and employee entitlements.

E. Independent Expert's Report (cont)

6.4. Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed as at 31-Dec-14 \$'000	Audited as at 30-Jun-14* \$'000	Audited as at 30-Jun-13** \$'000
Revenue			
Revenue from continuing operations	274,260	399,059	225,871
Other income	118	-	690
Expenses			
Mining, development and processing	(76,196)	(100,494)	(63,156)
Employee benefits	(31,776)	(61,196)	(54,659)
Share based payments	(1,353)	(4,632)	(3,874)
Fair value movement of financial investments	158	(2)	(2,196)
Depreciation and amortisation	(48,286)	(65,938)	(24,450)
Exploration costs expensed	(12,876)	(31,129)	(2,667)
Impairment of exploration and evaluation expenditure	(2,133)	(6,079)	(5,762)
Rehabilitation and restoration borrowing costs	(308)	(565)	(268)
Ore tolling expense	(5,839)	(11,973)	(11,978)
Royalty expense	(8,597)	(14,309)	(8,029)
Shipping and wharfage costs	(11,779)	(17,551)	(12,464)
Borrowing and finance costs	(1,396)	(5,138)	(1,356)
Net losses on fair value financial liabilities	-	-	(345)
Other expenses	(4,250)	(9,355)	(7,530)
Profit from continuing operations before income tax	69,747	70,698	27,827
Income tax expense	(20,225)	(22,119)	(9,539)
Profit after income tax	49,522	48,579	18,288
Other comprehensive income			
Changes in fair value of cash flow hedges, net of tax	2,659	(4,435)	(10,160)
Translation of foreign operations	(2)	-	-
Other comprehensive loss, net of tax	2,657	(4,435)	(10,160)
Total comprehensive income	52,179	44,144	8,128

Source: Audited financial statements for the year ended 30 June 2014 and 30 June 2013, reviewed financial statements for the half-year ended 31 December 2014.

* Updated for retrospective change in exploration accounting policy

** Figures remain unchanged from the comparative figures disclosed in the 30 June 2014 audited Financial Report

We comment on the statement of comprehensive income as follows:

- Revenue increased from \$225.87 million for the financial year ended 30 June 2013 to \$399 million for the financial year ended 30 June 2014, primarily attributable to a \$137.9 million contribution from the Tropicana JV following the commissioning of the Tropicana mine in September 2013. Increase in contributions from Jaguar also contributed to the significant increase in income.

E. Independent Expert's Report (cont)

- Other income comprises the net gain on disposal of property, plant and equipment, other investment and tenements. IGO had a net gain from the disposal of property, plant and equipment of \$118,000 for the half year ended 31 December 2014 and a net gain from the disposal of tenements of \$648,000 for the financial year ended 30 June 2013.
- Impairment of exploration and evaluation expenditure (after taking into account the change in exploration accounting policy) increased from \$5.76 million for the financial year ended 30 June 2013 to \$6.1 million for the financial year ended 30 June 2014. The breakdown of impairment costs for the financial year ended 30 June 2014 is shown below.
 - exploration and feasibility costs at Karlawinda of \$3.02 million;
 - regional exploration costs at Jaguar of \$0.75 million; and
 - other exploration costs of \$2.31 million.

The breakdown of impairment costs for the half year ended 31 December 2014 was \$0.75 million in relation to Long and \$1.4million in relation to Jaguar.

- Profit after income tax increased from \$48.6 million for the financial year ended 30 June 2014 to \$49.5 million for the half year ended 31 December 2014. This is primarily attributable to a significantly stronger contribution from Jaguar as well as a full half-year of contribution from the Tropicana JV in the December 2014 half year relative to only nine months of contribution from the Tropicana JV in the 30 June 2014 full financial year.

6.5. Capital Structure

The share structure of IGO as at 29 May 2015 is outlined below:

	Number
Total ordinary shares on issue	234,256,573
Top 20 shareholders	195,188,433
Top 20 shareholders - % of shares on issue	83.32%

Source: Computershare

The range of shares held in IGO as at 29 May 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Capital (%)
1-1,000	2,410	1,070,958	0.46%
1,001-5,000	2,093	5,224,519	2.23%
5,001-10,000	550	4,070,229	1.74%
10,001-100,000	518	13,269,673	5.66%
100,001 - and over	72	210,621,194	88.91%
TOTAL	5,643	234,256,573	100.00%

Source: Computershare

We note that, since 29 May 2015, 1,323,614 IGO unlisted performance rights had vested on 1 July 2015, which resulted in the increase in ordinary shares on issue from 234,256,573 to 235,580,187 as at the date of our Report.

E. Independent Expert's Report (cont)

The ordinary shares held by the most significant shareholders as at the date of our Report are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
FIL Limited	22,759,079	9.66%
National Australia Bank Ltd	12,479,086	5.30%
Commonwealth Bank of Australia	12,264,208	5.20%
Credit Suisse Holdings (Australia) Limited	11,982,990	5.09%
BlackRock, Inc.	11,893,792	5.05%
Vinva Investment Management	11,875,154	5.04%
LSV Asset Management	11,713,852	4.97%
Subtotal	94,968,161	40.31%
Others	140,612,026	59.69%
Total ordinary shares on issue	235,580,187	100.00%

Source: Computershare

Performance rights have been issued under IGO's Performance Rights Plan, which was last approved by shareholders at the 2014 Annual General Meeting on 20 November 2014. As at the date of our Report, IGO has granted the following unlisted performance rights under the terms of its Performance Rights Plan:

Number	Vesting Dates
112,602	Vesting not earlier than 1 July 2015 ¹
368,059	Vesting not earlier than 1 July 2016
509,480	Vesting not earlier than 1 July 2017

Source: IGO's performance rights register

¹ The 112,602 unlisted performance rights are due to vest subject to the satisfaction of the applicable vesting conditions to be assessed following preparation of IGO's audited accounts expected in September 2015.

Each performance right will, subject to satisfaction of applicable performance and vesting conditions, convert into one IGO Share.

Consistent with its previous practice, IGO expects to offer and grant between 500,000 and 1,000,000 additional unlisted performance rights in early September 2015, subject to IGO Board approval and take-up by employees of the IGO Group. To date, non-executive directors have not been issued performance rights. Any performance rights to be granted to executive directors of IGO will be subject to shareholder approval in accordance with the ASX Listing Rules.

We note IGO does not have any options currently on issue.

E. Independent Expert's Report (cont)

7. Proposed Merged Entity

Upon completion of the Acquisition Scheme, IGO will own 100% of Sirius (excluding S2). The Proposed Merged Entity will represent the combined assets of Sirius and IGO (excluding the assets of S2 set out in section 5.2).

7.1. Key assets

The key combined assets of the Proposed Merged Entity are:

Assets (interest in)	Ownership	Type of asset
Nova	100%	Development mine
Fraser Range JV	70%	Exploration
Fraser Range SIR	100%	Exploration
Jaguar	100%	Operating
Jaguar tenements	100%	Exploration
Long	100%	Operating
Long tenements	100%	Exploration
Tropicana JV	30%	Operating
Tropicana JV tenements	30%	Exploration
Stockman	100%	Exploration
Darlot JV, Lake Mackay JV, Bryah Basin JV, Beachcomber JV and Salt Creek JV	70%	Development and Exploration

Source: Sirius and IGO, BDO analysis

7.2. Strengths of the Proposed Merged Entity

The Proposed Merged Entity will have the following strengths:

- Leading precious and base metals mining company with a diversified suite of high quality operating, development and exploration assets;
- Strong management team with a proven track record of successfully bringing projects through the development phase and into production;
- Having multiple revenue streams across multiple commodity groups will provide the Proposed Merged Entity with multiple avenues from which to capitalise on the recovery of commodity prices and will also reduce its exposure to adverse movements in the price of any one commodity;
- Pro-forma market capitalisation of \$2.71 billion as at 22 May 2015, prior to any re-rating, will mean increased weighting in the ASX/S&P 200 Index or possible inclusion in the ASX/S&P 100 Index. This would likely increase broker coverage of the stock, increase investor interest and appeal and may result in a wider shareholder base which would increase the stock's liquidity;
- With a pro-forma market capitalisation of \$2.71 billion as at 22 May 2015 and multiple revenue streams, the Proposed Merged Entity will benefit from a lower cost of capital and increased access to both debt and equity funding;
- Following the commencement of operations at Nova, the Proposed Merged Entity is expected to generate significant revenue and free cash flow. This will help to ensure that the Proposed Merged

E. Independent Expert's Report (cont)

Entity will be generating sufficient cash so as to optimise its capital structure to pursue future growth opportunities;

- The size of the Proposed Merged Entity will enable it to pursue inorganic growth opportunities that neither SIR or IGO could have pursued in their own right, which increases its growth prospects; and
- Total resources base of the Proposed Merged Entity, which comprises:

Deposit	Tonnes (Mt)	Au (g/t)	Ni (%)	Cu (%)	Zn (%)	Ag (g/t)	Co (%)
Tropicana	115.70	2.03	-	-	-	-	-
Long	1.39	-	5.30	-	-	-	-
Jaguar	4.41	-	-	1.60	6.50	102.00	-
Stockman	13.99	1.00	-	2.10	4.30	38.00	1.00
Nova	14.30	-	2.30	0.09	-	-	0.08
TOTAL	149.79						

7.3. Capital Structure

Under the Acquisition Scheme, Shareholders will receive 0.66 IGO shares and \$0.52 cash per Sirius share held. We set out the potential position of the Proposed Merged Entity after the Schemes (on the assumption that the holders of share appreciation rights elect a cash option). The resulting number of securities upon completion of the Schemes is as follows:

Pro-forma Capital Structure	Shares
Number of IGO shares on issue	235,580,187
Number of Sirius IGO shares to be issued	275,825,983
Number of IGO Securities Post-Schemes	511,406,170
Interest held by Sirius Shareholders	53.93%
Interest held by IGO shareholders	46.07%

Source: BDO analysis

Upon completion of the Schemes, Sirius Shareholders will own approximately 54% of IGO. For further detail, please refer to section 4 of our Report.

7.4. Board of the Proposed Merged Entity

The Board of Directors of the Proposed Merged Entity will comprise:

- Mr Peter Bilbe - Chairman of IGO since 2009;
- Mr Peter Bradford - MD and CEO of IGO since March 2014;
- Dr Mark Bennett - founding MD of Sirius since 2009;
- Mr Peter Buck - Director of IGO since October 2014;
- Mr Geoff Clifford - Director of IGO since 2012;
- Mr Keith Spence - Director of IGO since December 2014; and
- Mr Neil Warburton - Director of Sirius since August 2013.

E. Independent Expert's Report (cont)

8. Economic analysis

The global economy is expanding at a reasonable pace but some key commodity prices are much lower than a year ago. This trend appears largely to reflect increased supply, including from Australia. Australia's terms of trade are falling nonetheless.

The Australian economy has continued to grow over the past year, but at a rate somewhat below its longer-term average. The rate of unemployment, though elevated, has been little changed recently. Overall, the economy is likely to be operating with a degree of spare capacity for some time yet. With very slow growth in labour costs, inflation is forecast to remain consistent with the target over the next one to two years, even with a lower exchange rate.

The primary cause of the slow growth is attributed to weaknesses in business capital expenditure in both the mining and non-mining sectors, which is expected to persist over the coming year. Investment in the resources sector is forecast to decline significantly over the next few years as current projects reach the stage of completion. In light of this, the strong cash position of the Proposed Merged Entity will enable it to be well financed through the development of Nova and will provide significant funds to facilitate continued exploration activities, without having to be heavily dependent on the market for funds.

Commodities

Global commodity production is being scaled back with the aim to rebalance the demand and supply of commodities. China has been able to take advantage of cheaper commodity prices which prevailed in 2014, importing record amounts of copper and iron ore.

Prices for aluminium and nickel have recently stabilised reflecting the stability of the US dollar and reductions in supply by mining companies due to the tough global economic environment. However, with China's recent decision to support domestic aluminium producers we expect to see an increase in supply of aluminium into the global market, which will suppress prices in the short term.

New stimulus measures introduced in China have significantly assisted with the recovery of the copper price. Cost-cutting and supply issues in the world's biggest producer, Chile, may have a positive impact on the price of copper as mine projects face disruption by court battles between mining firms and local communities. Improvement in the price of copper is expected to have a positive impact on the Proposed Merged Entity's Jaguar project.

Following an approximately 16% decline in the first quarter of 2015, the price of nickel is now trading near six-year lows, weighed down by record inventories and slowing Chinese gross domestic product growth. China's subdued construction sector has weakened the demand for nickel despite reduced exports from the Philippines. However, prices are expected to improve as Chinese stockpiles decline fuelled by the export ban in Indonesia, and the closure of some mines in the Shandong province. Improvement in nickel prices will have a positive impact on the Proposed Merged Entity, particularly given the substantial level of exposure to nickel by Nova and Long.

The recent improvement of global zinc prices can be attributed to a decline in inventories caused by slowing production and mine shutdowns. Global demand for zinc is forecast to rise over the next three years. An increase in the price of zinc is expected to have a positive impact on the Proposed Merged Entity's Jaguar project.

The price of gold has recently seen an increase amid new concerns over Greece's finances. Scope for a significant improvement in gold prices remains limited by the anticipation of US monetary policy tightening.

E. Independent Expert's Report (cont)

Notwithstanding, the reasonably stable price of gold should continue to sustain the revenues from the Proposed Merged Entity's Tropicana project.

Interest Rates

The Reserve Bank of Australia ('RBA') has decided to leave the cash rate unchanged at 2.0%. However, Glenn Stevens has stated that the RBA expects to start increasing its policy rate later this year. Financial conditions remain very accommodative globally, with long-term borrowing rates for several major sovereigns at all-time lows. Financing costs for creditworthy borrowers remain remarkably low. Notwithstanding that debt funding has already been secured for Nova, low financing costs will continue to be an advantage for the Proposed Merged Entity given the strength of its creditworthiness.

The RBA's decision to maintain low interest rates has been made in order to support borrowing and spending, in the Australian economy. Credit is recording moderate growth overall. There has been stronger borrowing by businesses and growth in lending to the housing market broadly steady over recent months. Prices for equities and commercial property have been supported by the lower long-term interest rates.

Foreign Exchange

Foreign exchange markets have continued to be influenced by the stance, both current and prospective, of monetary policy in the major advanced economies. The Australian dollar has declined noticeably against a rising US dollar over the past year, though less so against a basket of currencies. Further depreciation seems likely, particularly given the significant decline in key commodity prices. A lower exchange rate is likely to be needed to achieve balanced growth in the economy. A lower exchange rate is also likely to benefit the operating projects of the Proposed Merged Entity, particularly since the net present value of the projects are highly sensitive to exchange rate movements.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 7 July 2015 and Consensus Economics

9. Industry analysis

9.1. Nickel

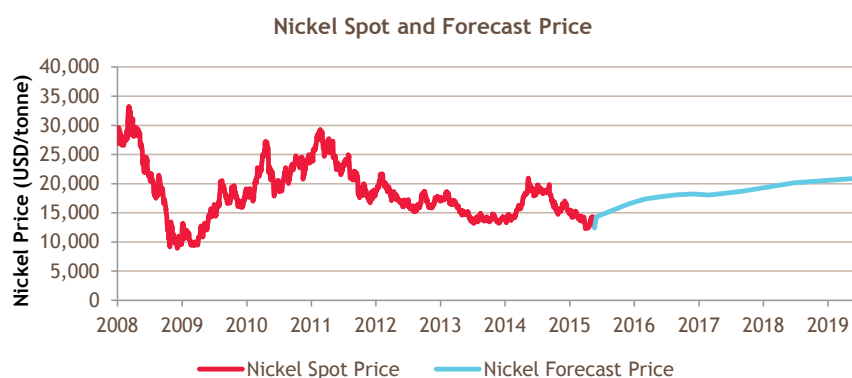
The success of the nickel mining industry in Australia is dependent upon the prices of nickel ores, the exchange rate between United States Dollar ('US\$') and Australian Dollar, nickel ore production and general demand and supply for the metal. Nickel is primarily used in the manufacturing of stainless steel products. Stainless steel accounts for nearly two-thirds of the consumption of nickel worldwide. There are expected to be two main drivers for the demand of stainless steel and hence nickel through to 2019-20. The first is government spending on infrastructure such as road and rail networks, which is heavily dependent on stainless steel during construction. The second is consumer durable spending on steel-intensive products such as white goods and TVs, underpinned by growing wealth and increasing urbanisation.

Nickel Prices

The global demand for nickel is currently being driven by the economic conditions in China, which currently accounts for about 41% of total consumption. Demand from China is expected to rise over the next five years alongside other developing countries, such as India. The figure below describes the fluctuations in

E. Independent Expert's Report (cont)

nickel spot prices from January 2008 through to May 2015. It also shows Consensus forecasts for nickel prices through to 2019.



Source: Bloomberg & Consensus Economics

The figure above illustrates that nickel prices did not respond well during the economic recession that occurred as a result of the global financial crisis. Since then, there has been a general improvement in the health of the economy, which has seen the demand for nickel as well as prices increase. The continued recovery and firming global economic activity is therefore expected to set the scene for higher nickel prices through to 2018-19 and as Consensus Economics forecasts indicate, in the long term the price of nickel is expected to increase to over US\$20,000 per tonne.

Production and Usage

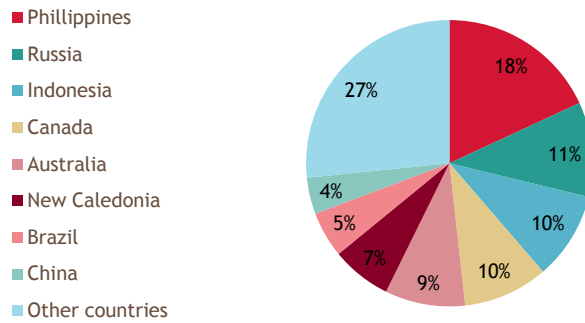
Although global output of nickel is expected to be sufficient to meet demand, more production will come from higher cost lateritic ore, creating a floor under nickel prices. In addition, Australian producers will benefit from the expected continued slide of the local currency against the US\$.

Nickel can be found in two different geological states, nickel sulphide and nickel laterite. The latter is associated with more complex mining processes and is therefore generally mined at newer mining sites. In Australia, approximately 80% of Nickel is mined from its nickel sulphide geological state.

In 2014, total world production for nickel decreased to 2.4Mt from approximately 2.63Mt in 2013. The cause of this is partially attributed to the significant reduction of production by Indonesia to 240,000t from 440,000t in 2013. For Australia specifically, nickel production decreased from 230,000t to 220,000t in 2014. As a result of this decrease, Australia is now the fifth largest producer in the world in comparison to being the fourth largest in the previous year. The estimated global nickel production by country in 2014 was reflected in the figure below.

E. Independent Expert's Report (cont)

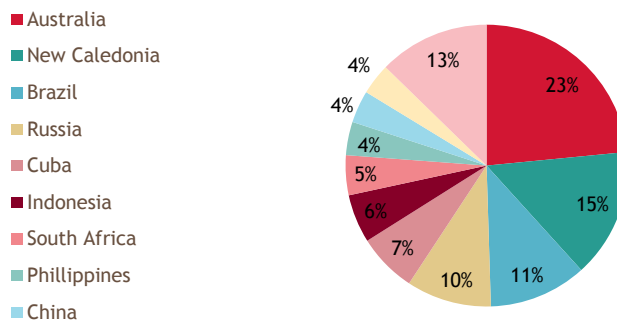
Global Nickel Production - 2014



Source: US Geological Survey

The potential output and rate of production of nickel are key factors in deciding whether or not Australian nickel mining companies will be able to compete globally. The figure below indicates the nickel resource potential in Australia. Australia has the largest nickel reserve holding approximately 23% of the world's total nickel reserves. Production of nickel in Australia is expected to increase by 2% in 2014-15 after higher cost operations were cut back in line with declining nickel prices.

Global Nickel Reserves - 2014



Source: US Geological Survey

Worldwide, the output of nickel is expected to grow over the five years through 2019-20. China, the major nickel consumer, is also expected to account for an increasing proportion of processed nickel output. Nickel ore exports from Australia are forecast to increase at a compound annual growth rate ('CAGR') 6.60% to \$1.02 billion in 2019-20 to account for 23.1% of industry revenue for the year.

Australia's nickel output is also poised to grow in later years. This increased output is likely to come from BHP Billiton, Glencore Xstrata and the Ravensthorpe mine, which has been restarted by Canada's First Quantum Minerals Limited. Similarly, output from Poseidon Nickel is expected to recommence during the next five years. Overall, by 2019-20, Australia's production of nickel is forecast to be approximately 267,800 tpa.

E. Independent Expert’s Report (cont)

9.2. Copper

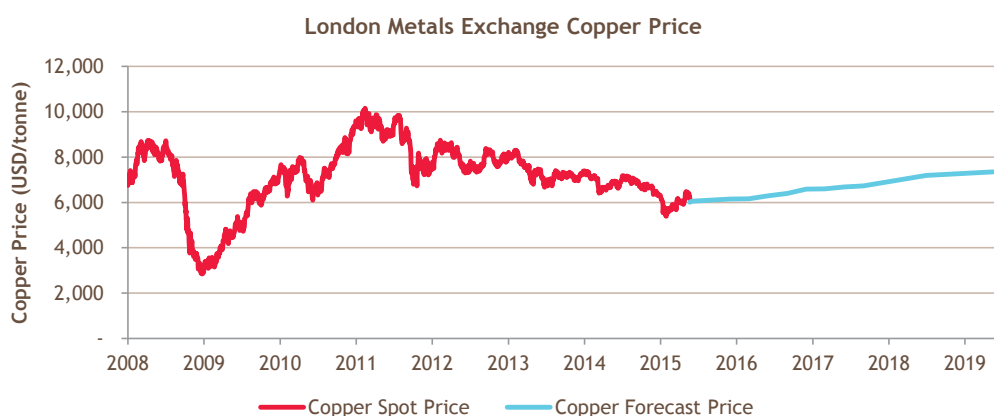
Copper is a soft, malleable, ductile metal used primarily for its excellent electrical and thermal conductive properties and its resistance to corrosion. As well as electrical and electronic applications, copper is utilised extensively as an alloy. Copper is produced from an oxide or sulphide ore from which it is converted to copper metal.

The majority of copper ore bodies can be classified as either porphyries (where copper occurs in igneous rock), strata bound ore bodies (sedimentary rock), and volcanic hosted massive sulphide deposits (volcanic rock along with other base metal sulphides). In these deposits copper is mined in very low concentrations and consequently is a volume intensive process. For this reason open pit mining is the preferred method of extraction, however underground mining and leach mining are also used in limited circumstances.

Copper Prices

Copper is a global commodity and, as such, prices are determined by global supply and demand factors. Due to this, copper prices have historically reflected global economic cycles and experienced major fluctuations reflecting equity market movements. At the beginning of 2008, supply concerns, falling inventories and increased demand from emerging economies provoked a significant and accelerated rise in the copper price. As with most commodities, prices fell during the global financial crisis. Prices have since overtaken the increases which occurred in 2008, occurring during the latter half of 2010 and throughout the beginning of 2011, reaching a peak of just over US\$10,000/t in February 2011. Since that peak, prices have shown a downward trend at around US\$8,000/t in 2012, US\$7,000/t in 2013 and US\$6,500/t in 2014.

The average copper price from January 2015 through to May 2015 has been US\$5,929/t, ranging from a low of US\$5,395/t on 29 January 2015 to a high of US\$6,480/t on 5 May 2015. Looking forward, the recovering global economy is expected to support copper prices through growth in world usage resulting in an increase in demand. The consensus view is for copper prices to increase in the short to medium term.



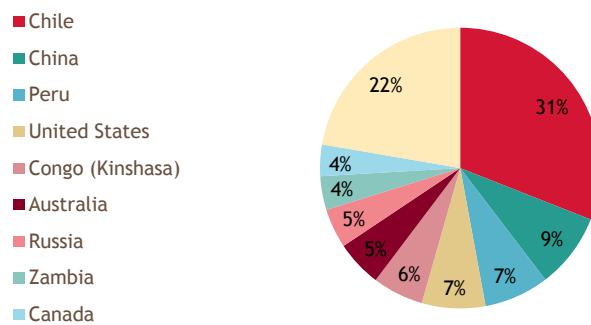
Source: Bloomberg and BDO analysis

E. Independent Expert's Report (cont)

Production and Usage

Most of the world's copper comes from South and Central America, particularly in Chile and Peru. In 2014, Chile, China and Peru accounted for around 50% of the world's copper production. Although Australia has substantive reserves of copper, in terms of production, Australia only accounted for 5% in 2014. The graph below shows the split between the different country's estimated productions for the year 2014.

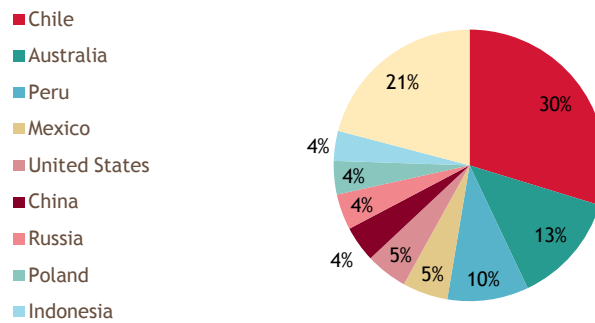
Global Copper Production - 2014



Source: U.S. Geological Survey

As at 2014, Chile, Australia and Peru are collectively estimated to account for just over 50% of global reserves of copper. A figure illustrating a country breakdown of reserves for 2014 is below.

Global Copper Reserves - 2014



Source: U.S. Geological Survey

The dominant consumers include China, Japan, India and South Korea. China acquires approximately 30% of the Australian copper exports given the demand influenced by the above average growth of urbanisation and energy use. Japan accounts for approximately 25%, and commonly utilises copper concentrate for further processing into final copper goods. For 2014/15, Australia copper exports are expected to increase by 1.3% to \$5.3 billion, and are expected to continue growing at a CAGR of 1.53% through to 2019-20.

As a result of the forecasted price increases, the Australian copper industry revenue is expect grow with a CAGR of 1.4% over the five years through to 2019-20, or up to \$7 billion. Over short to medium term, the

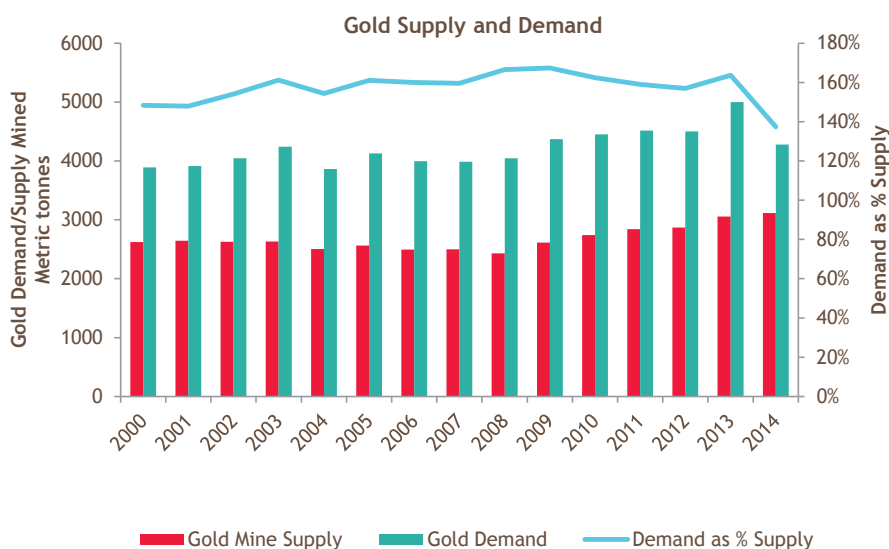
E. Independent Expert’s Report (cont)

industry revenue is forecast to grow by 5.2% in 2015/16 as mine construction and expansion activities continue to increase.

9.3. Gold

Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

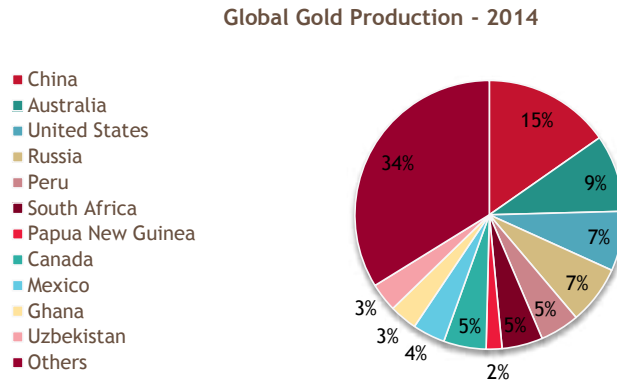
As illustrated in the chart below, gold mine production was approximately 3,114t in 2014 and gold consumption was 4,278t. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during recent years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased at a CAGR of 4% between 2008 and 2013, but then decreased by 14.6% in 2014. Over the same period, demand as a percentage of supply was on average greater than 150%.



Source: Bloomberg and BDO analysis

Until the late 1980’s, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China, Australia and the United States.

E. Independent Expert's Report (cont)

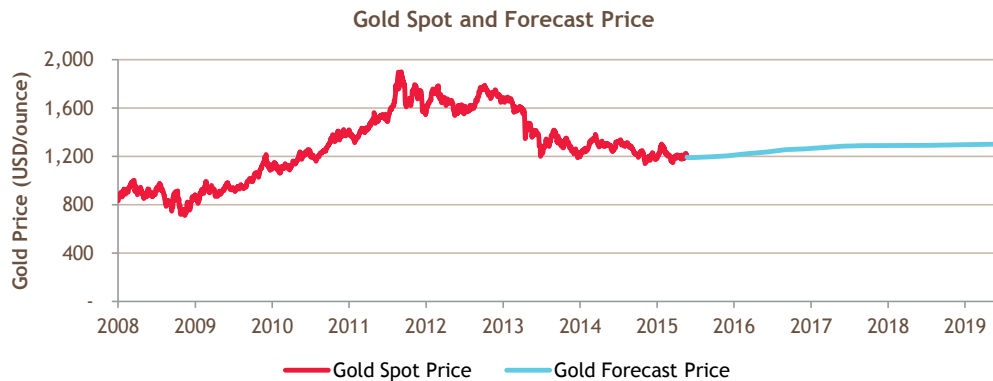


Source: Bloomberg and BDO analysis

Gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The softening of gold prices over the last two years is reflective of the recovery of global economic conditions. The value of gold peaked at US\$1,900 per ounce on 5 September 2011. This peak was largely caused by the debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US\$1,545 per ounce followed by a recovery in 2012, reaching US\$1,790 per ounce on 4 October 2012 before declining to US\$1,675 per ounce at 31 December 2012. Gold prices have modestly declined over 2013 and 2014. More recently, gold prices from January 2015 through to May 2015 have averaged US\$1,212 per ounce, ranging from a low of US\$1,150 per ounce on 13 March 2015 to a high of US\$1,302 per ounce on 22 January 2015.

According to Consensus Economics, gold prices are forecast to stabilise in the short to medium term, followed by a moderate increase with a long term nominal price forecast of approximately US\$1,269 per ounce.



Source: Bloomberg, Consensus Economics and BDO analysis

E. Independent Expert's Report (cont)

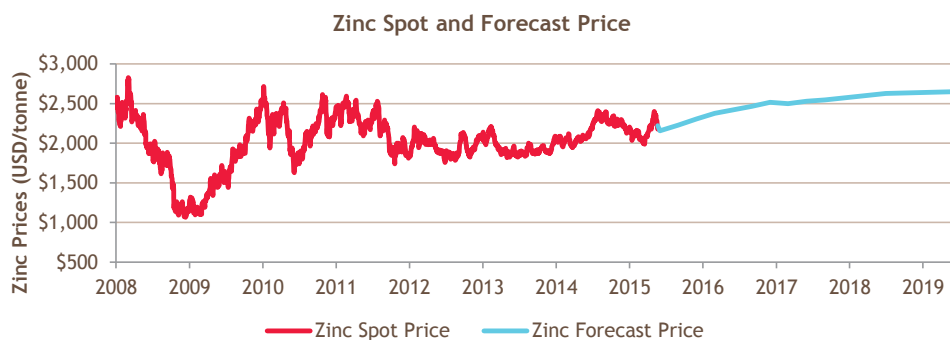
9.4. Zinc

Globally, Zinc is the most used metal after iron, aluminium and copper. It is typically found in complex deposits alongside lead and silver. It is an element known for its unique protective capacity given it is resistant to corrosion and as such a substantial portion of zinc is used for galvanising steel. Other uses include the production of zinc alloys e.g. brass from the combination of zinc and copper, and bronze from the combination of zinc and silver. Zinc is also used in chemical forms, for example in the pharmaceutical industry for skin products.

Refined zinc is produced from a two staged process of mining and smelting. The mining process involves extraction from both underground and open pit mines, producing a zinc ore typically containing approximately 5% to 15% zinc. This ore is then crushed and ground to produce a zinc concentrate that contains approximately 55% zinc. The zinc concentrate is then put through a smelting process to produce refined zinc metal.

Zinc prices

As a result of the demand drivers, the price of zinc has closely followed global economic conditions. Following the global financial crisis the price of zinc decreased significantly from the approximately US\$2,800 per tonne in early 2008, to a low of approximately US\$1,000/t in late 2008. Since the global financial crisis, the price of zinc has recovered and more recently has traded in a band between approximately US\$2,000/t and US\$2,400/t. According to Consensus Economics the long term forecast zinc price in 2019 is approximately US\$2,600/t. The figure below illustrates the historical fluctuations in the zinc spot prices from January 2008 to May 2015 and the Consensus forecasts for zinc prices through to 2019.



Source: Bloomberg, Consensus Economics and BDO Analysis

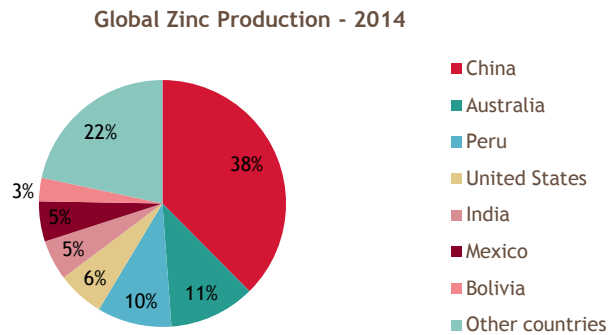
Production and Usage

China accounts for over 40% of the global demand for refined zinc, with demand expected to continue to grow, supported by ongoing public sector spending on infrastructure and the production of manufactured goods. Other large consumers include India given their continuing economic development and Japan due to the continued rebuilding in the wake of the March 2011 earthquake and tsunami.

Total world production is estimated to have decreased in 2014, to approximately 13.3Mt down from 13.4Mt. In Australia, estimated production for 2014 was 1.5 million tonnes making it the second largest producer.

E. Independent Expert’s Report (cont)

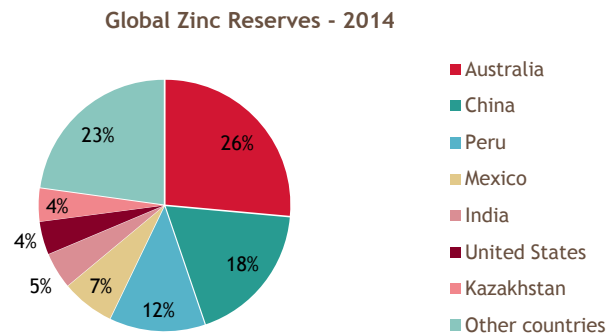
This is reflected in the figure below, which provides a breakdown of total estimated world production by country in 2014.



Source: U.S. Geological Survey

Zinc production in Australia is forecast to reach 3.4 million tonnes by 2019/20. The moderate growth in the production of zinc reflects the closure of some operations offset by expansions of existing mines and new mines. For example, Glencore Xstrata’s output from its McArthur River mine and Mount Isa mine is expected to increase following significant expansions of the projects. The increasing production as well as increasing zinc prices is expected to result in higher revenues for the industry.

Australia has the world’s largest deposits for zinc, with a substantial portion of zinc reserves located in the state of Queensland. The Australian zinc industry is also highly concentrated in terms of market share with the three largest companies, BHP Billiton Limited, Glencore Xstrata and Minerals and Metals Group Limited accounting for the majority of the market share. Globally, China and Peru also have substantive portions of zinc reserves. The figure below outlines global zinc reserves by country for 2014.



Source: U.S. Geological Survey

In Australia, given the global demand determinants and forecasted production increases, industry revenues are estimated to increase by a CAGR of approximately 1.75% through to 2019-20. Combined with the lead and silver industries which are closely tied with zinc mining, in Australia the industries are collectively expected to increase revenue to approximately \$5.47 billion by 2019-20, up from industry revenue of \$5.01 billion in 2014-15.

E. Independent Expert's Report (cont)

10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

10.1. Valuation of Sirius

In our assessment of the value of Sirius shares, we have chosen to employ the following methodologies:

- Sum-of-parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the Company. The value of each asset may be determined using different methods. The component parts of Sirius are valued using the DCF and NAV methods; and
- QMP approach as our secondary method as this represents the value that a Shareholder can receive for a share if sold on the market.

Sum-of-parts

We have employed the sum-of-parts method in estimating the fair market value of Sirius by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration for the following:

- value of Sirius' interest in Nova (applying the DCF methodology);
- value of Sirius' interest in Fraser Range JV (having reliance on an independent specialist valuation opinion);
- value of Sirius' interest in Fraser Range SIR (having reliance on an independent specialist valuation opinion);
- value of Sirius' Polar Bear (having reliance on an independent specialist valuation opinion);
- value of Sirius' Scandinavian assets (applying the cost approach); and
- value of other assets and liabilities of Sirius (applying the cost approach under the NAV method).

Methodologies adopted

We have chosen these methodologies for the following reasons:

- we have adopted the sum-of-parts combined with the NAV and DCF approach as our primary valuation method because the Company's flagship asset, Nova, is a development asset currently under construction with proven reserves to provide a sufficiently reasonable basis to apply the DCF methodology;
- Sirius has also successfully secured sufficient funds to meet capital costs and therefore, we have used the DCF valuation approach to value Sirius' interests in Nova;

E. Independent Expert's Report (cont)

- other assets and liabilities of Sirius are valued using the NAV method;
- as Sirius' projects are not currently generating any income nor are there any historical profits that could be used to represent future earnings, the FME approach is not appropriate; and
- the QMP basis is a relevant methodology to consider because Sirius shares are listed on the ASX and this reflects the value that a Shareholder will receive for a share sold on market. This means there is a regulated and observable market where Sirius shares can be traded. However, in order for QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities.

Technical expert

In performing our valuation of Sirius' Nova project using the DCF method, we have relied on the Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets Report (which also contains a technical assessment of Nova, Jaguar, Long and Tropicana) ('**Independent Technical Assessment and Valuation Report**') prepared by Optiro Pty Ltd ('**Optiro**') based on Optiro's review of the technical project assumptions contained in the cash flow models of the project. This report has been prepared in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities Experts Reports ('**the Valmin Code**') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('**JORC Code**').

A copy of Optiro's Independent Technical Assessment and Valuation Report is attached in Appendix 5.

Independent specialist valuation

In valuing Sirius' material development and exploration assets, we have relied on the Independent Technical and Valuation Report prepared by Optiro in accordance with the Valmin Code and the JORC Code. Specific valuation methodologies used by Optiro are referred to in the respective sections of our Report.

We are satisfied with the valuation methodologies adopted by Optiro which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of Optiro's Independent Technical Assessment and Valuation Report is attached in Appendix 5.

10.2. Valuation of the Proposed Merged Entity

In our assessment of the value of a share in the Proposed Merged Entity, we have chosen to employ the following methodologies:

- Sum-of-parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different method. The component parts of the Proposed Merged Entity are valued using the DCF and NAV methods; and
- QMP as our secondary method, which analyses the trading activity of Sirius' shares and IGO's shares on the ASX following the announcement of the Schemes.

Sum-of-parts

We have employed the sum-of-parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities and using the following valuation methodologies.

E. Independent Expert's Report (cont)

- Value of Sirius' 100% interest in Nova (applying the DCF method);
- Value of Sirius' 70% interest in the Fraser Range JV (having reliance on an independent specialist valuation opinion);
- Value of Sirius' 100% interest in Fraser Range SIR (having reliance on an independent specialist valuation opinion);
- Value of 100% interest in Jaguar (applying the DCF method);
- Value of 100% interest in the exploration potential of Jaguar (applying the cost approach);
- Value of 100% interest in Long (applying the DCF method);
- Value of 100% interest in the exploration potential of Long (applying the DCF method and having reliance on an independent specialist opinion on the resource to reserve conversion ratio);
- Value of 30% interest in the Tropicana JV (applying the DCF method);
- Value of a 30% interest in the exploration potential of the Tropicana JV (applying the cost approach);
- Value of 100% interest in Stockman (having reliance on an independent specialist valuation opinion);
- Value of IGO's interest in other exploration and development assets (applying the cost approach);
- Value of other assets and liabilities of IGO (applying the cost approach under the NAV method); and
- The resulting number of shares (on a diluted and undiluted basis) upon completion of the Schemes.
- The net asset value per share for S2, comprising the value of Polar Bear (having reliance on an independent specialist valuation opinion) and the Scandinavian assets (applying a cost approach).

Technical expert

In performing our valuation of IGO's Jaguar, Long and the Tropicana JV projects using the DCF method, we have relied on the Independent Technical Assessment and Valuation Report prepared by Optiro based on Optiro's review of the technical project assumptions contained in the cash flow models of the three projects.

In valuing IGO's resources not already included in the cash flow models, we have relied on the independent specialist's opinion on the resource to reserve conversion ratios relating to the Jaguar, Long and the Tropicana JV projects to enable us to apply the DCF method in valuing these additional resources.

Optiro's Independent Technical Assessment and Valuation Report is attached in Appendix 5.

QMP

Sirius shareholders will receive shares in IGO as consideration under the Acquisition Scheme, which are effectively the shares of the Proposed Merged Entity following the implementation of the Acquisition Scheme. We consider the post-announcement QMP analysis of both Sirius' shares and IGO's shares may provide an indication of value of the Proposed Merged Entity.

Whilst using a post-announcement QMP analysis may not reflect the value of the Proposed Merged Entity to the extent that the post-announcement share prices may incorporate the risk that the Schemes do not complete, it would reflect investors' perceived value of the Proposed Merged Entity, including but not limited to the value of the combined assets of Sirius and IGO.

Moreover, the QMP method is used only as our secondary valuation approach as a cross check of our primary valuation methodology.

E. Independent Expert's Report (cont)

The QMP basis is a relevant methodology to consider as both Sirius' shares and IGO's shares are listed on the ASX. This means there is a regulated and observable market where Sirius' shares and IGO's shares can be traded. However, in order for QMP to be considered appropriate, the company's shares should be liquid and the market should be fully informed of the company's activities. We must also consider the volatility of the market price and whether the market price is likely to represent the value of the Proposed Merged Entity.

Given the deep market trading for Sirius' shares and IGO's shares on the ASX, together with full disclosure of information in the market on their projects, we consider that the ASX trading prices of Sirius' shares and IGO's shares may provide an indication of the value of the Proposed Merged Entity.

10.3. Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- (a) the acquirer is obtaining or increasing control of the target
- (b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on:

- (a) the depth of the market for those securities
- (b) the volatility of the market price
- (c) whether or not the market value is likely to represent the value if the takeover bid is successful.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore we have assessed the value of the Proposed Merged Entity share on a minority interest basis. As there is no change of control occurring in respect of S2 we have analysed the value attributable to S2 on a minority basis both prior to and following the Schemes.

11. Valuation of Sirius

We employed the sum-of-the-parts method in estimating the fair market value of Sirius by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- Value of Sirius' 100% interest in Nova;
- Value of Sirius' 70% interest in the Fraser Range JV;
- Value of Sirius' 100% interest in Fraser Range SIR;
- Value of Sirius' 100% interest in Polar Bear;
- Value of Sirius' 67% interest in the Scandinavian assets; and
- Value of other assets and liabilities of Sirius.

E. Independent Expert's Report (cont)

We used the QMP approach as our secondary valuation method. Sirius is listed on the ASX which provides an indication of the market value where an observable market for the securities exists and this reflects the minimum value that a Shareholder will receive for the sale of their shares on market.

11.1. Sum of Parts valuation of Sirius

We have presented the value of Sirius' assets on a going concern basis in two parts:

- Value of Sirius' without S2 on a controlling basis; and
- Value of S2 on a minority basis.

Sirius without S2 on a controlling basis		Low value	Preferred value	High value
Summary of Assessment	Section	\$m	\$m	\$m
DCF value of Nova (100%)	11.2	1,018.98	1,232.36	1,455.46
Less: Debt to fund Nova	11.3	(305.44)	(305.44)	(305.44)
Add: Value of Sirius' interest in Fraser Range JV (70%)	11.4	16.40	24.30	33.20
Add: Value of Sirius' interest in Fraser Range SIR (100%)	11.4	17.70	20.70	23.80
Add: Other assets and liabilities	11.5	205.71	205.71	205.71
Less: Corporate costs	11.6	(53.29)	(53.29)	(53.29)
Value of Sirius without S2 on a controlling basis		900.06	1,124.34	1,359.44
Number of Sirius shares (million)	11.7	425.60	425.60	425.60
Value per share on a controlling basis (\$)		2.11	2.64	3.19

Source: BDO analysis

S2 on a minority basis		Low value	Preferred value	High value
Summary of Assessment	Section	\$m	\$m	\$m
Value of Polar Bear (100%)	11.4	12.60	19.60	26.50
Value of Scandinavian Assets	11.4	2.00	2.00	2.00
Add: Other assets and liabilities	11.5	22.00	22.00	22.00
Value of S2 on a controlling basis		36.60	43.60	50.50
Minority interest discount	11.8	23.08%	20.00%	16.67%
Value of S2 on a minority basis		28.15	34.88	42.08
Number of Sirius shares (million)	11.7	425.60	425.60	425.60
Value per share (\$)		0.07	0.08	0.10

Source: BDO analysis

	Low value	Preferred value	High value
Summary of Assessment	\$	\$	\$
Value of Sirius without S2 on a controlling basis	2.11	2.64	3.19
Value of S2 on a minority basis	0.07	0.08	0.10
Value of Sirius before the implementation of the Scheme	2.18	2.72	3.29

Source: BDO analysis

The table above indicates that the value of one Sirius Ordinary Share held prior to the implementation of the Schemes is between \$2.18 and \$3.29 with a preferred value of \$2.72.

E. Independent Expert's Report (cont)

11.2. DCF Valuation of Nova

We elected to use the DCF approach in valuing Nova. The DCF approach estimates the fair market value by discounting the future cash flows arising from Nova to their net present value. Performing a DCF valuation requires the determination of the following:

- the expected future cash flows that Nova is expected to generate; and
- an appropriate discount rate to apply to the cash flows of Nova to convert them to present value equivalent.

11.2.1. Nova - Future cash flows

A cash flow model for Nova was prepared by Sirius (the 'Nova Model'). The Nova Model estimates the future cash flows expected from nickel, copper and cobalt production at Nova based on determined JORC compliant reserves. The Nova Model depicts forecasts of real, post-tax cash flows over the life of mine on an annual basis.

The Nova Model has been adjusted by us to reflect any changes to technical assumptions as a result of Optiro's review and any changes to the economic and other input assumptions from our research. We have also adjusted the Nova Model to reflect cash flows on a nominal basis ('The Adjusted Model').

The Nova Model was prepared based on estimates of production profile, operating costs and sustaining capital expenditure.

The main assumptions underlying the Nova Model include:

- mining and production volumes;
- stockpile movements;
- commodity prices;
- operating costs;
- sustaining capital expenditure;
- foreign exchange rates;
- royalties; and
- discount rate.

We undertook the following analysis on the Nova Model:

- appointed Optiro as technical expert to review, and where required, provide changes to the technical assumptions underlying the Nova Model;
- conducted independent research on certain economic and other inputs such as commodity prices, inflation and discount rate applicable to the future cash flows of the Project;
- held discussions with Sirius' management regarding the preparation of the forecasts in the Nova Model and its views;
- adjusted the Nova Model to reflect any changes to the technical assumptions as a result of Optiro's review and any changes to the economic and other input assumptions from our research; and
- performed a sensitivity analysis on the value of Nova as a result of flexing selected assumptions and inputs.

The cash flows contained in the Adjusted Model have been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to the value of Nova. Whilst we do not warrant that our enquiries

E. Independent Expert's Report (cont)

have identified all of the matters that an audit, or due diligence and/or tax investigation might disclose, we believe that the information is reasonable for us to form an opinion as to the value of Nova and that there are reasonable grounds for the assumptions made in the Adjusted Model.

Appointment of a technical expert

Optiro was engaged to prepare a report providing a technical assessment of the project assumptions underlying the Nova Model. Optiro's assessment involved the review and provision of input on the reasonableness of the assumptions adopted in the Nova Model, including but not limited to:

- Mining physicals (including volume mined, recovery and grade);
- Processing assumptions (including products and recovery, scheduling and plant utilization);
- Operating costs (comprising direct operating expenditure and certain fixed costs);
- Capital expenditure (development and sustaining capital required); and
- Other relevant assumptions.

A copy of Optiro's Technical Assessment and Valuation Report is included in Appendix 5.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Nova Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Inflation

We have applied an inflation rate to convert the forecast real costs into nominal terms in the Adjusted Model. In our assessment of the inflation rate, we have considered forecasts prepared by economic analysts and other publicly available information including broker consensus to arrive at our inflation rate assumptions. From our analysis, inflation in Australia for the first quarter of 2015 was 1.3%. Historical inflation rates in 2013 and 2014 were 2.5% per annum in both years. The RBA's target inflation rate is between 2% and 3%. On this basis, we have assumed the inflation rate in Australia going forward will be 2.5% on average for the forecast period.

Foreign exchange rate

All commodity prices are stated in US\$, the forecasts relating to costs in the Adjusted Model are A\$ and our valuation is also in A\$. The conversions from US\$ to A\$ were undertaken using the following foreign exchange rate assumptions:

Foreign Exchange Rate	2015	2016	2017	2018	2019	2020+
AUD/USD	0.75	0.76	0.75	0.74	0.74	0.74

Source: Bloomberg

E. Independent Expert's Report (cont)

Revenue Assumptions

Sirius receives revenue from the following products:

- Nickel;
- Copper; and
- Cobalt concentrates.

Nickel

On 27 February 2015, Sirius announced that it had signed a three-year offtake deal with BHP Billiton for 50% of its forecast nickel sulphide concentrate to be produced from Nova. We have incorporated a pricing structure that reflects the offtake agreement in place.

In obtaining forecast nickel prices, we considered:

- historical spot and forward prices from Bloomberg; and
- most recent Consensus Economics price forecasts.

Based on our analysis, we adopted the following future nickel prices (in nominal terms):

Nickel Price	2015	2016	2017	2018	2019	2020+
US\$/t	15,450	17,600	19,650	19,800	20,195	21,785

Source: Consensus Economics

Copper

In obtaining forecast copper prices we considered:

- historical spot and forward prices from Bloomberg; and
- most recent Consensus Economics price forecasts.

Based on our analysis, we adopted the following future copper prices (in nominal terms):

Copper Price	2015	2016	2017	2018	2019	2020+
US\$/t	5,966	6,275	6,645	6,930	7,140	7,145

Source: Consensus Economics

Cobalt

In obtaining forecast cobalt prices we considered:

- historical spot and forward prices from Bloomberg; and
- most recent Consensus Economics price forecasts.

Based on our analysis, we adopted the following future cobalt prices (in nominal terms). We have converted the US\$/lb to US\$/t as one tonne is equivalent to 2,204.62 pounds, as shown below:

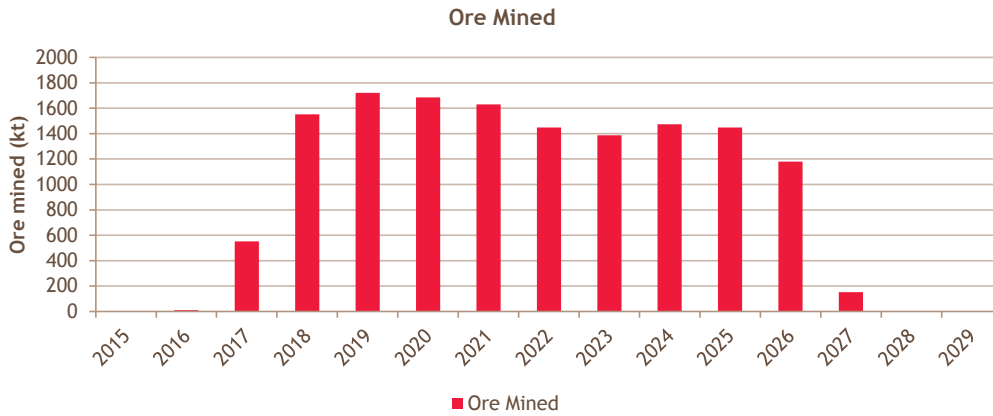
Cobalt Price	2015	2016	2017	2018	2019	2020+
US\$/lb	13.89	14.17	14.26	14.47	14.68	15.61
US\$/t	30,621	31,293	31,432	31,902	32,369	34,409

Source: Consensus Economics

E. Independent Expert’s Report (cont)

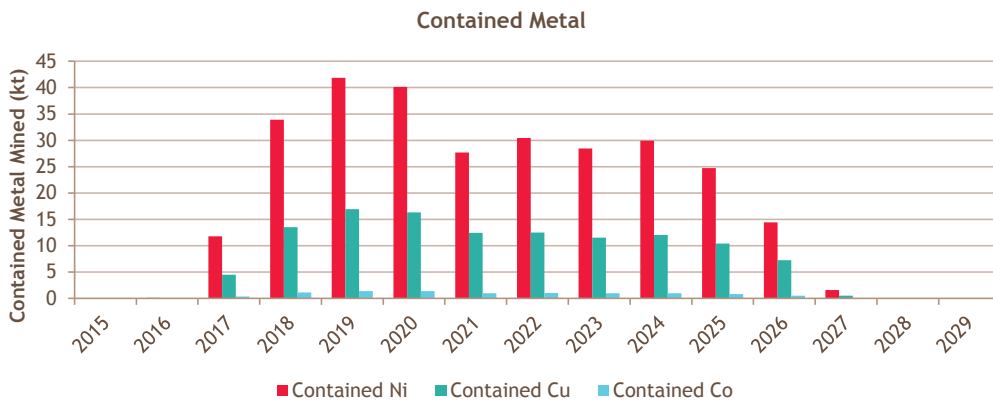
Mining Physicals

The graph below shows the forecast ore to be mined over the life of mine of Nova.



Source: Nova Model

The graph below shows the contained nickel, copper and cobalt in ore mined for each year of production.

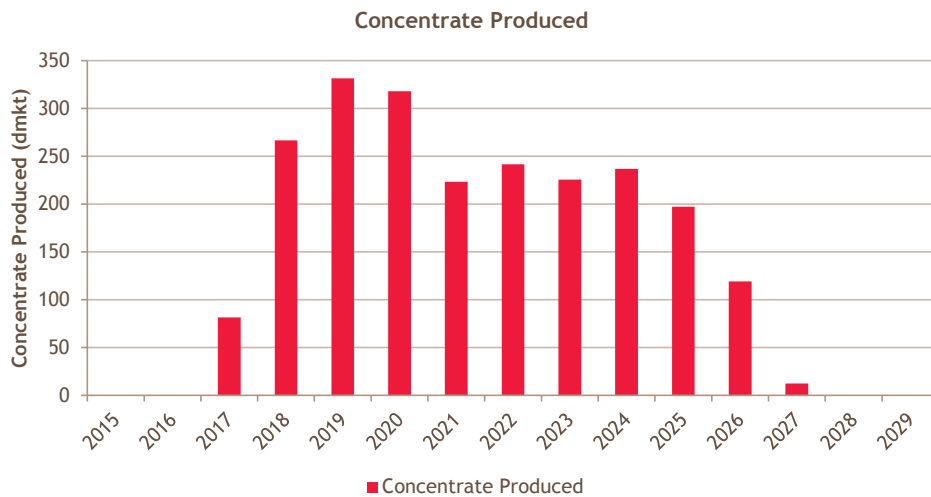


Source: Nova Model

Product Assumptions

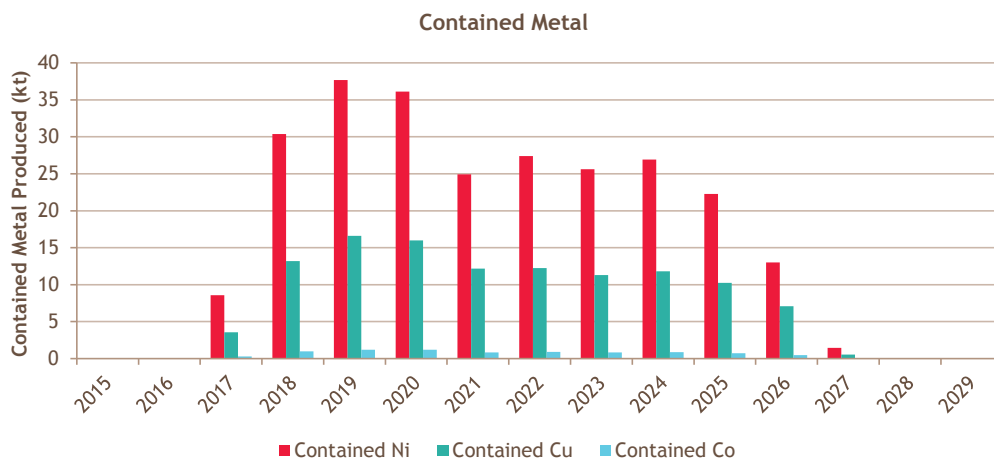
The graph below shows the production forecast over the life of mine of Nova.

E. Independent Expert’s Report (cont)



Source: Nova Model

The graph below shows the contained nickel, copper and cobalt in the concentrate produced annually over the life of mine of Nova.



Source: Nova Model

Operating Costs

Operating costs included in the Adjusted Model consist of mining costs (fixed and variable), mine geology costs, processing costs (fixed and variable), site services costs, site administration costs, offsite production costs and corporate office costs.

E. Independent Expert's Report (cont)

Capital Costs

The table below shows construction capital costs (on a nominal basis) of \$418 million are required to develop the mine.

Nova Capital Expenditure	Forecast CY2015 \$m	Forecast CY2016 \$m
Construction Cost	217.6	200.4

Source: Nova Model

Royalties

Sirius will be liable to pay four royalties upon the commencement of operations at Nova:

- 2.50% nickel royalty applicable to 100% of nickel revenue;
- 5.00% copper royalty applicable to 100% of copper revenue;
- 2.50% cobalt royalty applicable to 100% of cobalt revenue; and
- a royalty payable to the Ngadju people, the traditional owners of the land comprising Nova.

Taxation

Tax has been applied at a notional rate of 30% which represents the current corporate tax rate in Australia. The tax calculation also takes into account Sirius' brought forward tax losses in the revenue account which amount to approximately \$144.80 million as at 31 March 2015.

11.2.2. DCF valuation - discount rate

We have selected a nominal after tax discount rate in the range of 8.50% to 12.50% per annum to discount the cash flows from Nova to their present value. We have used a discount rate of 10.50% in our base case.

In selecting this range of discount rates we considered the following:

- the rates of return for comparable ASX listed nickel companies; and
- the risk profile of Sirius as compared to other nickel companies.

The Adjusted Model includes all cash inflows and outflows excluding debt cash flows. The nominal after tax discount rate we have selected represents our assessment of Sirius' weighted average cost of capital.

Details on our discount rate determination are provided in Appendix Three.

11.2.3. DCF Valuation - sensitivities

The estimated value of Nova is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices, exchange rates and the discount rate. We have therefore included an analysis to consider the value of Nova under various pricing scenarios and in applying:

- A change of +/- 20% to the nickel; price;
- A change of +/- 20% to the copper price;
- A change of +/- 20% to the cobalt price;
- A change of +/- 20% to operating costs;
- A change of +/- 20% to capital costs;

E. Independent Expert's Report (cont)

- A change of +/- 20% to the USD:AUD exchange rate;
- A discount rate in the range of 8.50% to 12.50%.

The following table sets out the valuation outcomes from our DCF analysis:

Flex	Sensitivity Analysis					
	NPV \$m Nickel Price	NPV \$m Copper Price	NPV \$m Cobalt Price	NPV \$m Operating Costs	NPV \$m Capital Costs	NPV \$m Exchange Rate (USD:AUD)
-20%	811.32	1,158.22	1,224.69	1,447.34	1,322.39	1,796.00
-16%	898.04	1,173.05	1,226.22	1,404.34	1,304.38	1,661.80
-12%	1,018.98	1,187.87	1,227.76	1,361.35	1,286.38	1,539.80
-8%	1,073.38	1,202.70	1,229.29	1,318.35	1,268.37	1,428.41
-4%	1,150.46	1,217.53	1,230.82	1,275.35	1,250.36	1,326.30
0%	1,232.36	1,232.36	1,232.36	1,232.36	1,232.36	1,232.36
4%	1,338.04	1,247.18	1,233.89	1,189.36	1,214.35	1,145.54
8%	1,416.32	1,261.99	1,235.42	1,146.36	1,196.34	1,065.16
12%	1,455.46	1,276.80	1,236.96	1,103.36	1,178.34	990.53
16%	1,613.15	1,291.61	1,238.49	1,060.37	1,160.33	921.03
20%	1,692.82	1,306.42	1,240.02	1,017.37	1,142.32	856.18

Source: BDO analysis

Discount rate sensitivity					
Discount rate (%)	8.50%	9.50%	10.50%	11.50%	12.50%
NPV \$m	1,404.34	1,315.30	1,232.36	1,155.02	1,082.84

Source: BDO analysis

Considering the valuation outcomes above, we estimate the fair market value of Nova to be in the range of \$1,018.98 million to \$1,455.46 million, with a preferred value of \$1,232.36 million.

11.3. Debt to fund Nova

On 17 December 2014, Sirius announced that it had completed and signed a syndicated facility agreement with four tier one banks for a project finance facility of up to \$440 million to fund the development of Nova. The facility is funded equally among ANZ, BNP Paribas, the Hongkong and Shanghai Banking Corporation Limited and Westpac Banking Corporation.

The facility comprises a project development tranche of \$420 million for development and working capital funding during the construction plus a cost overrun tranche of \$20 million.

The Nova Model assumes that a debt of \$368.59 million will be required to be drawn on the facility. The remaining capital expenditure is funded by equity. As at 31 March 2015, Sirius had a cash position of \$210.1 million. We have calculated the present value of the debt repayments as \$305.44 million.

E. Independent Expert's Report (cont)

11.4. Valuation of exploration assets

We instructed Optiro to value all of the remnant resources of Nova under the Valmin Code that are not included in the Nova Model. As the majority, if not all, of the resources at Nova have been reported as reserves, there was not a material amount of resources that was not already included in the Nova Model. Hence, Optiro did not attribute any value to these resources.

We also instructed Optiro to value the resources of Polar Bear, Fraser Range JV and Fraser Range SIR which also represent assets of Sirius. Optiro has considered that the Polar Bear, the Fraser Range JV and the Fraser Range SIR projects are deemed to be at an advanced exploration stage from a valuation standpoint.

Polar Bear

Optiro adopted the following methodologies in valuing the Polar Bear tenements:

- the Geoscientific Rating method (or Kilburn method);
- comparable transactions method;
- joint venture terms; and
- exploration expenditure method.

The value of Polar Bear as determined by Optiro is as follows.

	Low \$m	Preferred \$m	High \$m
Value of Polar Bear (100%)	12.60	19.60	26.50

Source: Optiro's Independent Technical Assessment and Valuation Report

Fraser Range JV and Fraser Range SIR

Optiro has adopted the following methodologies in valuing Fraser Range JV and Fraser Range SIR:

- the Geoscientific Rating method (or the Kilburn method); and
- comparable transactions method.

The value of Fraser Range JV and Fraser Range SIR as determined by Optiro is as follows.

	Low \$m	Preferred \$m	High \$m
Value of Fraser Range JV (70%)	16.40	24.30	33.20
Value of Fraser Range SIR (100%)	17.70	20.70	23.80
	34.10	45.00	57.00

Source: Optiro's Independent Technical Assessment and Valuation Report

Scandinavian Assets

On 20 January 2015 Sirius paid \$2 million for 66.67% in the Scandinavian assets along with the option to acquire up to 80% of the assets for a further \$2 million. As such, we believe the value of the Scandinavian assets to be the transaction value of \$2 million as this was an arm's length purchase.

E. Independent Expert's Report (cont)

11.5. Other Assets and Liabilities

Other assets and liabilities of Sirius represent the assets and liabilities which have not been specifically adjusted. From our review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below. The table below represents a summary of the assets and liabilities identified:

Statement of Financial Position	Note	Unadjusted balance sheet as at 31-Mar-15 \$'000	Adjusted value of other assets & liabilities \$'000
Current Assets			
Cash and cash equivalents	a	210,103	241,730
Inventories		69	69
Other receivables		6,451	6,451
Total Current Assets		216,623	248,210
Non-Current Assets			
Exploration and evaluation	b	324,094	-
Property, plant and equipment	c	2,972	656
Other non-current assets		238	238
Total Non-Current Assets		327,304	894
Total Assets		543,927	249,145
Current Liabilities			
Trade and other payables		21,014	21,014
Provisions		417	417
Total Current Liabilities		21,431	21,431
Total Liabilities		21,431	21,431
Other Assets/(Liabilities)		522,496	227,714

Source: BDO analysis

Other assets and liabilities in S2 will comprise \$22 million in cash. We have allocated other assets and liabilities to Sirius (without S2) and S2 in the following manner.

Other assets and liabilities	Preferred value \$'000
Allocated to Sirius (without S2)	205,714
Allocated to S2	22,000
	227,714

Source: BDO analysis

E. Independent Expert's Report (cont)

As part of the Demerger, Sirius will pay or procure the payment of \$20 million in cash to S2 for working capital purposes and, via the transfer of ownership of Sakumpu Exploration Oy, S2 will hold a further \$2 million of working capital.

The following adjustments were made to determine the value of other assets and liabilities that have not been accounted for in the Adjusted Model.

Note a: Cash and cash equivalents

We have adjusted the cash and cash equivalents balance since 31 March 2015 for the following material movements:

	\$'000
Cash balance as at 31-Mar-15	210,103
Add: cash raised upon exercise of 13.4 million in-the-money options	31,627
Adjusted value of cash and cash equivalents	241,730

Source: Sirius' quarterly cash flow report for the quarter ended 31 March 2015

In section 5.5, we note that 13.4 million options are in-the-money when assessed against the share price of Sirius as at 22 May 2015 of \$3.24. We have assumed that these 13.4 million options will be exercised for the purposes of analysing the value of Sirius prior to the Scheme. We have therefore adjusted Sirius' cash balance to reflect the cash raised from the exercise of those options, being \$31.627 million.

From Sirius' mining exploration entity quarterly report (Appendix 5B), the Company's cash balance as at 30 June 2015 stood at \$213.613 million. Sirius completed its first debt draw-down of \$57 million under its \$440 million financing facility to fund the ongoing development of Nova. The increased cash was used to fund exploration and development activities as well as to meet administration and finance expenses. The difference in cash balance between 31 March 2015 and 30 June 2015 is not material.

Note b: Exploration and evaluation expenditure

The entire exploration and evaluation assets balance of \$324.09 million as at 31 March 2015 has been removed and has been reflected in our sum-of-parts valuation as follows:

- exploration expenditure relating to Nova has been separately valued in our DCF valuation of Nova in section 11.2 of our Report;
- exploration expenditure relating to Fraser Range JV and Fraser Range SIR are reflected in the valuation prepared by Optiro as outlined in section 11.4 of our Report;
- exploration expenditure relating to Polar Bear is reflected in the valuation prepared by Optiro as outlined in section 11.4 of our Report; and
- exploration expenditure relating to the Scandinavian Assets is recorded in our sum-of-parts value at transaction value and has been isolated as outlined in section 11.4 of our Report.

Note c: Property, plant and equipment.

We have adjusted the property, plant and equipment balance of \$2.97 million as at 31 March 2015 by \$2.32 million as this relates to Nova, which have been valued in our DCF valuation of Nova in section 11.2 of our Report.

E. Independent Expert's Report (cont)

11.6. Corporate costs

Based on Sirius' quarterly cash flow report for the quarter ended 31 March 2015, administration costs totalled \$2.67 million. We analysed the estimated corporate costs advised by management to be \$10.85 million per year. We calculated the annual corporate costs over the life of mine of Nova, inflating these costs at 2.5% per annum over the entire period. The net present value of Sirius' corporate costs discounted at 10.50% per annum is estimated to be \$53.29 million.

11.7. Number of Sirius Shares on issue

In determining a valuation per share for Sirius prior to the Schemes being implemented, we applied the number of Sirius shares on issue of 425,601,575. This number has been determined based on 13.4 million in-the-money Sirius options being exercised.

We have not adjusted the Sirius shares on issues for the number of performance rights and share appreciation rights vesting, as they will be dealt with as agreed between Sirius and IGO and are yet to vest. For further detail regarding the share appreciation rights, refer to section 5.5.

11.8. Minority Discount

The value of a share of S2 derived under the sum-of-parts method is reflective of a controlling interest. However, Shareholders of S2 will hold a minority interest both before and after the implementation of the Schemes. The Demerger Scheme does not result in a change in the composition of shareholdings as one S2 share is offered for every two Sirius Ordinary Share held. Therefore, the value of S2 needs to be considered on a like-for-like basis, based on a minority interest holding. The minority interest holding means that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company.

In order to reflect this and the requirement under RG 111.34, we need to adjust our sum-of-parts value to reflect a minority interest. Details of the minority discount are set out in section 12.9 of our Report.

11.9. Quoted Market Prices for Sirius Securities

To provide a comparison to the valuation of Sirius in Section 11.1, we have also assessed the quoted market price for a Sirius share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's share for the purposes of a control transaction, the expert should calculate the value of a company's shares assuming 100% ownership of the target including a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

E. Independent Expert's Report (cont)

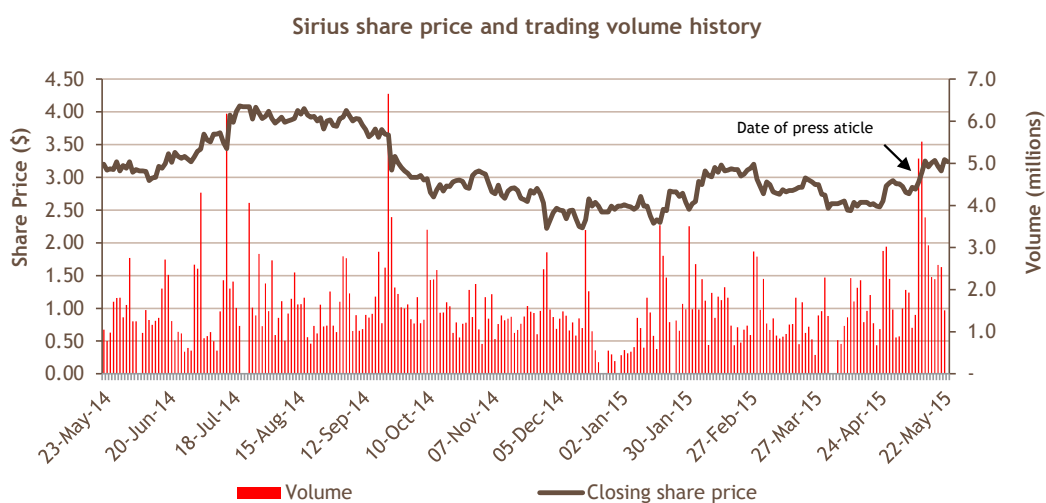
RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 15.

Therefore, our calculation of the quoted market price of a Sirius share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Sirius share is based on the pricing prior to the announcement of the Schemes as well as the press speculation of a potential transaction between IGO and Sirius beginning from 11 May 2015. This is because the value of a Sirius share following any press speculation and the announcement may include the effects of any change in value as a result of the Schemes. However, we have considered the value of a Sirius share following the announcement when considering reasonableness in Section 15.

On 11 May 2015, a press article was published regarding speculation that there might be a potential transaction between IGO and Sirius' major shareholder, Mark Creasy. An observable increase in the price of a Sirius share after 11 May 2015 may reasonably be attributed to this press article. The following chart provides a summary of the share price movement over the 12 months to 22 May 2015 which was the last trading day prior to the announcement, including the share price movement on 11 May 2015.



Source: Bloomberg

The daily price for Sirius shares traded on the ASX from 9 May 2014 to 8 May 2015 has ranged from a low of \$2.35 on 17 December 2014 to a high of \$4.09 on 21 July 2014.

Sirius' share price increased from around \$3.10 in early June 2014 by approximately 30% to approximately \$4.00 in late July 2014. The increase appears to be attributed to the successive positive announcements in relation to Sirius' acquisition of the remaining 30% interest in Nova to secure 100% ownership, releasing the

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results of the DFS for Nova, and also announcing positive exploration results for the Taipan prospect at Polar Bear.

Subsequent to this period, the share price fell back to trade within a band from \$2.50 to \$3.00 per share. The decline in the share price can be attributed to the gradual decrease in commodity prices, in particular for nickel and copper during this period. The largest trading volume spike of 6,652,616 shares occurred on 24 September 2014. On this day, Sirius' share price decreased by 15% following the release of exploration results.

During this period a number of announcements were made to the market. The key announcements are set out as follows:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$	(movement)	%	\$	(movement)	%
30/04/2015	Quarterly Activities Report - March 2015	2.900	▼	1.7%	2.770	▼	4.5%
30/04/2015	Quarterly Cashflow Report - March 2015	2.900	▼	1.7%	2.770	▼	4.5%
13/04/2015	Exploration Update	2.620	▲	5.2%	2.620	▶	0.0%
30/03/2015	Nova and Exploration Update	2.740	▼	5.2%	2.600	▼	5.1%
02/03/2015	Baloo Exploration Update	2.970	▼	7.2%	2.930	▼	1.3%
02/03/2015	Nova Nickel Offtake signed	2.970	▼	7.2%	2.930	▼	1.3%
27/02/2015	Half Yearly Report	3.200	▲	1.9%	2.750	▼	14.1%
20/02/2015	Nova Project Update	3.120	▶	0.0%	3.110	▼	0.3%
16/02/2015	Exploration Update - Baloo & Crux	3.100	▼	2.8%	3.120	▲	0.6%
11/02/2015	Polar Bear - Baloo Gold Update	3.150	▲	4.7%	3.100	▼	1.6%
28/01/2015	Quarterly Activities Report	2.760	▲	1.8%	2.600	▼	5.8%
28/01/2015	Quarterly Cashflow Report	2.760	▲	2%	2.600	▼	6%
27/01/2015	Nova underway on Australia Day	2.710	▼	3%	2.510	▼	7%
23/01/2015	Nickel Exploration Program kicks off	2.780	▼	0%	2.760	▼	1%
20/01/2015	Gold Discovery at Baloo Prospect, Polar Bear	2.510	▲	9%	2.780	▲	11%
17/12/2014	Nova Project Financing Complete	2.350	▲	5%	2.620	▲	11%
27/11/2014	Nova Nickel Project Update	2.750	▼	3%	2.340	▼	15%
29/10/2014	Quarterly Cashflow Report	3.030	▲	7%	3.070	▲	1%
29/10/2014	Quarterly Activities Report	3.030	▲	7%	3.070	▲	1%
24/09/2014	Exploration Update	3.110	▼	15%	3.150	▲	1%
10/09/2014	Nickel Exploration Update	3.890	▼	0%	3.620	▼	7%
25/08/2014	Nickel Exploration Update	3.910	▲	1%	3.880	▼	1%
19/08/2014	Nova Nickel Project Mining Lease Granted	3.950	▼	2%	3.860	▼	2%
04/08/2014	Nova Mining Agreement with Ngadju People completed	3.900	▼	3%	3.920	▲	1%
25/07/2014	A\$189 million raised for the Nova Nickel Project	3.890	▼	5%	3.900	▲	0%

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Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
21/07/2014	Exploration Update	4.090	▲	2%	4.080	▼	0%
16/07/2014	Exploration Update	3.950	▲	15%	4.090	▲	4%
14/07/2014	Minor correction to Nova Nickel Project DFS Announcement	3.530	▼	4%	3.840	▲	9%
14/07/2014	Nova Nickel Project Definitive Feasibility Study June 2014 Quarterly Activities and Cashflow Report	3.530	▼	4%	3.840	▲	9%
14/07/2014	Exploration Update	3.530	▼	4%	3.840	▲	9%
16/06/2014	Exploration Update	3.170	▲	6%	3.360	▲	6%
20/05/2014	Update on Nova Nickel Project Native Title	3.080	▲	4%	3.110	▲	1%

Source: Bloomberg

On 20 May 2014, Sirius announced that it had received notice from the Goldfields Lands and Sea Council that the Ngadju claim group have agreed to provide the necessary consent for the grant of Mining Lease M28/376, subject to Sirius and the Ndadju claim group entering into a binding and definitive agreement. As expected, the market reacted favourably to this news noting that on the day of the announcement, Sirius' share price increased by 4%.

On 16 June 2014, Sirius provided an exploration update which advised that first pass drilling at its Centauri and Crux nickel targets had identified zones of nickel, copper and cobalt enrichment. On the date of the announcement, the Company's share price increased by 6% to close at \$3.17. Over the three consecutive days after the announcement, the Company's shares increased by a further 6%.

On 14 July 2014, the Company announced the results of the DFS undertaken at Nova. The market, contrary to expectations, responded negatively to this information as reflected by Sirius' share price declining by 4% on the date of the announcement. However, over the subsequent three trading days, Sirius' share price increased significantly by 9%.

On 16 July 2014, the Company released positive exploration results at the Taipan prospect for Polar Bear. In particular, the announcement stated that a substantial nickel sulphide mineralisation had been identified in the first reconnaissance drill hole. The market responded positively to this information, as reflected by the Company's largest increase in share price of 15% to price sensitive information over the period. Sirius' share price continued to increase by a further 4% to close at \$4.09 three trading days after the announcement.

On 24 September 2014, the Company released further exploration updates for the Taipan prospect. The update confirmed that follow up drilling had identified further nickel mineralisation. Notwithstanding the positive information, the share price of Sirius declined significantly by 15% on the date of the announcement to close at \$3.11. This represents the largest decline in the price of Sirius' shares and we note that the ASX 300 metals and mining index had declined in the days prior to the announcement whilst Sirius did not and had experienced some appreciation and as such this may be considered to be a market correction.

On 29 October 2014, the Company released its quarterly activities and cash flow reports which reiterated prior announcements including a minor change in board composition, the granting of the mining lease for the Nova project, and the recent success of the institutional capital raising. Although no new material

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information was released in the quarterly reports, Sirius' shares closed 7% higher on the date of the announcement, and continued to increase by a further 1% over the subsequent three trading days.

On 17 December 2014, the Company announced that syndicate debt funding of \$440 million had been secured to fully fund the development of Nova. The market reacted positively to this announcement as observed by a 5% increase in the share price of Sirius' shares on the date of the announcement. Over the subsequent three trading days, the share price of Sirius continued to increase by 11% to close at \$2.62.

On 20 January 2015, Sirius announced it had discovered a significant zone of gold mineralisation at the Baloo prospect in Polar Bear. This was the first major announcement for this prospect. As expected the market responded positively to this information as reflected in the share price increase of 9% on the date of the announcement, and the subsequent increase of 11% over the following three trading days.

On 27 January 2015, the Company announced that the final statutory approvals for Nova had been received, and that it had identified capital cost savings since the release of the DFS. On the date of the announcement Sirius' share price decreased by 3% which was then followed by a continued decline of 7%. We note the broader market including commodity prices remained relatively stable over this period, and our analysis of Sirius' announcements on or around this day does not indicate that any significant adverse information was released. On this basis we consider the declining share price movement to be unexplained. However we note that the trading volume on this date was slightly below the moving average volume traded and we do not consider this to be significant as an unexplained movement.

On 11 February 2015, the Company provided an exploration update on the Baloo prospect. The update informed that follow up drilling had confirmed significant zones of gold mineralisation. As expected, on the release of the update Sirius' share price increased by 4.7% to close at \$3.15. However, over the subsequent three trading days Sirius' share price declined by 1.3%.

On 27 February 2015, Sirius released their half year financial reports. On the date of the announcement, the share price of Sirius increased by 1.9%. This increase was however followed by a decrease over the next three trading days of 14.1%.

On 2 March 2015, the Company released two announcements, the first which announced that Sirius had secured an off-take agreement for 50% of its nickel concentrate production at Nova with BHP Billiton, and the second which provided an exploration update for the Baloo prospect. Contrary to expectations, on the date of the announcements Sirius' share price decreased by 7.2% and over the subsequent three trading days, continued to decline by an additional 1.3%.

On 11 May 2015 press speculation named Sirius as a potential takeover target for IGO which led to an increase in the Share price of Sirius.

To provide further analysis of the market prices for an Sirius share, we have also considered the volume weighted average market price ('VWAP') for 10, 30, 60 and 90 day periods to 8 May 2015 being the last trading day prior to the press speculation.

Share Price per unit	8-May-15	10 Days	30 Days	60 Days	90 Days
Closing price	\$2.820				
Volume weighted average price (VWAP)		\$2.865	\$2.716	\$2.823	\$2.785

Source: Bloomberg, BDO analysis

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The above weighted average prices are prior to the date of the announcement of the Schemes, to avoid the influence of any increase in price of Sirius' shares that has occurred since the Schemes were announced.

An analysis of the volume of trading in Sirius' shares for the twelve months to 8 May 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$2.820	\$2.920	1,095,067	0.27%
10 Days	\$2.700	\$3.000	18,045,722	4.38%
30 Days	\$2.450	\$3.000	44,362,803	10.76%
60 Days	\$2.450	\$3.250	83,270,134	20.20%
90 Days	\$2.290	\$3.250	127,541,350	30.95%
180 Days	\$2.180	\$4.080	263,017,850	63.85%
1 Year	\$2.180	\$4.160	399,226,256	103.08%

Source: Bloomberg, BDO analysis

This table indicates that Sirius' shares display a high level of liquidity, with 103.08% of the Company's current issued capital being traded over a twelve month period. If the Creasy Group's holding of 34.59% is removed then the volume traded in the past year represents approximately 156% of the non-Creasy Group shares on issue. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Sirius, given there is regular trading of its shares with a cumulative trade over a one year period of 103.08%, and there are no significant unexplained price movements in the share price, we consider there to be a sufficiently deep market for Sirius' shares to reflect a liquid and active market.

Our assessment is that a range of values for Sirius' shares based on market pricing, after disregarding post announcement pricing, is between \$2.70 and \$2.90.

Control Premium

We have reviewed the control premiums paid by acquirers of all general mining companies listed on the ASX. We have summarised our findings below:

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Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2014	14	116.43	38.50
2013	16	49.12	57.80
2012	21	129.36	42.18
2011	22	578.06	38.02
2010	25	735.82	43.27
2009	29	86.80	39.23
2008	8	553.76	38.87
	Median	129.36	39.23
	Mean	321.34	42.55

Source: Bloomberg, BDO Analysis

The mean and median figures above are calculated based on the average deal value and control premium for each respective year. To ensure our data is not skewed we have also calculated the mean and median of the entire data set comprising control transactions from 2008 onwards, as set out below.

Entire Data Set Metrics	Average Deal Value (AU\$m)	Average Control Premium (%)
Median	37.41	36.01
Mean	320.72	41.42

Source: Bloomberg, BDO Analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates the long term average control premiums paid by acquirers of all mining companies on the ASX is approximately 42.5%.

In assessing the sample of transactions which were included in the table, we've noted transactions within the list which appear to be extreme outliers. These outliers include 16 transactions where the announced control premium was in excess of 100% and 16 transactions where the acquirer obtained a controlling interest at a discount (i.e. less than 0%). In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean.

In determining the appropriate control premium appropriate for Sirius, we reviewed control transactions of a similar nature and scale. We considered this to be an appropriate approach, noting that the average control premium is influenced by factors such as whether the consideration is cash or scrip and the deal size. This was prominently observed during 2013 where the average deal size was \$49.12 million and average control premium was 57.8%. Therefore in order to determine an appropriate control premium for

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Sirius, we focused on transactions where the deal size was in excess of AU\$500 million. This analysis showed an average premium of 28%.

On 3 June 2014, Papillon Resources Limited entered into a scheme of arrangement with B2Gold Corporation (listed on the TSX) where B2Gold Corporation offered 0.661 B2Gold Corporation shares per Papillon Resources Limited share. The all scrip offer with a deal value of approximately US\$566 million had a pre-announcement day premium of 20.7%. In this instance the lower than average control premium was influenced by the size of the deal and the nature of the consideration being all scrip.

In May 2014, Aurizon Limited and Baosteel Resources announced a joint bid for Aquila Resources Limited. The cash bid with a deal value of approximately AU\$1.4 billion had a pre-announcement day premium of 38.8%. We noted that notwithstanding the cash consideration of the bid which may have contributed to the above average premium, Aurizon Limited and Baosteel Resources had the requisite funding capacity to bring Aquila Resources Limited's key projects into production and are considered to have synergies available resulting from the acquisition.

In the case of Sirius, we believe that an appropriate control premium would be consistent with the long term median and average for larger deals. Based on our research and the considerations set out above, we believe that an appropriate control premium to apply is our valuation of Sirius' shares is between 20% and 30%. We also believe that this reflects that the Acquisition Scheme is akin to a merger of equals which would typically be undertaken with little or no premium for control being paid.

Quoted market price including control premium

Applying a control premium to Sirius' quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	Midpoint \$	High \$
Quoted market price value	2.70	2.80	2.90
Control premium	20%	25%	30%
Quoted market price valuation including a premium for control	3.24	3.50	3.77

Source: BDO analysis

Therefore, our valuation of a Sirius share based on the quoted market price method and including a premium for control is between \$3.24 and \$3.77, with a midpoint value of \$3.50.

11.10. Assessment of Sirius' Value prior to the Schemes

The results of the valuations performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Sum-of-parts (section 11.1)	2.18	2.72	3.29
Quoted market price (QMP) (section 11.9)	3.24	3.50	3.77

Source: BDO analysis

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We note that the values obtained under the QMP method are higher than the values obtained from the Sum-of-Parts method. The difference between the values obtained under the QMP method and the Sum-of-Parts methods may be explained by the following:

- the QMP value reflects investors' perception of the future prospects of Sirius and may have taken into account more positive sentiment and assumptions on future commodity prices and the prospects of Nova;
- investors may have made different assumptions on Nova, including exchange rates, discount rates, inflation rates and level of required dilution that may affect their valuation of Nova, we note that some market commentators have utilised exchange rates below consensus forecasts and forward rates in their valuation of the project; and
- following press speculation of a potential transaction between IGO and Sirius' major shareholder, Mark Creasy, on 11 May 2015, Sirius' share price increased in the lead up to the announcement of the Schemes on 25 May 2015. Whilst we have analysed pricing as at 8 May 2015 to avoid impact of the specific press speculation that named Sirius as a potential takeover target, it is probable that there was an aspect of market expectation that Sirius would be an attractive takeover target which may be a contributing factor to the share price being in excess of the Sum-of-parts method.

Therefore, we consider the Sum-of-Parts method to be the most appropriate method to value a Sirius share prior to the Acquisition Scheme. Based on our analysis, we consider the value of a Sirius share on a control basis to be between \$2.18 and \$3.29, with a preferred value of \$2.72.

12. Valuation of the Proposed Merged Entity

12.1. Sum-of-Parts Valuation

We employed the sum-of-the-parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

Assets (interest in)	Owner	Type of asset	Valuation approach	Section
Nova	Sirius	Development	DCF	11.2.3
Fraser Range JV	Sirius	Exploration	Independent specialist	11.4
Fraser Range SIR	Sirius	Exploration	Independent specialist	11.4
Other assets and liabilities of SIR	Sirius	Other	NAV - Cost approach	11.5
Jaguar (100%)	IGO	Operating	DCF	12.4.1
Exploration potential of Jaguar	IGO	Exploration	Independent specialist	12.4.1
Long (100%)	IGO	Operating	DCF	12.4.2
Exploration potential of Long	IGO	Exploration	DCF	12.4.2
Tropicana JV (30%)	IGO	Operating	DCF	12.4.3
Exploration potential of Tropicana JV	IGO	Exploration	Independent specialist	12.4.3
Stockman (100%)	IGO	Exploration	Independent specialist	12.4.4
Other exploration assets	IGO	Exploration	Cost approach	12.4.5
Other assets and liabilities of IGO	IGO	Other	NAV - Cost approach	12.5

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12.2. Valuation of the underlying assets of Sirius

The value of Sirius' interest in Nova, the Fraser Range JV and Fraser Range are set out in section 11 of our Report. However, we adjusted the value of Nova to take into account the value of tax benefit from the uplift to market value that will be available to the Proposed Merged Entity following the implementation of the Acquisition Scheme. This uplift has been calculated based on a 12 year mine life and a 10.5% discount rate. The resulting value uplift is shown below.

Summary of Assessment	Section	Low value \$m	Preferred value \$m	High value \$m
Value of Nova (100%) before uplift	11.2	1,018.98	1,232.36	1,455.46
Value of Nova after the uplift		1,203.10	1,456.80	1,722.50
Implied tax uplift		184.12	224.44	267.04

Source: BDO analysis

12.3. Other assets and liabilities of Sirius

We have made the following adjustments to Sirius' other assets and liabilities.

	Reference	High \$'000
Value of Sirius' other assets and liabilities	11.5	227,714
Reverse (by deducting): Cash raised from the exercise of 13.4 million options	11.5	(31,627)
Less: Cash to be transferred to S2		(22,000)
Value of Sirius' other assets and liabilities after adjustments		174,087

Source: BDO analysis

We note that under the SID, options and share appreciation rights are to be dealt with by way of private treaty. Accordingly, it is necessary to reverse the adjustment made to the valuation of Sirius prior to the Schemes as detailed in section 11.5.

If the Demerger Scheme is implemented, S2 will be a separate entity with approximately \$22 million in cash for working capital purposes. We have adjusted the cash balance of Sirius to be reflected in the Proposed Merged Entity for the \$22 million that is attributed to S2.

12.4. Valuation of the underlying assets of IGO

We elected the DCF approach in valuing Jaguar, Long and the Tropicana JV. The three aforementioned projects are hereafter referred to as ('IGO's Operating Assets'). The DCF approach estimates the fair market value by discounting the future cash flows arising from IGO's Operating Assets to their net present values. In performing a DCF valuation, a determination of the following is required:

- the expected future cash flows that IGO's Operating Assets are expected to generate; and
- an appropriate discount rate to apply to the cash flows of IGO's Operating Assets to convert them to present value equivalent.

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Life of mine

Separate cash flow models were prepared to reflect future cash flows expected from the life of mine of each of Jaguar ('**Jaguar Mine Model**'), Long ('**the Long Mine Model**') and the Tropicana JV ('**the Tropicana JV Mine Model**'). The Jaguar Mine Model, the Long Mine Model and the Tropicana JV Mine Model are collectively referred to as '**IGO Models**'.

Jaguar Mine Model: The Jaguar Mine Model estimates the future cash flows expected from operating and producing at Jaguar based on determined JORC compliant reserves and resources for the remaining life of mine of 4.5 years. The Jaguar Mine Model depicts forecasts of real, after-tax cash flows over the life of the mine on a quarterly basis.

Long Mine Model: The Long Mine Model estimates the future cash flows expected from operating and producing at Long based on determined JORC compliant reserves for the remaining life of mine of 4.5 years. The Long Mine Model depicts forecasts of real, after-tax cash flows over the life of the mine on a quarterly basis.

Tropicana JV Mine Model: The Tropicana JV Mine Model estimates the future cash flows expected from operating and producing at the Tropicana JV based on determined JORC compliant reserves for the remaining life of mine of 9.5 years. The Tropicana JV Mine Model depicts forecast of real, after-tax cash flows over the life of the mine on a quarterly basis.

We note that while the above IGO Model depict after tax cash flows, they do not account for any group tax losses. This has been accounted for separately in section 12.4.6 of our Report.

The IGO Models have been adjusted by us to reflect any changes to technical assumptions as a result of Optiro's review and any changes to the economic and other input assumptions from our research. We have also adjusted the IGO Models to reflect cash flows on a nominal basis ('**The Adjusted IGO Models**').

The main assumptions underlying the IGO Models include:

- Mining and production volumes;
- Commodity prices;
- Operating costs;
- Capital expenditure;
- Royalties;
- Tax; and
- Discount rate.

We undertook the following analysis on the IGO Models:

- Appointed Optiro as technical expert to review and where required, provide technical assumptions underlying the IGO Models;
- Conducted independent research on certain economic and other inputs such as commodity prices, foreign exchange rates, inflation, taxation assumptions and discount rate applicable to the future cash flows of IGO's Operating Assets;
- Held discussions with IGO's management regarding the IGO Models and its views; and
- Ensured that the IGO Models reflect the technical assumptions as a result of Optiro's review and any changes to the economic and other input assumptions from our research.

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The cash flows contained in the Adjusted IGO Models have been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to the value of Jaguar, Long and the Tropicana JV. Whilst we do not warrant that our enquiries have identified all of the matters that an audit, or due diligence and/or tax investigation might disclose, we believe that the information is reasonable for us to form an opinion as to the values of the Jaguar, Long and the Tropicana JV projects and that there are reasonable grounds for the assumptions made in the Adjusted IGO Models.

Appointment of a technical expert

Optiro, an independent mining expert, was engaged to prepare a report providing a technical assessment of technical project assumptions underlying the IGO Models. Optiro's assessment involved the review and provision of input on the reasonableness of the following assumptions adopted in the IGO Models, including but not limited to the following:

- Reserves and resources incorporated into the IGO Models;
- Mining physicals (including tonnes of ore mined, ore processed, recovery and grade);
- Processing assumptions (including products and recovery, scheduling, mill production, refining recovery and plant utilisation);
- Mining costs (including but not limited to surface mining, underground mining, general site costs, haulage, processing, corporate office and royalties);
- Capital expenditure (including but not limited to sustaining capital expenditure); and
- Other relevant assumptions

A copy of Optiro's Independent Technical Assessment and Valuation Report is included in Appendix 5.

Limitations

Since the forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the IGO Models, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Foreign exchange rate

All commodity prices are stated in US\$, the forecast relating to costs in the Adjusted Model are A\$ and our valuation is also in A\$. We have adopted the following exchange rate assumptions in the Adjusted IGO Models.

Foreign Exchange Rate	2015	2016	2017	2018	2019	2020+
AUD/USD	0.75	0.76	0.75	0.74	0.74	0.74

Source: Bloomberg

Inflation

We have adjusted the IGO Models to reflect a nominal basis using an annual inflation rate of 2.5%. Given the RBA's target range for inflation is 2% to 3% we consider the 2.5% to be reasonable.

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Revenue assumptions

IGO receives revenue from the following products:

- Copper;
- Zinc;
- Gold;
- Silver; and
- Nickel

Revenue has been estimated as the product of annual saleable metal and their corresponding prices.

Commodity prices

We obtained projected commodity prices for the relevant metals having considered:

- Historical spot and forward prices;
- Most recent Consensus Economics price forecasts; and
- Bloomberg data source.

Based on our analysis, we adopted the following future commodity prices (in nominal terms):

Commodity	2015	2016	2017	2018	2019	2020+
Copper US\$/t	5,966	6,275	6,645	6,6930	7,140	7,145
Zinc US\$/t	2,276	2,476	2,649	2,707	2,727	2,623
Gold US\$/oz	1,200	1,232	1,262	1,300	1,310	1,269
Silver US\$/oz	16.84	17.93	18.96	19.97	20.39	19.94
Nickel US\$/t	15,450	17,600	19,650	19,800	20,195	21,785

Source: BDO analysis, Consensus Economics

Taxes

Tax has been applied to the IGO Models at the notional rate of 30% which represents the current corporate tax rate in Australia.

The IGO Models do not account for any group tax losses. This has been accounted for separately in section 12.4.6 of our Report.

12.4.1. Valuation of Jaguar (100% IGO)

DCF Valuation - Future cash flows

Mining physicals

Jaguar has a total resource base of 3.288Mt at 1.5% copper and 9.2% zinc for 49.3 kt of copper and 302.5 kt of zinc. Jaguar also has a total ore reserve of 1.286Mt at 1.8% copper and 10.1% zinc for 23.1 kt of copper and 129.9 kt of zinc.

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Classification	Tonnes	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
Bentley (Massive Sulphide)					
Measured	544,000	2.4	15.5	214	0.9
Indicated	858,000	1.6	12.4	183	1.0
Inferred	222,000	1.3	15.8	226	1.2
Total	1,624,000	1.9	13.9	199	1.0
Bentley (Stringer Sulphide (≥0.6% Cu cut-off grade))					
Measured	162,000	1.6	1.9	29	0.2
Indicated	644,000	1.4	2.0	43	0.3
Inferred	409,000	1.1	0.8	33	0.3
Total	1,215,000	1.3	1.6	38	0.3
Flying Spur					
Inferred	449,000	0.6	12.6	209	1.65
Total Resource*	3,288,000	1.5	9.2	141	0.8

* Total mineral resource numbers exclude Teutonic Bore and stockpiles

Source: Mineral resource and ore reserve estimates as at 30 June 2014 and IGO management

Classification	Tonnes	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
Bentley					
Proved	499,000	2.1	12.1	168	0.8
Probable	771,000	1.6	8.8	144	0.8
Subtotal	1,270,000	1.8	10.1	154	0.8
Stockpiles - Proved	16,000	1.8	11.7	166	0.8
Grand Total	1,286,000	1.8	10.1	154	0.8

Source: Mineral resource and ore reserve estimates as at 30 June 2014

Jaguar has an estimated life of mine of four and a half years. Jaguar has been in production since 2011.

Operating costs

Jaguar Mine Model includes the following operating costs:

- mining costs;
- processing and admin costs;
- concentrate handling and wharfage costs; and
- shipping costs.

Capital expenditure

As Jaguar is already an operating and producing mine, there is no significant upfront capital expenditure.

The capital expenditure items included in the Jaguar Mine Model are:

- development costs;
- geology costs;
- sustaining costs;
- in mine exploration development;

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- in mine exploration; and
- closure costs.

Total real capital expenditure forecast in the Jaguar JV Mine Model over the life of mine is approximately A\$89 million, primarily comprising A\$35 million of development capital expenditure and A\$19 million of sustaining capital expenditure.

Royalties

IGO is liable to pay four government royalties at Jaguar:

- 2.50% silver royalty;
- 2.50% gold royalty;
- 5.00% zinc royalty; and
- 5.00% copper royalty

DCF Valuation - Discount rate

We have selected a nominal after tax discount rate of 10.0% per annum to discount the forecast cash flows of the Jaguar Mine Model to their present value. In selecting the range of discount rate, we considered the following:

- the rates of return for comparable listed Australian zinc and copper producing companies;
- the debt to equity ratios of comparable listed Australian zinc and copper producing companies;
- an appropriate cost of debt; and
- an appropriate target debt to equity ratio.

Details on our discount rate determination are provided in Appendix Three.

DCF Valuation - Sensitivity analysis

The estimated value of Jaguar is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices and the discount applied to benchmark commodity prices. We have therefore included an analysis to consider the value of Jaguar under various pricing scenarios and in applying:

- a change of +/- 10% to copper prices
- a change of +/- 10% to zinc prices
- a change of +/- 10% to gold prices
- a change of +/- 10% to silver prices
- a change of +/- 10% to operating costs
- a change of +/- 10% to capital expenditure
- a change of +/- 10% to exchange rates
- a discount rate in the range of 8.0% to 12.0%.

The following table sets out the valuation outcomes from our DCF analysis.

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Flex	Sensitivity Analysis						
	NPV \$m	NPV \$m	NPV \$m	NPV \$m	NPV \$m	NPV \$m	NPV \$m
	Copper Price	Zinc Price	Gold Price	Silver Price	Operating Costs	Capital Costs	Exchange Rate (USD:AUD)
-10%	119.62	103.63	128.34	123.86	162.39	137.29	174.66
-8%	121.90	109.10	128.87	125.29	156.11	136.03	165.17
-6%	124.18	114.58	129.41	126.72	149.84	134.78	156.09
-4%	126.46	120.06	129.94	128.16	143.56	133.52	147.38
-2%	128.74	125.54	130.48	129.59	137.29	132.27	139.03
0%	131.02	131.02	131.02	131.02	131.02	131.02	131.02
2%	133.30	136.49	131.55	132.45	124.74	129.76	123.31
4%	135.58	141.97	132.09	133.88	118.47	128.51	115.91
6%	137.86	147.45	132.62	135.31	112.19	127.25	108.78
8%	140.14	152.93	133.16	136.74	105.92	126.00	101.92
10%	142.42	158.40	133.69	138.17	99.64	124.74	95.31

Source: BDO analysis

Discount rate sensitivity						
Discount rate (%)		8.00%	9.00%	10.00%	11.00%	12.00%
NPV \$m		135.11	133.03	131.02	129.06	127.17

Source: BDO analysis

Considering the valuation outcomes above, we estimate the fair market value of IGO's interest in Jaguar to be in the range of A\$116.02 million to A\$146.02 million, with a preferred value of A\$131.02 million.

Valuation of exploration potential

In valuing IGO's remnant resources of Jaguar, not already included in the Jaguar Mine Model, we have relied on the total exploration expenditure from 1 April 2011 to 21 May 2015 on all regional tenements. The value of IGO's interest in the exploration potential of Jaguar is shown below:

	Low \$m	Preferred \$m	High \$m
Value of the IGO's interest in the exploration potential of Jaguar (100%)	23.43	23.43	23.43

Source: BDO analysis

Therefore, the values of IGO's interest in Jaguar are as follows:

	Low \$m	Preferred \$m	High \$m
Value of the IGO's interest Jaguar (100%)	116.02	131.02	146.02
Value of the IGO's interest in the exploration potential of Jaguar (100%)	23.43	23.43	23.43
Total Value of IGO's interest in Jaguar including exploration potential	139.45	154.45	169.45

Source: BDO analysis

E. Independent Expert's Report (cont)

12.4.2. Valuation of Long (100% IGO)

DCF Valuation - Future cash flows

Mining physicals

Long has a total resource base of 1.4Mt at 5.3% nickel for 73.4 kt of nickel. Long also has total ore reserves of 0.74Mt at 4.0% nickel for 29.9 kt of nickel.

Resources	Total Tonnes	Ni (%)	Ni Tonnes
Measured & Indicated	1,062,000	5.5	58,700
Inferred (including stockpiles)	330,000	4.5	14,800
Grand Total	1,392,000	5.3	73,500

Source: Mineral resource and ore reserve estimates as at 30 June 2014

Ore Reserves	Total Tonnes	Ni (%)	Ni Tonnes
Proved (includes stockpiles)	556,000	4.4	24,300
Probable	187,000	3.0	5,600
Grand Total	743,000	4.0	29,900

Source: Mineral resource and ore reserve estimates as at 30 June 2014

Long has an estimated life of mine of four and a half years. Long has been in production since 2002.

Operating costs

Long Mine Model includes the following operating costs:

- mining costs;
- processing and admin costs;
- concentrate handling and wharfage costs; and
- shipping costs.

Capital expenditure

As Long is already an operating and producing mine, there is no significant upfront capital expenditure. The capital expenditure items included in the Long Mine Model are:

- development costs;
- geology costs;
- other costs;
- electrical costs;
- sustaining costs;
- in mine exploration and development costs;
- in mine exploration costs; and
- closure costs.

Total real capital expenditure forecast in the Long Mine Model over the life of mine is approximately \$13.59 million, primarily comprising \$11 million of sustaining capital expenditure.

E. Independent Expert's Report (cont)

Royalties

IGO is liable to pay two government royalties at Long:

- 2.50% nickel royalty; and
- 2.50% copper royalty.

In addition to the above mentioned government royalties, IGO is also liable to pay a Goldfield royalty from any ore mined from the Goldfield tenement. We note that IGO did not pay any Goldfield royalties in FY2014 and the first half of FY2015.

DCF Valuation - Discount rate

We have selected a nominal after tax discount rate of 10.0% per annum to discount the forecast cash flows of the Long Mine Model to their present value. In selecting the range of discount rate, we considered the following:

- the rates of return for comparable listed Australian nickel companies;
- the debt to equity ratios of comparable listed Australian nickel companies;
- an appropriate cost of debt; and
- an appropriate target debt to equity ratio.

Details on our discount rate determination are provided in Appendix 3.

DCF Valuation - Sensitivity analysis

The estimated value of Long is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices and the discount applied to benchmark commodity prices. We have therefore included an analysis to consider the value of Long under various pricing scenarios and in applying:

- a change of +/- 10% to copper prices
- a change of +/- 10% to nickel prices
- a change of +/- 10% to operating costs
- a change of +/- 10% to capital expenditure
- a change of +/- 10% to exchange rates
- a discount rate in the range of 8.0% to 12.0%.

E. Independent Expert's Report (cont)

The following table sets out the valuation outcomes from our DCF analysis.

Flex	Sensitivity Analysis				
	NPV \$m	NPV \$m	NPV \$m	NPV \$m	NPV \$m
	Copper Price	Nickel Price	Operating Costs	Capital Costs	Exchange Rate (USD:AUD)
-10%	192.37	163.77	207.62	193.34	225.70
-8%	192.46	169.59	204.66	193.24	218.56
-6%	192.56	175.40	201.71	193.14	211.72
-4%	192.66	181.22	198.76	193.04	205.17
-2%	192.75	187.03	195.80	192.95	198.88
0%	192.85	192.85	192.85	192.85	192.85
2%	192.95	198.67	189.90	192.75	187.05
4%	193.04	204.48	186.94	192.65	181.48
6%	193.14	210.30	183.99	192.56	176.12
8%	193.24	216.11	181.04	192.46	170.95
10%	193.33	221.93	178.08	192.36	165.97

Source: BDO analysis

Discount rate sensitivity					
Discount rate (%)	8.00%	9.00%	10.00%	11.00%	12.00%
NPV \$m	198.55	195.66	192.85	190.12	187.48

Source: BDO analysis

Considering the valuation outcomes above, we estimate the fair market value of IGO's interest in Long to be in the range of A\$175.85 million to A\$210.85 million, with a preferred value of A\$192.85 million.

Valuation of exploration potential

In valuing IGO's remnant resources of Long under the Valmin Code not already included in the Long Mine Model, we have relied on the independent specialist's opinion on the resource to reserve conversion ratios relating to Long to enable us to apply the DCF method in valuing these additional resources.

Using the DCF method, we assumed that 25% of the resources relating to Long convert to reserve, and the net present value of the incremental cash flows from the resource to reserve conversion represents the valuation of exploration potential for Long. We note that Long has a significant operating history which includes a track record of converting resources to reserves.

The exploration potential for Long using our DCF valuation is shown below:

	Low \$m	Preferred \$m	High \$m
Value of the IGO's interest in the exploration potential of Long (100%)	67.80	67.80	67.80

Source: BDO analysis and Optiro's Independent Technical Assessment and Valuation Report

E. Independent Expert's Report (cont)

Therefore, the values of IGO's interest in Long are as follows:

	Low \$m	Preferred \$m	High \$m
Value of the IGO's interest Long (100%)	175.85	192.85	210.85
Value of the IGO's interest in the exploration potential of Long (100%)	67.80	67.80	67.80
Total Value of IGO's interest in Long including exploration potential	243.65	260.65	278.65

Source: BDO analysis

12.4.3. Valuation of Tropicana JV (30% IGO)

DCF Valuation - Future cash flows

Mining physicals

The Tropicana JV has a total resource base of 115.7Mt at 2.03g/t gold for 7.54 Moz of gold. The Tropicana JV also has total ore reserves of 53.3Mt at 2.08g/t gold for 3.56 Moz of gold.

Resources	Mt	Au (g/t)	Au (Moz)
Measured	27.7	1.92	1.72
Indicated	76.1	1.94	4.74
Inferred	11.9	2.83	1.08
Grand Total	115.7	2.03	7.54

Source: Mineral resource and ore reserve estimates as at 30 June 2014

Ore Reserves	Mt	Au (d/t)	Au (Moz)
Proved	20.2	2.29	1.49
Probable	29.7	2.02	1.94
Stockpiles	3.3	1.27	0.13
Grand Total	53.3	2.08	3.56

Source: Mineral resource and ore reserve estimates as at 30 June 2014

The Tropicana JV has a life of mine of nine and a half years and has been in production since 2013.

Operating costs

The Tropicana JV Mine Model includes the following operating costs:

- concentrate handling and wharfage costs; and
- shipping costs.

Capital expenditure

As the Tropicana JV is already an operating and producing mine, there is no significant upfront capital expenditure. The capital expenditure items included in the Tropicana JV Mine Model are:

- sustaining costs; and
- closure costs

E. Independent Expert's Report (cont)

Total real capital expenditure forecast in the Tropicana JV Mine Model over the life of mine is approximately A\$204.86 million, comprising A\$121 million of sustaining capital expenditure and closure costs of A\$83 million.

Royalties

IGO is liable to pay a 2.50% gold government royalty at the Tropicana JV.

DCF Valuation - Discount rate

We have selected a nominal after tax discount rate of 8.0% per annum to discount the forecast cash flows of the Tropicana JV Mine Model to their present value. In selecting the range of discount rate, we considered the following:

- the rates of return for comparable listed Australian gold companies;
- the debt to equity ratios of comparable listed Australian gold companies;
- an appropriate cost of debt; and
- an appropriate target debt to equity ratio.

Details on our discount rate determination are provided in Appendix Three.

DCF Valuation - Sensitivity analysis

The estimated value of the Tropicana JV is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices and the discount applied to benchmark commodity prices. We have therefore included an analysis to consider the value of the Tropicana JV under various pricing scenarios and in applying:

- a change of +/- 10% to gold prices
- a change of +/- 10% to operating costs
- a change of +/- 10% to capital expenditure
- a change of +/- 10% to exchange rates
- a discount rate in the range of 6.0% to 10.0%.

The following table sets out the valuation outcomes from our DCF analysis.

E. Independent Expert's Report (cont)

Flex	Sensitivity Analysis				NPV \$m
	NPV \$m	NPV \$m	NPV \$m	NPV \$m	
	Gold Price	Operating Costs	Capital Costs	Exchange Rate (USD:AUD)	
-10%	326.96	470.63	418.81		505.01
-8%	343.83	458.77	417.31		484.64
-6%	360.70	446.90	415.80		465.13
-4%	377.57	435.03	414.30		446.44
-2%	394.43	423.17	412.80		428.51
0%	411.30	411.30	411.30		411.30
2%	428.17	399.43	409.80		394.76
4%	445.04	387.57	408.30		378.86
6%	461.90	375.70	406.80		363.56
8%	478.77	363.84	405.30		348.83
10%	495.64	351.97	403.79		334.63

Source: BDO analysis

Discount rate sensitivity					
Discount rate (%)	6.00%	7.00%	8.00%	9.00%	10.00%
NPV \$m	436.24	423.46	411.30	399.74	388.73

Source: BDO analysis

Considering the valuation outcomes above, we estimate the fair market value of IGO's 30% interest in the Tropicana JV to be in the range of A\$361.30 million to A\$461.30 million, with a preferred value of A\$411.30 million.

Valuation of exploration potential

In valuing IGO's remnant resources of the Tropicana JV, not already included in the Tropicana JV Mine Model, we have relied on the total exploration expenditure from 1 Jan 2008 to 21 May 2015 on all Greenfield tenements.

The value of IGO's interest in the exploration potential of the Tropicana JV is shown below:

	Low \$m	Preferred \$m	High \$m
Value of the IGO's interest in the exploration potential of the Tropicana JV (30%)	18.19	18.19	18.19

Source: BDO analysis

Therefore, the values of IGO's interest in Tropicana JV are as follows:

	Low \$m	Preferred \$m	High \$m
Value of the IGO's interest Tropicana JV (30%)	361.30	411.30	461.30
Value of the IGO's interest in the exploration potential of the Tropicana JV (30%)	18.19	18.19	18.19
Total Value of IGO's interest in Tropicana JV including exploration potential	379.49	429.49	479.49

Source: BDO analysis

E. Independent Expert's Report (cont)

12.4.4. Valuation of Stockman

We instructed Optiro to value the resources of Stockman which represent exploration assets of IGO. Optiro has considered that whilst there is capital and operating cost estimates in place for the Stockman project the uncertainty in relation to the timing of a development decision on Stockman, particularly whilst Nova is in construction.

Therefore, Optiro valued the Stockman project in terms of defined mineral resources and exploration potential only. We agree that this is the most appropriate approach to value Stockman. Optiro adopted the following methodologies in valuing the Stockman project:

- the Geoscientific Rating method (or the Kilburn method); and
- comparable transactions method; and
- joint venture terms.

The value of Stockman as determined by Optiro is as follows.

	Low	Preferred	High
	\$m	\$m	\$m
Value of mineral resources	12.70	24.20	25.40
Value of exploration potential	3.60	6.30	9.10
Total value of Stockman	16.30	30.50	34.50

Source: Optiro's Independent Technical Assessment and Valuation Report

12.4.5. Other exploration assets

In valuing IGO's remnant resources not already included in the Jaguar, Long and the Tropicana JV Mine Model, we have relied on the total exploration expenditure to date on all other exploration assets of IGO. The total value of IGO's other exploration assets is shown below:

Other exploration assets	Exploration to date \$m
Bryah Basin JV	1.67
Lake Mackay JV	4.30
Darlot JV	1.83
Salt Creek JV	2.09
Total value of other exploration assets	9.89

Source: BDO analysis

12.4.6. Adjustment to taxes

Tax has been applied to Jaguar, Long and the Tropicana JV at the notional rate of 30% which represents the current corporate tax rate in Australia. The group's tax losses are considered on a consolidated group basis. Management of IGO has provided us with estimates of tax losses as at 31 December 2014. We have incorporated this into the Adjusted IGO Model and have determined the net present value of the tax adjustments arising from the accumulated tax losses over nine and a half years, being the length of the longest life of mine for all the IGO Operating Projects, discounted at 8.50% to be \$76.12 million.

E. Independent Expert's Report (cont)

12.5. Other assets and liabilities

Other assets and liabilities of IGO represent the assets and liabilities which have not been specifically adjusted. From our review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below.

Statement of Financial Position	Note	Reviewed as at 31-Dec-14 \$'000	Adjusted value of other assets & liabilities \$'000
Current Assets			
Cash and cash equivalents	a	93,333	93,333
Derivative financial instruments	b	5,800	5,800
Financial assets		1,016	1,016
Inventories	c	32,670	-
Trade and other receivables		33,167	33,167
Total Current Assets		165,986	133,316
Non-Current Assets			
Deferred tax assets	d	135,980	-
Exploration and evaluation expenditure	f	110,782	-
Inventories	e	16,159	-
Mine properties	g	318,825	-
Other receivables		6	6
Property, plant and equipment	h	46,690	-
Total Non-Current Assets		628,442	6
Total Assets		794,428	133,322
Current Liabilities			
Borrowings		1,755	1,755
Derivative financial instruments	b	4,132	4,132
Trade and other payables		40,044	40,044
Provisions		2,545	2,545
Total Current Liabilities		48,476	48,476
Non-Current Liabilities			
Borrowings		82	82
Deferred tax liabilities	i	66,551	-
Derivative financial instruments	b	905	905
Provisions	j	27,090	1,590
Total Non-Current Liabilities		94,628	2,577
Total Liabilities		143,104	51,053
Other Assets/(Liabilities)		651,324	82,269

Source: BDO analysis

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The following adjustments were made to determine the value of other assets and liabilities that have not been accounted for in the Adjusted Model.

Note a: Cash & cash equivalents

We have not adjusted the cash balance as at 31 December 2014 as we valued the IGO Operating Projects utilising cash flows commencing from 1 January 2015.

Note b: Derivative financial instruments

Derivative financial instruments relate to instruments such as foreign currency contracts and commodity contracts used by IGO to hedge the risk associated with nickel, copper, gold and zinc prices and foreign fluctuations.

We have assumed the book value of derivative financial instruments as at 31 December 2014 to be the reflective of IGO's most recent hedge position. Therefore, we have made no adjustments to the balance of financial derivative instruments.

Note c: Current Inventories

Current inventories of \$32.67 million as at 31 December 2014 relates to:

- mine spares and stores;
- ROM inventory;
- concentrate inventory;
- work in progress;
- gold in circuit; and
- gold dore

Therefore, we have removed the entire current inventories balance from other assets and liabilities as they have been accounted for in our DCF valuation of IGO's Operating Assets in section 12.4 of our Report.

Note d: Deferred tax assets

Deferred tax assets of \$135.98 million as at 31 December 2014 relates to:

- property, plant and equipment;
- capitalised development expenditure;
- concentrate inventories;
- provision for rehabilitation;
- mining information; and
- carried forward tax losses

We have removed the entire deferred tax assets balance from other assets and liabilities as they have been accounted for in our DCF valuation of IGO's Operating Assets in section 12.4 of our Report.

Note e: Exploration and evaluation expenditure

Exploration and evaluation expenditure of \$110.78 million represents the value of expenditure in relation to IGO's Operating Assets and other exploration assets.

- We have valued the exploration expenditure in relation to Long using a DCF in section 12.4.2.

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- Exploration expenditure in relation to Jaguar and Tropicana has been valued using the cost approach as set out in section 12.4.1 and 12.4.3 of our Report, respectively.
- Exploration expenditure in relation to other exploration assets has been valued using the cost approach as set out in section 12.4.4 of our Report.

Therefore, we have removed the entire exploration and evaluation balance from other assets and liabilities.

Note f: Non-current Inventories

Non-current inventories of \$32.67 million as at 31 December 2014 relates to ROM-inventory at cost. Therefore, we have removed the entire non-current inventories balance from other assets and liabilities as it has been valued in our DCF valuation of IGO's Operating Assets in section 12.4 of our Report.

Note g: Mine properties

Mine properties balance of \$318.83 million as at 31 December 2014 relates to mine properties in production. Mine properties in production represents the accumulation of all acquisition, exploration, evaluation and development expenditure incurred by or on behalf of IGO in relation the areas of interest in which mining of the mineral resource has commenced.

Therefore, we have removed the entire mine properties balance from other assets and liabilities as it has been valued in our DCF valuation of IGO's Operating Assets in section 12.4 of our Report.

Note h: Property, plant and equipment

Property, plant and equipment relates to mining plant under construction as well as mining plant and equipment. We have removed the property, plant and equipment balance of \$46.69 million as at 31 December 2014 as it has been accounted for in our DCF valuation of IGO's Operating Assets in section 12.4 of our Report.

Note i: Deferred tax liabilities

Deferred tax liabilities of \$66.55 million as at 31 December 2014 relates to:

- Capitalised exploration, pre-production and acquisition costs;
- Capitalised development expenditure;
- consumable inventories; and
- deferred gains and losses on hedging contracts.

We have removed the entire deferred tax liabilities balance from other assets and liabilities as they have been accounted for in our DCF valuation of IGO's Operating Assets and other exploration assets in section 12.4 of our Report.

Note j: Non-current provisions

Non-current provisions balance of \$27.09 million as at 31 December 2014 primarily relates to \$1.59 million of provision for employee entitlements and \$25.5 million of provisions for rehabilitation costs.

We have removed the non-current provisions balance relating to rehabilitation costs from other assets and liabilities as it has been accounted for in our DCF valuation of IGO's Operating Assets in section 12.4 of our Report.

E. Independent Expert's Report (cont)

12.6. Cash paid for shares and unlisted securities

Under the Scheme Implementation Deed, IGO is seeking to deal with Sirius options and share appreciation rights by way of private treaty. We have considered the terms of the private treaty and reflected a share structure based on the options being settled via a combination of cash payment and IGO shares and a cash payment for share appreciation rights. In addition IGO is to pay \$0.52 for each Sirius share on issue as consideration under the Scheme. We have shown the impact of this in the table below.

Item	\$m
Cash payment for Sirius options via private treaty	32.19
Cash payment for share appreciation rights	2.48
Payment of \$0.52 for 414,801,575 Sirius shares	215.70
Total	250.37

12.7. Corporate costs

The corporate costs for the Proposed Merged Entity are estimated to be between \$10.1 million per annum and \$13.5 million per annum. We calculated the annual corporate costs over 13 years, being the length of the longest life of mine for all the operating projects of the Proposed Merged Entity, inflating these costs at 2.5% per annum over the entire period. The net present value of the corporate costs of the Proposed Merged Entity, discounted at 8.50% per annum, is estimated to be \$85.11 million.

12.8. Sum-of-parts valuation assessment

The value of the Proposed Merged Entity using the sum-of-parts valuation methodology is reflected below:

Summary of Assessment	Section	Low value \$m	Preferred value \$m	High value \$m
Nova (100%)	12.2	1,203.10	1,456.80	1,722.50
Less: Debt to fund Nova	11.3	(305.44)	(305.44)	(305.44)
Fraser Range JV (30%)	11.4	16.40	24.30	33.20
Fraser Range SIR (100%)	11.4	17.70	20.70	23.80
Jaguar (100%)	12.4.1	116.02	131.02	146.02
Exploration potential of Jaguar (100%)	12.4.1	23.43	23.43	23.43
Long (100%)	12.4.2	175.85	192.85	210.85
Exploration potential of Long (100%)	12.4.2	67.80	67.80	67.80
Tropicana (30%)	12.4.3	361.30	411.30	461.30
Exploration potential of Tropicana (30%)	12.4.3	18.19	18.19	18.19
Stockman (100%)	12.4.4	16.30	30.50	34.50
Value of IGO's other exploration assets	12.4.5	9.89	9.89	9.89
Value of Proposed Merged Entity's mineral assets		1,720.54	2,081.34	2,446.04
Other assets and liabilities of SIR	12.3	174.09	174.09	174.09
Add: Other assets and liabilities of IGO	12.5	82.27	82.27	82.27
Less: Cash paid for shares and unlisted securities	12.6	(250.37)	(250.37)	(250.37)
Less: Corporate costs	12.7	(85.11)	(85.11)	(85.11)
Less: Adjustment to tax	12.4.6	76.12	76.12	76.12
Value of Proposed Merged Entity		1,717.54	2,078.34	2,443.04

Source: BDO analysis

E. Independent Expert's Report (cont)

Based on the above sum-of-parts valuation above, we estimate the fair market value of the Proposed Merged Entity to be in the range of A\$1,717.54 million to A\$2,443.04 million, with a preferred value of A\$2,078.34 million.

12.9. Minority discount

The value of a share of the Proposed Merged Entity derived under the sum-of-parts method is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. However, if the Acquisition Scheme is successful, the accepting holders, being the Shareholders, will hold minority interests in the Proposed Merged Entity, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company. In order to reflect this and the requirement under RG 111.34, we need to adjust our sum-of-parts value to reflect a minority interest.

We applied a minority discount in the range of 16.67% to 23.08%. Minority discount is usually determined as an inverse of the control premium.

12.10. Shares on issue

The consideration offered under the Acquisition Scheme will result in a total of 275,825,983 shares in the Proposed Merged Entity being issued as set out in section 4. Including IGO's existing shares of 235,580,187, this would result in a total number of 511,406,170 shares in the Proposed Merged Entity following the implementation of the Acquisition Scheme.

12.11. Conclusion on our sum-of-parts valuation

Our valuation of the Proposed Merged Entity on a minority interest basis on a per share basis is as follows.

Proposed Merged Entity Minority interest value	Low \$m	Preferred \$m	High \$m
Value of the Proposed Merged Entity on a control basis	1,717.54	2,078.34	2,443.04
Minority discount	23.08%	20.00%	16.67%
Value of the Proposed Merged Entity on a minority interest basis	1,321.13	1,662.67	2,035.79
Shares on issue (million)	511.41	511.41	511.41
Value per share \$	2.58	3.25	3.98

Source: BDO analysis

The value of a Proposed Merged Entity share using the sum-of-parts method and on a minority interest basis is between \$2.58 per share and \$3.98 per share with a preferred value of \$3.25 per share.

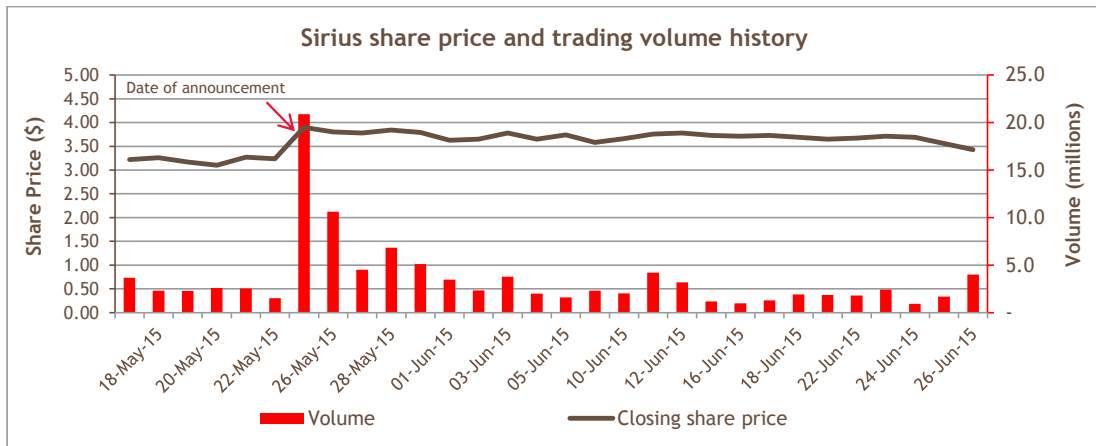
12.12. Quoted Market Price Valuation

Sirius shareholders will receive shares in IGO as consideration under the Acquisition Scheme, which are effectively the shares of the Proposed Merged Entity following the implementation of the Schemes. The share price of a Sirius share following the announcement effectively represents the markets view of the value that a Sirius shareholder will received following implementation of the Schemes for each Sirius share held. We consider that the post-announcement QMP analysis of both Sirius' shares may provide an indication of value of the Proposed Merged Entity.

E. Independent Expert’s Report (cont)

We assessed the quoted market price for a Sirius share following the announcement of the Schemes. There has been no other price sensitive information released to the market following the announcement of the Schemes. We note that the share price of Sirius, following the announcement of the Transaction has remained higher than its closing price on 22 May 2015 of \$3.25 just prior to the day of the announcement of the Schemes.

The daily price of Sirius shares from 25 May 2015 to 26 June 2015 (‘Post Announcement Trading Period’) has ranged from a low of \$3.42 on 26 June 2015 to a high of \$4.04 on 25 May 2015. During the Post Announcement Trading Period, high volumes of Sirius shares were traded on 25 May 2015 and 26 May 2015 and transacted at an intra-day weighted average price of \$3.926 and \$3.837 respectively. High volumes of Sirius shares were traded on the date of the announcement of the Schemes and over the Post Announcement Trading Period.



Source: Bloomberg

The table below details the VWAP of Sirius shares over the Post Announcement Trading Period:

Share Price per unit	26-Jun-15	25 May 2015 to 26 June 2015
Closing price	\$3.43	
Volume weighted average price		\$3.763

Source: Bloomberg, BDO analysis

The table below reflects the volume of trading in Sirius shares for over the Post Announcement Trading Period:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
25 May 2015 to 26 June 2015	\$3.560	\$4.040	81,803,242	19.85%

Source: Bloomberg, BDO analysis

The above table indicates that Sirius’ shares display a high level of liquidity, with 19.85% of the Company’s current issued capital being traded over the Post Announcement Trading Period.

E. Independent Expert's Report (cont)

In the case of Sirius, the shares have been regularly and consistently traded over the Post Announcement Trading Period. The volume of trades is at a level that is greater than 1% of the issued securities on a weekly basis indicating a deep liquid market.

Our assessment is that a range of values for Proposed Merged Entity shares following the Schemes, based on market pricing, is between \$3.65 per share and \$3.78 per share on a minority basis. In forming our view, we have considered trading within the range rather than the absolute low and high price ranges.

12.13. Conclusion on the Value of the Proposed Merged Entity

A summary of the value of the Proposed Merged Entity on a minority interest basis under the QMP, and sum-of-parts valuation methodologies is summarised in the table below:

Value of the Proposed Merged Entity (minority interest)	Reference	Low	Preferred	High
		\$	\$	\$
QMP methodology	12.12	3.65	3.72	3.78
Sum-of-parts	12.11	2.58	3.25	3.98
Final valuation range		2.58	3.25	3.98

Source: BDO analysis

The values that we obtained from the post-announcement QMP analysis above may not reflect the Proposed Merged Entity to the extent that the post-announcement share prices may incorporate the risk that the Schemes do not complete. However, they would reflect investors' perceived value of the Schemes, including but not limited to, to the value of the combined assets of Sirius and IGO.

We note that there has not been any other market sensitive information that has been released to the market during the Post Announcement Trading Period. There has also been a 'deep' market or high level of liquidity in the trading of Sirius shares during the Post Announcement Trading Period.

We note that the values obtained under the QMP method are higher than the values obtained from the Sum-of-Parts method. The difference between the values obtained under the QMP method and the Sum-of-Parts methods may be explained by the following:

- the QMP value reflects investors' perception of the future prospects of Sirius and may have taken into account more positive sentiment and assumptions on future commodity prices and the prospects of Nova; and
- investors may have made different assumptions on Nova, including exchange rates, discount rates, inflation rates and level of required dilution that may affect their valuation of Nova, we note that some market commentators have utilised exchange rates below consensus forecasts and forward rates in their valuation of the project.

Therefore, we consider the Sum-of-Parts method to be the most appropriate method to value a Sirius share following the Acquisition Scheme. Based on our analysis, we consider the value of an IGO share on a minority basis to be between \$2.58 and \$3.98, with a preferred value of \$3.25.

E. Independent Expert's Report (cont)

13. Valuation Post Schemes

13.1. Value of 0.66 IGO shares

In section 12, we determined the value of the Proposed Merged Entity to be in the range of \$2.58 and \$3.98, with a preferred value of \$3.25. As part of the consideration for the Schemes, Shareholders will receive 0.66 IGO shares. Effectively, Shareholders will be holding 0.66 Proposed Merged Entity shares for every Sirius Ordinary Share held. The value of this component of the consideration is calculated as follows:

Consideration	Ref	Low \$	Preferred \$	High \$
Value per share of Proposed Merged Entity minority basis	12.13	2.58	3.25	3.98
Number of shares in Proposed Merged Entity to be received by Shareholders		0.66	0.66	0.66
Value of 0.66 shares in Proposed Merged Entity		1.70	2.15	2.63

Source: BDO analysis

13.2. Cash consideration

As part of the consideration for the Schemes, Shareholders are also offered \$0.52 for every Sirius Ordinary Share held.

13.3. Value of one share in S2 for every two Sirius Ordinary Shares held

As part of the Demerger Scheme Sirius shareholders will hold one share in S2 for every two Sirius Ordinary Shares held. This is equivalent to 0.5 shares of S2 for every Sirius Ordinary Share held.

After the implementation of the Demerger Scheme, S2 will hold certain of Sirius' exploration assets including the Polar Bear and Scandinavian exploration assets. Other gold exploration assets currently held by Sirius, as described in section 5.2.4 of our Report, will also be demerged into S2, including the recently discovered Baloo gold deposit, Earlobe and Lake Cowan deposits. Assuming no other material assets and liabilities in S2 immediately following the Demerger, the equity value of S2 is summarised as follows.

Value of S2 on a minority basis	Notes	Low \$m	Preferred \$m	High \$m
Value of Polar Bear (100%)	a	12.60	19.60	26.50
Value of Scandinavian assets	b	2.00	2.00	2.00
Add: Cash	c	22.00	22.00	22.00
Value of S2 on a controlling basis		36.60	43.60	50.50
Minority interest discount		23.08%	20.00%	16.67%
Value of S2 on a minority basis		28.15	34.88	42.08
Number of shares outstanding in S2 (million)	d	207.40	207.40	207.40
Value of one share in S2 (\$)		0.14	0.17	0.20
Number of shares in S2 for every one Sirius Ordinary Share held		0.50	0.50	0.50
Value of 0.5 S2 shares to be received by Shareholders		0.07	0.08	0.10

Source: BDO analysis

E. Independent Expert's Report (cont)

Note a: Value of Polar Bear

We set out in section 11.4 of our Report, the value of the resources of Polar Bear as determined by Optiro as follows.

Value of Polar Bear	Low \$m	Preferred \$m	High \$m
Value of Polar Bear as valued by Optiro	12.60	19.60	26.50

Source: Optiro's Independent Technical Assessment and Valuation Report

Note b: Value of Scandinavian Assets

The Company has assessed that the value of the Scandinavian exploration assets are not material. As such, they have not been separately valued by Optiro. On 20 January 2015 Sirius paid \$2 million for 66.67% in the Scandinavian assets along with the option to acquire up to 80% of the assets for a further \$2 million. As such, we believe the value of the Scandinavian assets to be the transaction value of \$2 million.

Note c: Cash

As part of the Demerger, Sirius will pay or procure the payment of \$20 million in cash to S2 for working capital purposes and, via the transfer of ownership of Sakumpu Exploration Oy, S2 will hold approximately a further \$2 million of working capital. Therefore, the total cash holding of S2 following the Demerger will be approximately \$22 million.

Note d: Number of shares in S2

There will be 414,801,575 shares in Sirius that are expected to receive one S2 share for every two Sirius Ordinary Shares held. This will result in the issue of 207,400,788 S2 shares.

13.4. Total holdings and cash post the Schemes

The total value of the holdings and cash post the Schemes is as follows:

Consideration to be received for every Sirius Ordinary Share held	Ref	Low \$	Preferred \$	High \$
Value of 0.66 shares in Proposed Merged Entity	13.1	1.70	2.15	2.63
Cash consideration	13.2	0.52	0.52	0.52
Total consideration		2.22	2.67	3.15
Value of an S2 share	13.3	0.07	0.08	0.10
Total holdings and cash post Schemes		2.29	2.75	3.25

Source: BDO analysis

E. Independent Expert's Report (cont)

14. Is the Acquisition Scheme fair?

We determined that the value of the holdings and cash following the Schemes (which includes the value of the combined entity of Sirius and IGO on a minority basis) compares to the value of one Sirius share on a control basis prior to the implementation of the Schemes as detailed below.

Consideration to be received for every Sirius Ordinary Share held	Ref	Low \$	Preferred \$	High \$
Value of one Sirius Ordinary Share held prior to the implementation of the Schemes	11.1	2.18	2.72	3.29
Value of holdings and cash post Schemes for every Sirius Ordinary Share held	13.4	2.29	2.75	3.25

Source: BDO analysis

We note from the table above that the value of the holdings (on a minority basis) and cash post Schemes is greater than the value of a Sirius share prior to the Schemes on a control basis. Therefore, in the absence of any other relevant information and/or a superior proposal, the Acquisition Scheme is fair for Shareholders.

15. Is the Acquisition Scheme reasonable?

The implementation of the Acquisition Scheme is expected to bring a number of benefits to Shareholders as well as the Proposed Merged Entity as a combined group. We set out the key advantages below.

15.1. Advantages of approving the Acquisition Scheme

15.1.1. The Acquisition Scheme is fair

As set out in section 14, our analysis concludes that the Acquisition Scheme is fair to Shareholders. RG 111 states that an offer is reasonable if it is fair.

15.1.2. Provides Shareholders with the opportunity to gain immediate exposure to a portfolio of diversified assets

The merger of Sirius with IGO provides Sirius shareholders with the opportunity to gain immediate exposure to a significant, growth oriented and profitable producer with multiple, diversified revenue streams, while still retaining material exposure to the upside potential of Nova.

As discussed in section 6, IGO's asset base comprises the operations at Tropicana, Jaguar and Long, as well as a number of geographically diverse exploration projects targeting a diverse range of commodities. Sirius shareholders will benefit from this diversification as it will open up numerous additional growth opportunities and reduces the level of inherent risk from Sirius currently being a single-asset, single-commodity focused entity. While we recognise that Sirius does have numerous exploration projects, we consider the majority of the risks currently faced by Sirius relate to Nova.

We also note that shareholders will continue to be exposed to the Polar Bear and Scandinavian assets through the demerger of S2.

E. Independent Expert’s Report (cont)

15.1.3. Creation of a combined group with a stronger financial position and greater market presence

The merger of Sirius and IGO will result in a stronger financial position, an increase in the scale of operations, a significant increase in size and market presence and a more diversified suite of assets.

Stronger Financial Position

The implementation of the Acquisition Scheme will result in the combined group having a materially stronger financial position with a combined:

- Cash position of \$319.9 million as at 31 March 2015;
- Net asset position greater than \$1.86 billion as at 31 December 2014; and
- Market capitalisation of approximately \$2.7 billion based on the closing price of Sirius and IGO shares on the ASX as at the trading day just prior to the announcement, 22 May 2015.

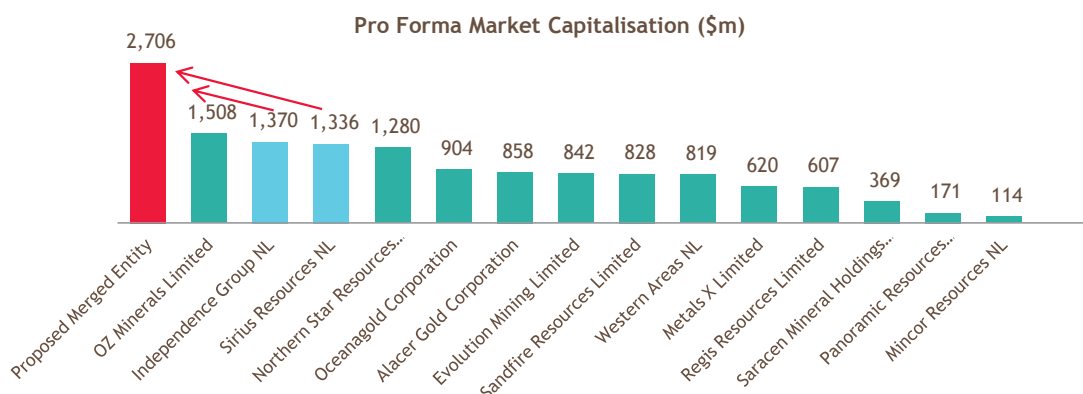
The strong cash position will enable the Proposed Merged Entity to be well financed through the development of Nova and will provide significant funds to facilitate continued exploration activities.

A stronger financial position and increased market capitalisation are expected to give the Proposed Merged Entity increased investor-appeal which may attract a greater number of investors and may increase its ability to obtain debt and equity finance. This puts the Proposed Merged Entity in a better position to pursue growth opportunities when they arise.

Increased size by Market Capitalisation

As stated above, the pro-forma market capitalisation of the Proposed Merged Entity would be approximately \$2.7 billion (as at the date of the announcement of the transaction). Based on the market capitalisations of other ASX-listed companies, this would potentially result it being included in indices with a greater weighting meaning fund managers may have to purchase shares in the Proposed Merged Entity to maintain a balanced portfolio for their investors. This may result in an increase in the price of the Proposed Merged Entity’s shares and may reduce the volatility of the share price.

The graph below sets out the market capitalisation of the Proposed Merged Entity relative to Sirius’ recent market capitalisation and a select group of comparable companies we have identified.



Source: BDO analysis

E. Independent Expert's Report (cont)

Exposure to existing gold, copper, zinc and nickel operations

Sirius does not yet have any producing assets. As such, Shareholders are exposed to numerous development risks as work continues to bring Nova into production. Producing companies either do not face this risk, or are exposed to a lesser extent as free cash flows from operations can be used to mitigate these risks.

IGO currently has three producing mines, namely, Tropicana, which produced 104,511 ounces of gold in 2014 attributable to IGO, Jaguar, which produced 7,692t of copper and 41,162t of zinc in 2014 and Long, which produced 10,909t of nickel in 2014. Sirius shareholders benefit from being exposed to these free cash flows as it means they become shareholders of an operating entity immediately, rather than having to wait until 2016 when Nova comes online.

Although Sirius has already fully funded Nova, the Proposed Merged Entity's cash balance, and free cash flow generated from its operations, will provide an additional buffer to cover cost overruns that may be experienced during the development of Nova. The ability to use the Proposed Merged Entity's existing cash facilities rather than Sirius having to raise additional funds, helps to reduce the risk of Sirius shareholders being diluted through additional capital raisings.

15.1.4. Sirius shareholders may receive a more timely dividend

IGO paid a dividend of 0.08 per share in the past financial year and has paid a dividend of \$0.06 in the current financial year. Sirius does not currently pay dividends as it does not have any operating assets. If the Acquisition Scheme is approved, and if the Proposed Merged Entity pays dividends in a manner similar to that of IGO, Sirius shareholders may receive dividends in a timelier manner than if they had to wait until operations commenced at Nova and free cash flows were sufficient to facilitate the payment of a dividend.

15.1.5. Creation of a combined group with a strong growth profile

If the Acquisition Scheme is approved, by the end of 2016 the Proposed Merged Entity will have four operating projects producing gold, nickel, silver, copper and zinc. In addition, the Proposed Merged Entity will possess a strong suite of exploration assets and will be generating sufficient funds from its operations to fund continued exploration and development of those assets.

The enlarged market capitalisation will also strategically position the Proposed Merged Entity to engage in future acquisitions that may not have been feasible for Sirius to undertake in its own right, to grow the company inorganically. As such, we consider the growth prospects of the Proposed Merged Entity to be superior to Sirius' current prospects.

Deposit	Tonnes (Mt)	Au (g/t)	Ni (%)	Cu (%)	Zn (%)	Ag (g/t)	Co (%)
Tropicana	115.70	2.03	-	-	-	-	-
Long	1.39	-	5.30	-	-	-	-
Jaguar	4.41	-	-	1.60	6.50	102.00	-
Stockman	13.99	1.00	-	2.10	4.30	38.00	1.00
Nova	14.30	-	2.30	0.90	-	-	0.08
TOTAL	149.79						

Source: Mineral resource and ore reserve estimates as at 30 June 2014

E. Independent Expert's Report (cont)

15.1.6. Synergies

Consolidation of Sirius and IGO into the Proposed Merged Entity will result in lower corporate costs and potential tax benefits. Additionally, operational efficiencies which arise as a result of the close proximity of Nova and numerous IGO assets will deliver cost benefits to the Proposed Merged Entity.

15.1.7. Management Expertise

IGO's management and technical team have a proven track record of successfully bring projects into production. This is demonstrated through the success of Jaguar, Long and Tropicana. Their knowledge and experience will help to ensure the development and future operations at Nova are progressed in a timely manner. In the event that difficulties arose either in the development or the operations at Nova, we consider the past-experience of IGO's management would be better equipped to deal with these issues, thereby mitigating the risks of a material delay in operations.

Further details regarding the management teams of the Proposed Merged Entity is outlined in section 7.

15.2. Disadvantages of approving the Schemes

15.2.1. Dilution of existing Shareholders exposure to Sirius Assets

As set out in section 4, Sirius shareholders will hold approximately 54% of the enlarged group, diluting their exposure to the Sirius assets acquired by IGO.

15.2.2. Portfolio diversification

Sirius shareholders may not wish to have their portfolio diversified by commodity by the exposure the Scheme provides to the IGO assets. Shareholders may wish to construct their exposure to similar assets via other entities or may not wish to be exposed to a particular commodity.

15.3. Other considerations

15.3.1. Alternative Proposal

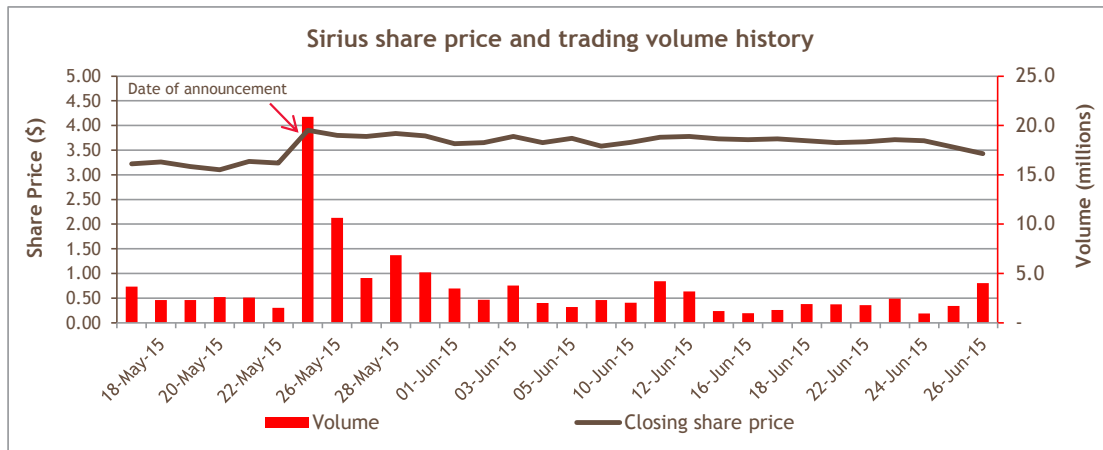
The directors of Sirius consider that this proposed acquisition of Sirius by IGO should be put to Shareholders. We are unaware of any alternative proposal that might offer the Shareholders of Sirius a premium over the value ascribed to, resulting from the Schemes.

15.3.2. Post announcement pricing

Potential decline in share price

We have analysed movements in Sirius' share price since the announcement of the Schemes. A graph of Sirius' share price since the announcement is set out below.

E. Independent Expert's Report (cont)



Source: Bloomberg

The daily price of Sirius shares during the Post Announcement Trading Period ranged from a low of \$3.42 on 26 June 2015 to a high of \$4.04 on 25 May 2015. During the Post Announcement Trading Period, high volume of Sirius shares were traded on 25 May 2015 and 26 May 2015 and transacted at an intra-day weighted average price of \$3.926 and \$3.837 respectively. High volumes of Sirius shares were traded on the date of the announcement of the Schemes and over the Post Announcement Trading Period. Given the above analysis, it is possible that if the Schemes are not approved then Sirius' share price may decline.

16. Conclusion

We have considered the terms of the Schemes as outlined in the body of this report and have concluded that the Acquisition Scheme is fair and reasonable and in the best interests to Shareholders.

We consider the Sirius Partly Paid Shares to be de minimis, which has no material impact on our opinion. We have considered the terms of the Acquisition Scheme for Sirius Partly Paid Shares and also conclude that the Acquisition Scheme is fair and reasonable and in the best interests to the holders of Sirius Partly Paid Shares.

17. Sources of information

This report has been based on the following information:

- Draft Acquisition Scheme Booklet on or about the date of this report;
- Audited financial statements of Sirius for the years ended 30 June 2014 and the six months ended 31 December 2014;
- Reviewed financial statements of Sirius for the three months ended 31 March 2015;
- audited financial statements of IGO for the years ended 30 June 2014 and the six months ended 31 December 2014;
- unaudited financial statements of IGO for the three months ended 31 March 2015;

E. Independent Expert's Report (cont)

- Independent Technical Assessment and Valuation Report prepared by Optiro dated on or about the date of our Report;
- share registry information of Sirius and IGO;
- information in the public domain; and
- discussions with Directors and Management of Sirius and IGO.

18. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$175,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Sirius in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Sirius, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Sirius and IGO and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Sirius and IGO and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial reports of Sirius and IGO.

A draft of this report was provided to Sirius and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

19. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of

E. Independent Expert's Report (cont)

independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 17 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

20. Disclaimers and consents

This report has been prepared at the request of Sirius for inclusion in the Acquisition Scheme Booklet which will be sent to all Sirius Shareholders. Sirius engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed merger of Sirius and IGO through two inter-conditional schemes of arrangement, being the Acquisition Scheme and a Demerger Scheme.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the abovementioned Acquisition Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Acquisition Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to IGO. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Sirius and IGO and their advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

E. Independent Expert's Report (cont)

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Schemes, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Sirius, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Sirius and IGO.

The valuer engaged for the mineral asset valuation, Optiro Pty Ltd, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Adam Myers

Director



Sherif Andrawes

Director

E. Independent Expert's Report (cont)

Appendix 1 - Glossary of Terms and Copyright Notice

Reference	Definition
Acquisition Scheme	IGO's acquisition of all the issued capital of Sirius by way of a scheme of arrangement where each Sirius shareholder will receive 0.66 IGO shares for each Sirius share held and cash consideration of \$0.52 for each Sirius share held
Acquisition Scheme Booklet	A scheme booklet by Sirius prepared in relation to the Acquisition Scheme
The Act	The Corporations Act 2001 Cth
Adjusted Model	The adjusted Nova model created by BDO to reflect any changes to technical assumptions as a result of Optiro's review, any changes to the economic and other input assumptions from our research and to reflect cash flows on a nominal basis
Adjusted IGO Models	The adjusted IGO models created by BDO to reflect any changes to technical assumptions as a result of Optiro's review, any changes to the economic and other input assumptions from our research and to reflect cash flows on a nominal basis
Alchemy	Alchemy Resources Ltd
ANZ	Australia and New Zealand Banking Group
APA	APA Group
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
A\$ and AUD	Australian Dollar
BDO	BDO Corporate Finance (WA) Pty Ltd
Beachcomber JV	Beachcomber Joint Venture
BHP Billiton	BHP Billiton Nickel West
Bryah Basin JV	Bryah Basin Joint Venture
CAGR	Compound annual growth rate
Capital Reduction	Capital reduction in accordance with section 256C of the Act
The Company	Sirius Resources NL

E. Independent Expert's Report (cont)

Reference	Definition
Corporations Act	The Corporations Act 2001 Cth
Creasy Group	Various entities controlled by Mr Mark Creasy
CY20XX	Calendar year 20XX
Darlot JV	Darlot Joint Venture
DCF	Discounted Future Cash Flows
Demerger	Sirius' undertaking of a demerger of its Polar Bear and Scandinavian assets via a capital reduction
Demerger Scheme	Sirius' undertaking of a demerger of its Polar Bear and Scandinavian assets via a capital reduction and by way of a scheme of arrangement
DFS	Definitive Feasibility Study
DID	Demerger Implementation Deed
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eundynie JV	Eundynie Joint Venture
Europa	Sirius Europa Pty Ltd
FME	Future Maintainable Earnings
Fraser SIR	Fraser Range project
Fraser Range JV	Fraser Range Joint Venture
IGO	Independence Group NL
IGO Models	Jaguar Mine Model, Long Mine Model and Tropicana Mine Model collectively
IGO's Operating Assets	Jaguar, Long and Tropicana
Independent Technical Assessment and Valuation Report	Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets Report (which also contains a technical assessment of Nova, Jaguar, Long and Tropicana) prepared by Optiro Pty Ltd dated June 2015
Jaguar	Jaguar Copper-Zinc-Silver Mine
Jaguar Mine Model	Cash flow models of the future cash flows expected from the life of mine of Jaguar
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
km	Kilometres

E. Independent Expert's Report (cont)

Reference	Definition
km ²	Square kilometres
kt	kilotonnes
Lake Mackay JV	Lake Mackay Joint Venture
Long	Long Nickel Mine
Long Mine Model	Cash flow models of the future cash flows expected from the life of mine of Long
Mt	Million tonnes
NAV	Net Asset Value
Norse	Norse Exploration Pty Ltd
Nova	Nova Nickel Project
Nova-Bollinger	A nickel-copper sulphide deposit known as the Nova-Bollinger deposit which forms part of the Nova Nickel Project
Nova Model	Cash flow model for Nova Prepared by Sirius
Optiro	Optiro Pty Ltd
Polar Bear	Polar Bear Project
Post Announcement Trading Period	Daily prices of Sirius shares from 25 May 2015 to 10 June 2015 following the announcement of the Acquisition Scheme and the Demerger Scheme
Proposed Merged Entity	The merged entity of IGO and Sirius following the Acquisition Scheme
QMP	Quoted market price basis
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 60	Schemes of arrangement (September 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Sakumpu	Sakumpu Exploration Oy
Salt Creek JV	Salt Creek Joint Venture
Schemes	The Acquisition Scheme and the Demerger Scheme as a whole

E. Independent Expert's Report (cont)

Reference	Definition
Section 411	Section 411 of the Corporations Act
Shareholders	Shareholders of Sirius Resources NL
SID	Scheme Implementation Deed
Sirius	Sirius Resources NL
Sirius Ordinary Share	A fully paid ordinary share in Sirius
Sirius Partly Paid Share	A partly paid ordinary share in Sirius
Stockman	Stockman Copper-Zinc-Lead-Silver-Gold Project
S2	S2 Resources Ltd
Tropicana	Tropicana Gold Mine Joint Venture
Tropicana Mine Model	Cash flow models of the future cash flows expected from the life of mine of Tropicana
US\$ and USD	United States Dollar
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price

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Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

E. Independent Expert's Report (cont)

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 - Discount Rate Assessment

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ('CAPM') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' weighted average cost of capital ('WACC') the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

We have determined the discount rate relevant to Sirius' Nova project and IGO's Jaguar, Long Operation and Tropicana JV projects. In alignment with the purpose of this report, we have determined that the discount rates applied to the aforementioned projects should reflect the financial return an investor in Australia would require in order to invest in it.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM

$$K_e = R_f + \beta \times (R_m - R_f)$$

Where:

K_e = expected equity investment return or cost of equity in nominal terms

R_f = risk free rate of return

R_m = expected market return

$R_m - R_f$ = market risk premium

β = equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received. Having regard to the period of operations for Sirius' Nova project and IGO's Jaguar, Long Operation and Tropicana JV projects we have adopted the current yield to maturity on the 10-year Australian Government bond rate of 2.91% as at 25 May 2015.

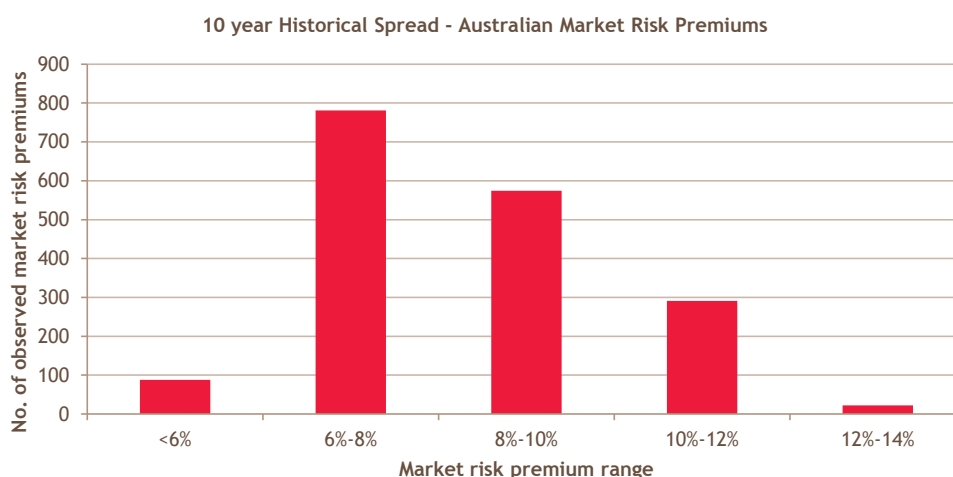
E. Independent Expert's Report (cont)

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

We have noted that the market risk premium in Australia is approximately 6.89% at 25 May 2015. This has been sourced from Bloomberg. The market risk premium is derived on the basis of capital weighted average return of all members of the Australian Stock Exchange composite index minus the risk free rate which is dependent on the ten year Australian Government bond rates.

In order to determine an appropriate range for the market risk premium in Australia we analysed historical data. Our sample of data included daily historical market risk premiums in Australia over the past seven years. Our research indicated the market risk premium in Australia had ranged from a low of 4.01 to a high of 13.07%. The mean and median market risk premium in Australia is 8.36% and 8.08% respectively.



Source: Bloomberg and BDO analysis

The graph above describes the frequency of observations of the Australian market risk premium over the past seven years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lies in the range of 6% to 10%. Having considered the aforementioned mean and median statistics, we have adopted a market risk premium in Australia between 6% and 8%.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole. A beta greater than one implies that an investment's return will outperform the market's average return in a rising market and underperform the market's average return in a falling market. On the other hand, a beta less than one implies that the business' performance compared to that of a business whose beta is greater than one will provide an inverse relationship in terms of the market's average return.

Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that

E. Independent Expert's Report (cont)

the relative risk of the past will continue into the future, and hence derived from the historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors which make when assessing the equity beta for an investment project.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by 'ungearing' the equity beta (B_a) by applying the following formula:

$$B_a = B / (1 + (D/E \times (1-t)))$$

In order to assess the appropriate equity beta for Sirius' Nova project and IGO's Jaguar, Long Operation and Tropicana JV projects we have also had regard to the equity betas of listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated using weekly data over a two-year period.

Nova

Company	Market Capitalisation (\$m) as at 25 May 2015	Geared Beta (B)	Gross Debt/Equity (%)	Ungearred Beta (B _a)
Western Areas Limited	827.99	1.48	56%	1.06
Metals X Limited	565.77	0.87	0%	0.87
Panoramic Resources Limited	172.42	1.07	3%	1.05
Mincor Resources NL	114.83	0.79	3%	0.77
Poseidon Nickel Limited	96.79	0.99	85%	0.62
Mean	355.56	1.04		0.87
Median	172.42	0.99		0.87

Source: Bloomberg, S&P Capital IQ and BDO analysis

Jaguar

Company	Market Capitalisation (\$m) as at 25 May 2015	Geared Beta (B)	Gross Debt/Equity (%)	Ungearred Beta (B _a)
KBL Mining Limited	14.87	0.76	57%	0.54
OZ Minerals Limited	1,480.93	1.51	0%	1.51
Metals X Limited	565.77	0.87	0%	0.87
Tribune Resources Limited	187.88	0.48	0%	0.48
Alkane Resources Limited	124.27	1.12	0%	1.12
Sandfire Resources	833.08	1.34	55%	0.97
Mean	534.47	1.01		0.92
Median	376.83	1.00		0.92

Source: Bloomberg, S&P Capital IQ and BDO analysis

E. Independent Expert's Report (cont)

Long

Company	Market Capitalisation (\$m) as at 25 May 2015	Gearred Beta (B)	Gross Debt/Equity (%)	Ungearred Beta (Ba)
Western Areas Limited	827.99	1.48	56%	1.06
Metals X Limited	565.77	0.87	0%	0.87
Mincor Resources NL	114.83	0.79	3%	0.77
Panoramic Resources Limited	172.42	1.07	3%	1.05
Poseidon Nickel Limited	96.79	0.99	85%	0.62
Mean	355.56	1.04		0.87
Median	172.42	0.99		0.87

Source: Bloomberg, S&P Capital IQ and BDO analysis

Tropicana

Company	Market Capitalisation (\$m) as at 25 May 2015	Gearred Beta (B)	Gross Debt/Equity (%)	Ungearred Beta (Ba)
Evolution Mining Limited	1090.31	0.79	21%	0.69
Northern Star Resources Limited	1315.43	0.78	2%	0.77
OceanaGold Corporation	901.27	0.86	17%	0.77
Regis Resources Limited	599.74	0.61	12%	0.56
Saracen Mineral Holdings Limited	388.46	0.60	6%	0.58
Mean	859.04	0.73		0.67
Median	901.27	0.78		0.69

Source: Bloomberg, S&P Capital IQ and BDO analysis

Selected Beta (B)

In selecting an appropriate beta for Sirius' Nova and IGO's Jaguar, Long Operation and Tropicana JV projects, we have considered the similarities between the projects and the comparable companies selected above. The comparable similarities and differences noted are:

- the comparable companies' mining and exploration assets have varying risk profiles depending on the maturity of the assets and the stages of production;
- several companies having been producing for a considerable time period;
- several comparable companies are still in the prefeasibility and evaluation stage; and
- several companies above have been the subject of significant corporation actions.

Having regard to the above we consider that an appropriate ungeared beta to apply to Sirius' and IGO's projects as reflected in the table below:

E. Independent Expert's Report (cont)

Project	Ung geared beta	Geared beta
Nova	1.20-1.30	1.45-1.57
Jaguar	0.92-1.02	0.92-1.02
Long Operation	0.92-1.07	0.92-1.07
Tropicana JV	0.65-0.75	0.65-0.75

Source: Bloomberg, S&P Capital IQ and BDO analysis

We have selected our beta from the average of the range of comparable companies' betas. The capital structure of Sirius' Nova Nickel Project is to be 30% debt to equity ratio. As such, we have reg eared the project beta to 1.45 to 1.57.

The capital structure of IGO's Jaguar, Long Operation and Tropicana JV is 100% equity.

Cost of Equity

On this basis we have assessed the cost of equity to be:

Input	Nova		Jaguar		Long Operation		Tropicana JV	
	Low	High	Low	High	Low	High	Low	High
Risk free rate of return	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%	2.91%
Equity market risk premium	6.00%	8.00%	6.00%	8.00%	6.00%	8.00%	6.00%	8.00%
Geared Beta	1.45	1.57	0.92	1.02	0.92	1.07	0.65	0.75
Cost of Equity	11.61%	15.47%	8.43%	11.07%	8.43%	11.47%	6.81%	8.91%

Source: BDO analysis

Weighted Average Cost of Capital

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e., pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table.

CAPM	
WACC	= $\frac{E}{E+D} K_e + \frac{D}{D+E} K_d (1-t)$
Where:	
K_e	= expected return or discount rate on equity
K_d	= interest rate on debt (pre-tax)
T	= corporate tax rate
E	= market value of equity
D	= market value of debt
(1- t)	= tax adjustment

E. Independent Expert's Report (cont)

Gearing

Before WACC can be determined, the proportion of funding provided by debt and equity (i.e., gearing ratio) must be determined. The gearing ratio adopted should represent the level of debt that the asset can reasonably sustain (i.e., the higher the expected volatility of cash flows, the lower the debt levels which can be supported). The optimum level of gearing will differentiate between assets and will include:

- the variability in earnings streams;
- working capital requirements;
- the level of investment in tangible assets; and
- the nature and risk profile of the tangible assets.

As described earlier, we have regard beta having regard to an optimal debt to equity funding structure for the industry. We understand that the capital structure of Sirius to be 70% debt and 30% equity, and IGO is to be 100% equity. The Sirius proportion of debt is based on the average balance outstanding contained within the Nova Model.

Calculation of WAAC

Input	Nova		Jaguar		Long Operation		Tropicana JV	
	Low	High	Low	High	Low	High	Low	High
Cost of Equity	11.61%	15.47%	8.43%	11.07%	8.43%	11.47%	6.81%	8.91%
Cost of Debt	5.12%	5.12%	-	-	-	-	-	-
Proportion of Equity (E/(E+D))	76.92%	76.92%	100%	100%	100%	100%	100%	100%
Proportion of Debt (D/(D+E))	23.08%	23.08%	-	-	-	-	-	-
WACC	10.11%	13.08%	8.43%	11.07%	8.43%	11.47%	6.81%	8.91%

Source: BDO analysis

Based on the above inputs, we have determined a WACC for each of the following projects:

- Nova - 10.0% to 13.0% with a preferred WACC of 10.5%
- Jaguar - 8.0% to 11.0% with a preferred WACC of 10%
- Long - 8.5% to 11.5% with a preferred WACC of 10%
- Tropicana JV - 7.0% to 9.0% with a preferred WACC of 8%

E. Independent Expert's Report (cont)

Description of comparable listed companies used in the determination of the discount rate for Nova and Nickel are summarised below. Note we have used the same set of comparable companies for both Nova and Long due to their similar nature and risk of the two projects.

Comparable ASX Company	Description
Metals X Limited	Metals X Limited is engaged in exploring, developing, mining, processing, producing, and marketing metal and mineral properties in Australia. The company operates through three segments: Tin Projects, Nickel Projects, and Gold Projects. Metals X Limited was incorporated in 2004 and is based in West Perth, Australia.
Panoramic Resources Limited	Panoramic Resources Limited explores for, evaluates, develops, and produces mineral deposits in Australia, Canada, and internationally. It primarily explores for nickel, copper, cobalt, gold, and PGM deposits. The company operates through three divisions: the Nickel division, the Gold division and the Australian and Overseas Exploration division. The company is based in Perth, Australia.
Poseidon Nickel Limited	Poseidon Nickel Limited is a mineral exploration company focusing on nickel and gold exploration projects.
Western Areas Limited	Western Areas Ltd is an Australian-based nickel sulphide producer which owns the Forrestania Nickel Project, along with development projects in Canada and Finland. The Company has two producing nickel mines, Flying Fox and Spotted Quoll, located in Western Australia.
Mincor Resources NL	Mincor Resources NL is a nickel mining and exploration company with operations in the Kambalda Nickel District in Western Australia. Through a joint venture, the Company operates the Miitel and Wannaway nickel mines in Kambalda. The Company also has operations in projects located in Guinea, Tanzania and Fiji.

Source: Bloomberg, S&P Capital IQ

Description of comparable listed companies used in the determination of the discount rate Tropicana are summarised below.

Comparable ASX Company	Description
Doray Minerals Limited	Doray Minerals Limited acquires, explores for, and develops gold properties in Australia. It primarily holds 100% interests in the Andy Well gold project located to the north of Meekatharra in the Murchison region of Western Australia. The company was founded in 2009 and is based in West Perth, Australia.
Evolution Mining Limited	Evolution Mining Ltd is a gold exploration company with operations in Western Australia. The Company owns the gold mines - Cracow, Edna May, Mt Rawdon and Pajingo - and the Mt Carlton development project.
Northern Star Resources Limited	Northern Star Resources Ltd is an Australian Gold Producer with tenement holdings and gold deposits located in the Ashburton - Pilbara Region of Western Australia.

E. Independent Expert's Report (cont)

Comparable ASX Company	Description
OceanaGold Corporation	OceanaGold Corporation explores, develops, and operates gold and other mineral properties. Its flagship operation is the Didipio Mine located in the northern Philippines. The company also operates the Macraes open pit, Frasers underground, and Reefion mines located on the South Island of New Zealand. OceanaGold Corporation was founded in 2003 and is headquartered in Melbourne, Australia.
Regis Resources Limited	Regis Resources Limited engages in the exploration, evaluation, and development of gold projects in the Eastern Goldfields of Western Australia. It owns a 100% interest in the Duketon gold project comprising a tenement packaging covering approximately 2,000 square kilometers of ground, which include various deposits, such as Moolart Well gold, Garden Well gold, Rosemont gold, Erlistoun gold, and Satellite gold deposits located in the North Eastern Goldfields of Western Australia. The company also holds interests in the McPhillamys gold project consisting of three granted exploration permits covering 477 square kilometres in the Central Western region of New South Wales. Regis Resources Limited was founded in 1988 and is based in Subiaco, Australia.
Saracen Mineral Holdings Limited	Saracen Mineral Holdings Ltd. explores for and produces gold. The Company produces gold from its Carosue Dam mine located northeast of Kalgoorlie, Western Australia.

Source: Bloomberg, S&P Capital IQ

Description of comparable listed companies used in the determination of the discount rate Jaguar are summarised below.

Comparable ASX Company	Description
KBL Mining Limited	KBL Mining Ltd. operates in the mining exploration and resource development industry in Australia. The Company holds interests in the Sorby Hills Project consisting of lead, silver, and zinc deposits. KBL Mining also holds interests in the Mineral Hill copper-gold mine and the Hematite Hill iron ore project.
OZ Minerals Limited	OZ Minerals Limited explores and develops mining projects in Australia. The company explores for copper, gold, silver, and iron deposits. It owns and operates the Prominent Hill copper-gold mine located in the Gawler Craton of South Australia; and Carrapateena project located in central South Australia. OZ Minerals Limited is based in Melbourne, Australia.

E. Independent Expert's Report (cont)

Comparable ASX Company	Description
Metals X Limited	Metals X Limited is engaged in exploring, developing, mining, processing, producing, and marketing metal and mineral properties in Australia. The company operates through three segments: Tin Projects, Nickel Projects, and Gold Projects. It explores for tin, gold, nickel, bismuth, and precious and base metals, as well as cobalt and copper deposits. The company holds a 50% interest in the Renison project located on the west coast of Tasmania; and a 100% interests in the Central Musgrave project with exploration tenure, including the Wingellina nickel deposit, the Claude Hills nickel deposit, and the Mt Davies exploration prospects, located in the Central Musgrave Ranges, Australia. It also holds a 100% interests in the Central Murchison gold project in Western Australia; and the Rover project in the Northern Territory, as well as holds interests in gold operations located in Higginsville and South Kalgoorlie in Western Australia. Metals X Limited was incorporated in 2004 and is based in West Perth, Australia.
Tribune Resources Limited	Tribune Resources Limited explores, develops, and produces mineral properties primarily in Australia. The company explores for gold and silver deposits. It focuses on the East Kundana joint venture tenements located in Australia. The company is based in South Perth, Australia.
Alkane Resources Limited	Alkane Resources Limited operates as a multi-commodity mining and exploration company in the Central West of New South Wales in Eastern Australia. It primarily explores for gold, copper, zirconium, hafnium, niobium, tantalum, yttrium, and rare earth elements. The company holds interest in the Dubbo zirconia project and the Tomingley gold project located in New South Wales. Its exploration projects include the Bodangora and Cudal project in New South Wales; the Wellington project in Wellington; and the Calula project, which is located 25 kilometers north of Orange. Alkane Resources Limited is headquartered in Burswood, Australia.
Sandfire Resources	Sandfire Resources NL produces and sells copper and gold deposits; and explores and evaluates mineral tenements in Australia and internationally. It operates through four segments: The DeGrussa Copper Mine, Exploration, Treasury, and Corporate. The company primarily owns a 100% interest in the Doolgunna project, which covers an area of 400 square kilometers of tenement package comprising the DeGrussa copper-gold mine located in the Bryah Basin mineral province of Western Australia. It also explores and evaluates volcanogenic massive sulphide deposits at the Doolgunna project. The company is based in West Perth, Australia.

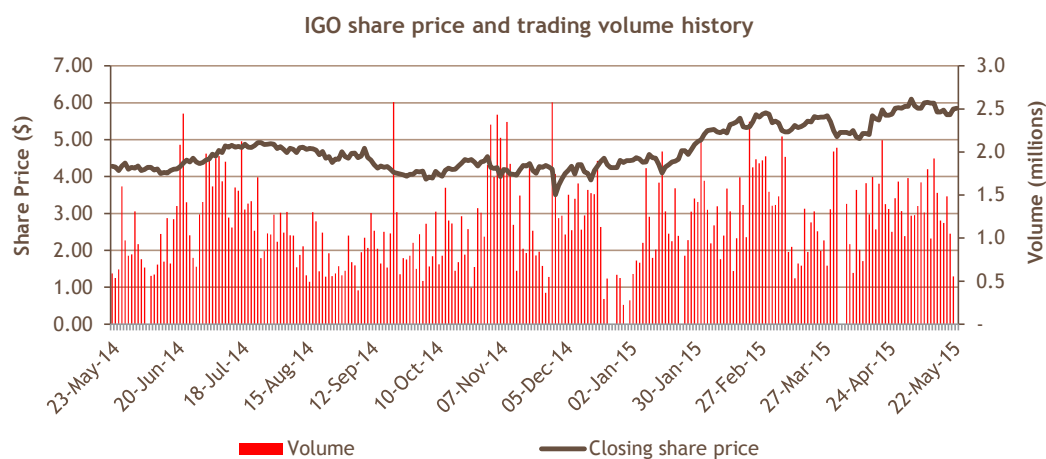
Source: Bloomberg, S&P Capital IQ

E. Independent Expert's Report (cont)

Appendix 4 - Liquidity Analysis of IGO

Our analysis of the quoted market price of an IGO share is based on the pricing prior to the announcement of the Schemes. This is because the value of an IGO share after the announcement may include the affects of any change in value as a result of the Schemes.

Information on the Schemes was announced to the market on 25 May 2015. Therefore, the following chart provides a summary of the share price movement over the 12 months to 22 May 2015 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of IGO shares from 23 May 2014 to 22 May 2015 has ranged from a low of \$3.51 on 1 December 2014 to a high of \$6.21 on 5 May 2015.

Over the first six months of our assessed time period, the share price of IGO has predominantly traded in a band between \$4.00 and \$5.00 with movements heavily influenced by commodity price performance. From the lowest traded closing price on 1 December 2014, IGO shares have demonstrated an upward trend and have increased by approximately 66.7% from December 2014 to May 2015. We consider this upward movement is likely to be on account of favourable movements in the Australian Dollar and commodity prices.

The largest volume of trading in IGO's shares occurred on 23 September 2014 on which day 2,580,081 shares were traded. This trading volume spike coincides with an ASX announcement on 22 September 2014 containing exploration results at the Jaguar project. Notwithstanding the significant volume of trade, we note the share price of IGO declined by a marginal amount of approximately 0.5%.

E. Independent Expert's Report (cont)

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price Three Days After Announcement \$ (movement)
12/05/2015	Recent media speculation	5.990 □ 0.3%	5.750 □ 4.0%
22/04/2015	March 2015 Quarterly Activities Report	5.660 □ 2.6%	5.850 □ 3.4%
21/04/2015	ALY: IGO Commences Follow-Up Drilling at Bryah Basin	5.810 □ 5.1%	5.690 □ 2.1%
10/04/2015	March 2015 Quarter Production Results	5.030 □ 0.8%	5.140 □ 2.2%
24/02/2015	ALY: Northern Star to become Alchemy's Largest Shareholder	5.490 □ 2.6%	5.690 □ 3.6%
18/02/2015	Half Year Report, Interim Dividend and Upgraded Guidance	5.580 □ 1.8%	5.350 □ 4.1%
04/02/2015	Jaguar shutdown completed and mill restarted	5.250 □ 1.9%	5.210 □ 0.8%
30/01/2015	ABU: High-Grade Nickel, Cobalt and Manganese	4.950 □ 1.6%	5.250 □ 6.1%
29/01/2015	ALY: Base Metal Exploration Update at Bryah Basin	4.870 □ 3.0%	5.150 □ 5.7%
28/01/2015	December 2014 Quarterly Activities Report	4.730 □ 2.8%	4.990 □ 5.5%
12/01/2015	December 2014 Quarter Production Results	4.510 □ 2.0%	4.100 □ 9.1%
10/12/2014	IGO intersects massive sulphide at Moran South target	4.320 □ 6%	4.090 □ 5%
28/11/2014	IGO Delivers Positive Optimisation Study on Stockman Project	4.200 □ 1%	3.940 □ 6%
05/11/2014	ALY: IGO enters into farm-in and JV at Bryah Basin	4.240 □ 0%	4.180 □ 1%
30/10/2014	Stockman Project Proposal Passes Environmental Assessment	4.420 □ 0%	4.220 □ 5%
29/10/2014	September 2014 Quarterly Activities Report	4.400 □ 3%	4.250 □ 3%
20/10/2014	2014 Annual Report to shareholders	4.290 □ 2%	4.430 □ 3%
17/10/2014	AOP: Update on Rebecca Project	4.200 □ 0%	4.460 □ 6%
08/10/2014	September 2014 Quarter Production Results	3.960 □ 1%	4.010 □ 1%
22/09/2014	Significant new drill results at Jaguar project	4.110 □ 2%	4.050 □ 1%
28/08/2014	2014 Mineral Resources and Ore Reserves Update	4.470 □ 0%	4.500 □ 1%
28/08/2014	FY2014 Annual Results, Final Dividend and Annual Accounts	4.470 □ 0%	4.500 □ 1%
26/08/2014	ALY: IGO Commences Drilling at Bryah Basin Project	4.380 □ 4%	4.670 □ 7%
28/07/2014	IGO June 2014 Quarterly Activities Report	4.870 □ 1%	4.880 □ 0%
21/07/2014	AGG: AngloGold commits to gas for WA mines	4.800 □ 2%	4.920 □ 3%

E. Independent Expert's Report (cont)

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
11/07/2014	ALY: IGO Commences Ground EM at Bryah Basin Project	4.800	▫ 1%	4.820	▫ 0%
08/07/2014	FY2014 Production Surpasses Guidance	4.710	▫ 3%	4.800	▫ 2%

On 26 August 2014, Alchemy announced that IGO, its farm-in partner at the Bryah Basin Project, had commenced initial aircore drilling at the Bryah Basin project. On the day of the announcement, the IGO's share price declined by 4%. Over the next three trading days IGO's share price climbed by 7%. It is uncertain whether the subsequent increase in share price is as a result of the commencement of exploration drilling noting we consider it can also be explained by the subsequent release of IGO's annual results, positive dividend payout announcement, and favourable resource and reserve estimate updates.

On 17 October 2014, Apollo Consolidated Limited advised that the Rebecca nickel farm-out arrangement with IGO had concluded, and that 100% project ownership would revert to Apollo Consolidated Limited. As expected, the market did not immediately react to this announcement and the subsequent increase in share price of 6% over three trading days, is likely to be explained by the release of IGO's annual report on 20 October 2014 (the next trading day).

On 28 November 2014, IGO released its results for the optimisation study on the Stockman project. The optimisation study aimed to revise technical and economic assumptions from the feasibility study undertaken in 2013. The optimisation study resulted in decreased capital expenditure but increased operating expenditure. Additionally, ore reserves were marginally upgraded. Unexpectedly, the market reacted negatively to the release of the results noting that IGO's share price decreased by 1% on the day of announcement, and then continued declining by an additional 6% over the next three trading days. We note that on 1 December 2014, share prices of mining related companies fell dramatically on account of a substantial fall in the oil price. As such we consider the subsequent price falls for IGO's shares is explained by broader market factors.

On 10 December 2014, IGO announced that ongoing drilling at the Moran South target had identified massive nickel mineralisation in one of their drill holes. The market reacted positively to this news and the share price of IGO increased by 6% on this day. However, IGO's share price dropped by 5% over the subsequent three trading days, in particular on 12 December 2014 where IGO's share price decreased by approximately 4%. Given the market volatility in mining related entities over this period, we consider the cause of this subsequent price drop is due to broader market factors.

On 12 January 2015, IGO released its December 2014 quarter production results which informed that all three of IGO's producing mines were producing ahead of year to date guidance. Contrary to the positive news, the market reacted negatively and the share price of IGO declined by 2% on the day of the announcement. This decrease continued over the next three trading days to fall by an additional 9.1%. Our analysis of the trading on these days indicates that the price decreases occurred as a result of substantial trading on 14 and 15 January 2015. We also note that the general market performed poorly over these days and as such consider the continued decline in IGO's share price is primarily attributed to broader market conditions on account of the dramatically falling oil price.

E. Independent Expert's Report (cont)

On 28 January 2015, IGO released its December 2014 quarter activities report. The report included summaries of all IGO activities including exploration activities. On the day the report's release, IGO's share price increased by 2.8%, and then continued increasing by 5.5% over the subsequent three trading days. Based on our analysis we consider the subsequent increase is partially as a result of further ASX announcements released on 29 and 30 January 2015.

On 29 January 2015, Alchemy announced that IGO had completed initial aircore drilling at the Bryah Basin project, and strong multi-element anomalies were confirmed. As expected, the market reacted positively to this news and as a result the price of IGO's shares increased by 3%. Over the next three trading days the share price continued to increase by 5.7%.

On 30 January 2015, ABM Resources NL announced that the Lake Mackay Regional Project, to which IGO has a farm-in agreement, has completed initial rock-chip sampling and returned high grades of nickel, cobalt and manganese. In response, over the three days subsequent to this announcement, IGO's share price increased by 6.1%.

On 24 February 2015, Alchemy announced that IGO had commenced follow up drilling at the Bryah Basin project to extend effective aircore drilling coverage within the area. The market responded favourably to this information as demonstrated by the 5.1% increase in share price on this day.

To provide further analysis of the market prices for an IGO share, we have also considered the VWAP for 10, 30, 60 and 90 day periods to 22 May 2015.

Share Price per unit	22-May-15	10 Days	30 Days	60 Days	90 Days
Closing price	\$5.850				
Volume weighted average price (VWAP)		\$5.849	\$5.764	\$5.586	\$5.441

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Schemes, to avoid the influence of any increase in price of IGO's shares that has occurred since the Schemes were announced.

An analysis of the volume of trading in IGO shares for the twelve months to 22 May 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$5.830	\$5.920	556,202	0.24%
10 Days	\$5.560	\$6.130	13,016,098	5.56%
30 Days	\$5.060	\$6.210	40,614,157	17.34%
60 Days	\$4.870	\$6.210	76,157,699	32.51%
90 Days	\$4.295	\$6.210	115,001,472	49.09%
180 Days	\$3.510	\$6.210	213,876,701	91.30%
1 Year	\$3.510	\$6.210	301,883,648	128.87%

Source: Bloomberg, BDO analysis

This table indicates that IGO's shares display a high level of liquidity, with 128.87% of IGO's current issued capital being traded over a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;

E. Independent Expert's Report (cont)

- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of IGO, we consider that notwithstanding the unexplained price movements and volume spikes, there are sufficient indications that IGO's shares exhibit a deep market given the regular trading of the securities with a cumulative volume traded over a 12 month period of approximately 128.9%.

E. Independent Expert's Report (cont)

Appendix 5 - Technical Assessment & Valuation Report

See Annexure F to this Acquisition Scheme Booklet

ANNEXURE F

F. Independent Geological Report



Sirius Resources NL Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets



J_1878

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June 2015

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited
Mineral Assets

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<p>Important Information:</p> <p>This Report is provided in accordance with the proposal by Optiro Pty Ltd ("Optiro") to Sirius Resources NL and the terms of Optiro's Consulting Services Agreement ("the Agreement"). Optiro has consented to the use and publication of this Report by Sirius Resources NL for the purposes set out in Optiro's proposal and in accordance with the Agreement. Sirius Resources NL may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro's prior written consent.</p> <p>Optiro has used its reasonable endeavours to verify the accuracy and completeness of information provided to it by Sirius Resources NL and Independence Group Limited which it has relied on in compiling the Report. We have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of Optiro acting as an independent valuer to perform any due diligence procedures on behalf of the Company. Optiro provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.</p> <p>The opinion of Optiro is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.</p> <p>The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.</p> <p>The terms of engagement are such that Optiro has no obligation to update this report for events occurring subsequent to the date of this report.</p>			



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1. EXECUTIVE SUMMARY

At the request of BDO Corporate Finance (WA) Pty Ltd (BDO) on behalf of Sirius Resources NL (Sirius), Optiro Pty Ltd (Optiro) has reviewed the reasonableness of a number of technical project assumptions associated with:

- Sirius' Fraser Range Nova/Bollinger nickel-copper project
- Independence Group Limited's (IGO) Long nickel project
- IGO's Jaguar zinc-copper project and
- IGO's Tropicana joint venture gold project.

In performing this review, Optiro has provided an assessment of the reasonableness of the following assumptions used:

- Mineral Resources and Ore Reserves incorporated into the cashflow models for the projects
- mining physicals (including tonnes of ore mined, ore processed, recoveries and forecast grades)
- processing assumptions (including products and recoveries, scheduling considerations, mill production, refining recoveries and plant utilisations)
- operating costs (including, but not limited to, surface mining, underground mining, general site costs, haulage, processing, corporate office and royalties)
- non-operating and other costs (including, but not limited to, reclamation, surface mining pre-stripping, discretionary capital costs and deferred development costs)
- capital expenditure (including, but not limited to, sustaining capital expenditure) and
- any other relevant technical assumptions not specified above.

In addition to the above, Optiro has prepared an Independent Valuation of the Stockman project in Victoria (held by IGO) and the Polar Bear project in Western Australia (held by Sirius). Optiro understands that Sirius also holds an interest in the Eundynie joint venture in Western Australia and exploration assets in Scandinavia but was not requested to value these assets.

Optiro understands that its review and valuations will be relied upon and appended to an Independent Expert's Report prepared by BDO for inclusion in a scheme booklet, to assist Sirius shareholders in their decision whether or not to approve a proposed scheme of arrangement. The scheme booklet will address the proposed acquisition of the shares in Sirius by IGO, which would result in a merger of IGO and Sirius Resources and the demerger of the Polar Bear asset into a new company. As such, it is understood that Optiro's review and valuation will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005).

FRASER RANGE PROJECT

Sirius' Fraser Range project is located approximately 680 km east of Perth and covers an area of 1,201 km² of granted licences. Of these licences, eight ELs and two Prospecting Licences (covering 895.2 km²) are held in joint venture (70% Sirius) with various entities controlled by Mr Mark Creasy (Creasy). Sirius holds 100% of the remaining ten ELs and one ML.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

The project includes over 100 km of strike length of the Proterozoic Albany-Fraser mobile belt on the south-east margin of the Yilgarn Craton, and hosts the Nova-Bollinger nickel-copper deposit. The style of deposit has features in common with various aspects of Proterozoic-age Canadian deposits, such as Thompson, Raglan and Voisey's Bay, which are typically an order of magnitude larger than most Australian nickel sulphide deposits.

Mining Lease 28/376, which hosts the Nova and Bollinger deposits, is held 100% by Sirius. The Nova-Bollinger Mineral Resource estimate comprises 14.3 Mt at 2.3% nickel, 0.9% copper and 0.08% cobalt for 325,000 t of nickel, 134,000 t of copper and 11,000 t of cobalt metal. As of June 2014 the Ore Reserves estimated at the Nova nickel project were 14.2 Mt at an average grade of 2.0% nickel, 0.8% copper and 0.07% cobalt for 285,000 t nickel, 118,000 t copper and 10,000 t cobalt. The Nova-Bollinger Mine is estimated to have a mine life of approximately 10 years. The Definitive Feasibility Study (DFS) for the Nova nickel project was completed on 30 June 2014.

POLAR BEAR PROJECT

The Polar Bear project covers an area of approximately 151 km² of granted licences 100% held by Sirius, located between Higginsville and Norseman in Western Australia. The project is surrounded by known gold mines at Norseman, St Ives and Higginsville. Large parts of the project area are relatively underexplored due to it being largely concealed by the shallow salt lake sediments of Lake Cowan and the sand dunes of the Polar Bear peninsula. The Polar Bear project contains a number of shear zones of the type that host gold mineralisation elsewhere in the district. The project also contains extensions of the Kambalda and Widgiemooltha ultramafic stratigraphy, which hosts world class nickel sulphide mines along strike to the north and northwest. A number of broad gold anomalies have been defined beneath Lake Cowan by reconnaissance aircore drilling and these present highly prospective targets for further exploration. Gold mineralisation already identified at the Baloo, Monsoon and Nanook prospects potentially defines a previously unrecognised and unexplored gold trend beneath Lake Cowan. Consistent oxide gold mineralisation has been identified at Baloo that Optiro considers has a high likelihood of becoming a gold mine.

LONG PROJECT

The Long nickel project is located on the western shoreline of Lake Lefroy, approximately 5 km east of the Kambalda Township in the Eastern Goldfields of Western Australia. The Long deposit was discovered in 1971 and the first ore was produced in late 1979 by underground mining.

The Long operation was placed under care and maintenance in 1999. In 2002 the mine was sold to a subsidiary of IGO which commenced remnant mining, and over time extended the mining operations to the south by re-assessing the Gibb and Victor South deposits and discovering the McLeay, Long North and Moran deposits.

At present the Long orebody itself is nearly mined out, the Victor South and McLeay orebodies are nearly depleted, with ore being mined from pillar extraction, and the Moran ore body is being actively developed. The top of the Moran ore body is located 900 m below surface.

The Long project has Mineral Resources as of June 2014 of 1.4 Mt at 5.3% nickel (73,400 nickel tonnes). The Ore Reserve is 743 kt at 4.0% nickel (29,900 nickel tonnes), which forms the basis of the total project Reserve life of 3.5 years.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

JAGUAR PROJECT

The Jaguar base metal project is located 60 km north of Leonora in Western Australia and was 100% acquired by IGO in 2011. The Jaguar project is considered to have significant exploration potential along 50 km of prospective tenure.

The Jaguar deposit was discovered in 2002 approximately 4 km south of the historic Teutonic Bore open cut and underground zinc-copper-silver mine. Bentley was discovered in 2008 and brought into production in 2011, when development intersected the top of the orebody. Ore is processed at the Jaguar concentrator yielding copper and zinc concentrate. The copper concentrate also contains significant silver and gold credits.

The Jaguar operation has Mineral Resource as of June 2014 of 4.4Mt at 1.6% copper, 6.5% zinc and 102g/t silver. The Ore Reserve as of June 2014 for the operation is 1.29Mt at 1.8% copper, 10.1% zinc, 154g/t silver and 0.8g/t gold.

TROPICANA PROJECT

The Tropicana gold project is 30% owned by IGO and comprises approximately 2,420 km² of tenements stretching over more than 350 km in strike length along the Yilgarn Craton and Fraser Range Mobile Belt Collision Zone. There is a further 558 km² in application, approximately 2,500 km² in the Salt Creek and Beachcomber joint venture in which IGO is earning additional interest by sole funding exploration and 875 km² of miscellaneous licenses for borefield and roads.

The project was first pegged in 2001, with gold discovered at Tropicana, Havana and Boston Shaker in 2005, 2006 and 2010 respectively. The gold deposits currently occur over a 5 km strike length with gold mineralisation intersected up to 1 km vertically beneath the natural surface.

The Tropicana Mineral Resource was last estimated in December 2012, and at that time totalled 114.7Mt at 1.95 g/t gold for a total of 7.19 Moz of gold (using a gold price of US\$1,550 or A\$1,500/oz.) on a 100% basis. This included 7.2 Mt at 0.83 g/t gold in stockpiles and an underground Mineral Resource of 8.21 Mt at 3.26 g/t gold for 861 koz of gold. Little resource drilling has been completed since 2012 and so the operation has depleted the December 2012 Mineral Resource for mining and has added in the stockpile inventory to satisfy reporting requirements.

The Tropicana Ore Reserve was estimated in December 2014, and at that time totalled 50 Mt at 1.99 g/t Au for 3.2 Moz (using a gold price of US\$1,100 / A\$1,249/oz.) on a 100% basis.

The life of mine currently incorporates seven years of mining, followed by two years of stockpile treatment. The plan is considered robust and low risk, but is open to optimisation through exploration success, improvements in productivity or cost efficiency, extension of production profiles and possible upgrading of lower grade stockpile material using optical sorting or some sort of beneficiation.

STOCKMAN PROJECT

The Stockman project (100% IGO) contains two VMS (copper-zinc-lead-silver-gold) deposits, Wilga and Currawong, which were discovered during the late 1970s. Wilga was mined between 1992 and 1996, with extraction of 956 kt of ore at an average grade of 6.0% copper and 8.7% zinc. IGO acquired the Stockman project as part its takeover of Jabiru Metals Limited in 2011, and is intending to recommission the Wilga underground mine and to develop a new mine at Currawong. The Stockman project includes defined Mineral Resources and Ore Reserves. The state environmental effects

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

statement (EES) permit is approved and Federal Environment Protection and Biodiversity Conservation (EPBC) is approved.

Optiro has elected to value the Stockman project in terms of the defined Mineral Resources and exploration potential as there is uncertainty on the timing of development of the project and IGO have not made any decision in regards to development.

VALUATION

Optiro has determined the fair market value of the various projects at an effective valuation date of 12 June 2015.

Optiro's opinion of the fair market value of the exploration potential contained within Sirius' Fraser Range and Polar Bear projects is summarised in Table 1.1, based upon Sirius' equity position in the mineral assets. Optiro's opinion of the fair market value of Sirius' exploration potential contained within the Fraser Range project is that it lies within the range of A\$34.2 M to A\$56.9 M, with a preferred value of A\$45.6 M. Optiro's opinion of the fair market value of Sirius' exploration potential contained within the Polar Bear project is that it lies within the range A\$12.6 M to A\$26.5 M, with a preferred value of A\$19.6 M.

Optiro's opinion of the fair market value of IGO's Mineral Resources and exploration potential contained within the Stockman project is that they sit within the range of A\$16.3 M to A\$34.5 M, with a preferred value of A\$30.5 M (Table 1.1).

The values assigned to the mineral assets are in Australian dollars (A\$) and were prepared at the effective valuation date.

Table 1.1 Valuation summary

Mineral asset	Value (A\$M)		
	Low	High	Preferred
Fraser Range project			
Exploration potential – FRJV (70% Sirius)	16.4	33.2	24.3
Exploration potential – (100% Sirius)	17.7	23.8	20.7
Total – Fraser Range project	34.2	56.9	45.6
Sirius – Polar Bear project			
Exploration potential	12.6	26.5	19.6
Total – Polar Bear project	12.6	26.5	19.6
IGO – Stockman project			
Mineral Resources	12.7	25.4	24.2
Exploration potential	3.6	9.1	6.3
Total – Stockman project	16.3	34.5	30.5

The opinions expressed and conclusions drawn with respect to this valuation of the mineral assets are appropriate at the valuation date of 12 June 2015. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions, in addition to future exploration results.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

2. INTRODUCTION AND TERMS OF REFERENCE

2.1. TERMS OF REFERENCE AND PURPOSE OF REPORT

At the request of BDO Corporate Finance (WA) Pty Ltd (BDO) on behalf of Sirius Resources NL (Sirius), Optiro Pty Ltd (Optiro) has reviewed the technical project assumptions and provided an assessment on the reasonableness those assumptions concerning:

- Sirius' Fraser Range Nova/Bollinger nickel-copper project
- Independence Group Limited's (IGO's) Long nickel project
- IGO's Jaguar zinc-copper project and
- IGO's Tropicana joint venture project.

In performing this review, Optiro has provided an assessment of the reasonableness of the following assumptions used:

- Mineral Resources and Ore Reserves incorporated into the cashflow models for the projects
- mining physicals (including tonnes of ore mined, ore processed, recoveries and forecast grades)
- processing assumptions (including products and recoveries, scheduling considerations, mill production, refining recoveries and plant utilisations)
- operating costs (including, but not limited to, surface mining, underground mining, general site costs, haulage, processing, corporate office and royalties)
- non-operating and other costs (including, but not limited to, reclamation, surface mining pre-stripping, discretionary capital costs and deferred development costs)
- capital expenditure (including, but not limited to, sustaining capital expenditure) and
- any other relevant technical assumptions not specified above.

Furthermore, Optiro has prepared an Independent Valuation of the Stockman project in Victoria, held by IGO, and the Polar Bear project in Western Australia, held by Sirius. Optiro understands that Sirius also holds an interest in the Eundynie joint venture in Western Australia and exploration assets in Scandinavia but was not requested to value these assets.

Optiro understands that its review and valuations will be relied upon and appended to an Independent Expert's Report prepared by BDO for inclusion in a scheme booklet, to assist Sirius shareholders in their decision regarding the approval of a proposed scheme of arrangement. The scheme booklet will address the proposed acquisition of the shares in Sirius by IGO, which would result in a merger of IGO and Sirius Resources and the demerger of the Polar Bear asset into a new company. As such, it is understood that Optiro's review and valuation will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005).

2.2. RESPONSIBILITY FOR THE REPORT AND DATA SOURCES

This report was prepared by Mr Jason Froud (Principal) and Mrs Christine Standing (Principal) with input from Ms Leanne Cureton, Ms Rebecca Morgan, Mr Michael Leak and Mr David Pass, and was reviewed by Mr Ian Glacken (Director and Principal) of Optiro. The report has been prepared in

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 Edition (the VALMIN Code). The authors and reviewer of this report are Members or Fellows of the Australasian Institute of Mining and Metallurgy (AusIMM), and therefore are obliged to prepare mineral asset valuations in accordance with the VALMIN Code. All values have been compiled in Australian dollar (A\$) terms.

In developing its technical assumptions for the valuation, Optiro has relied upon information provided by Sirius, IGO and their consultants, as well as information obtained from other public sources. The material on which this report is based includes internal and open-file project documentation, technical reports, drillhole databases and resource models.

Optiro has independently reviewed and assured itself of the mineral tenure at the Fraser Range, Polar Bear and Stockman projects held by Sirius and IGO respectively and reviewed all relevant technical and corporate information made available by the management of Sirius and IGO, which was accepted in good faith as being true, accurate and complete, having made due enquiry of Sirius and IGO. Optiro has additionally sourced publically available information on recent transactions involving nickel, gold and base metal properties.

Optiro visited the Nova/Bollinger deposit within the Fraser Range project on 21 February 2013. Mr Mark Drabble (Principal Consultant), who acted as Competent Person for the Mineral Resource estimate generated for Sirius by Optiro, inspected the deposit area, the core logging and sampling facility and the density measurement area. A second visit took place to view metallurgical PQ and HQ core at AMMTEC in Balcatta, Western Australia on the 28 June 2013. Furthermore, Optiro examined core samples as part the interpretation process of both resource estimates at the Sirius office in Balcatta, Western Australia.

Optiro carried out site visits to the Long Mine (12 May 2015), Jaguar Mine (13 May 2015) and the Tropicana JV (19 May 2015). Optiro inspected the open pit and underground operations, where applicable, along with the milling facilities and surface infrastructure. The review team consisted of:

- Andrew Law (Optiro: Director – Mining)
- Mark Drabble (Optiro: Principal Consultant – Geology)
- Stewart Findlay (GR Engineering Services Limited: Manager – Project Development)
- David Pass (Battery Limits – Principal Process Metallurgist)

Optiro did not visit the Stockman or the Polar Bear projects as it was considered that a site visit would not reveal information or data material to the outcome of this report. Optiro is satisfied that sufficient current information was made available for these projects in order to allow an informed appraisal to be made without carrying out a site inspection.

2.3. MINERAL ASSETS

Optiro understands that BDO will value the following projects on a discounted cashflow basis:

- Sirius' Nova/Bollinger nickel-copper project
- IGO's Long nickel project
- IGO's Jaguar zinc-copper project
- IGO's Tropicana joint venture gold project.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

In performing this valuation, BDO required Optiro to review the technical project assumptions and provide an assessment on the reasonableness of those assumptions used in valuing the above projects. Accordingly, Optiro has not independently valued these projects.

The mineral assets held by Sirius and subject to valuation in this report are the Fraser Ranger and Polar Bear projects. In addition to exploration prospectivity, the Fraser Range project includes defined Mineral Resources and Ore Reserves at Nova and Bollinger. The Mineral Resources and Ore Reserves have been valued by BDO; only the exploration potential of the Fraser Range tenements has been valued by Optiro.

The Fraser Range project comprises a total of one Mining Lease (ML), 18 Exploration Licences (EL), two Prospecting Licences (P) and six Miscellaneous Licences (L). The Mining Lease (ML28/376) covers the entire eastern portion of EL28/1724, which hosts the Nova and Bollinger deposits. Sirius purchased Creasy's 30% joint venture interest in EL28/1724 and ML28/376 on 14 February 2014. The Mining Lease, Exploration Licences and Prospecting Licences cover a total area 1,382.4 km². A further six Miscellaneous Licences are also held but, as these licences exclude mineral rights, Optiro has considered these only in general terms in its valuation.

Sirius' Polar Bear project comprises three Exploration Licences, six Mining Leases and 16 Prospecting Licences, as well as applications for two Exploration Licences and two Prospecting Licences and one mining lease.

Optiro understands that there are no current social or heritage issues that would affect its valuation of Sirius' mineral assets. Barrick (Putonic) Limited hold a 2% net smelter return royalty over the original Polar Bear licences.

The mineral asset held by IGO which is subject to valuation in this report is the Stockman project in Victoria. The Stockman project comprises four Exploration Licences and a Mining Licence, and contains identified Mineral Resources at the Currawong and Wilga deposits. The Currawong and Wilga deposits are located within a granted Mining Licence, which is adjacent to IGO Exploration Licences.

2.4. LIMITATIONS AND EXCLUSIONS

This report is based predominantly on information provided by Sirius and IGO, either directly from discussions and data provided, or from reports and correspondence with other organisations whose work is the property of Sirius and/or IGO.

This report is based on information made available to Optiro up to 12 June 2015. Sirius has not advised Optiro of any material change, or event likely to cause material change, to the technical assessment of the mineral assets contained within Sirius' and IGO's projects. This report specifically excludes any aspects relating to legal issues, commercial and financing matters, land titles and agreements, excepting such aspects as may directly influence the technical assessment of the asset.

The conclusions expressed in this report are valid as at 12 June 2015. The valuation is only appropriate for this date and may change with time and response to variations to economic, market, legal or political factors, in addition to ongoing exploration results.

All values are in Australian dollars unless otherwise indicated.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

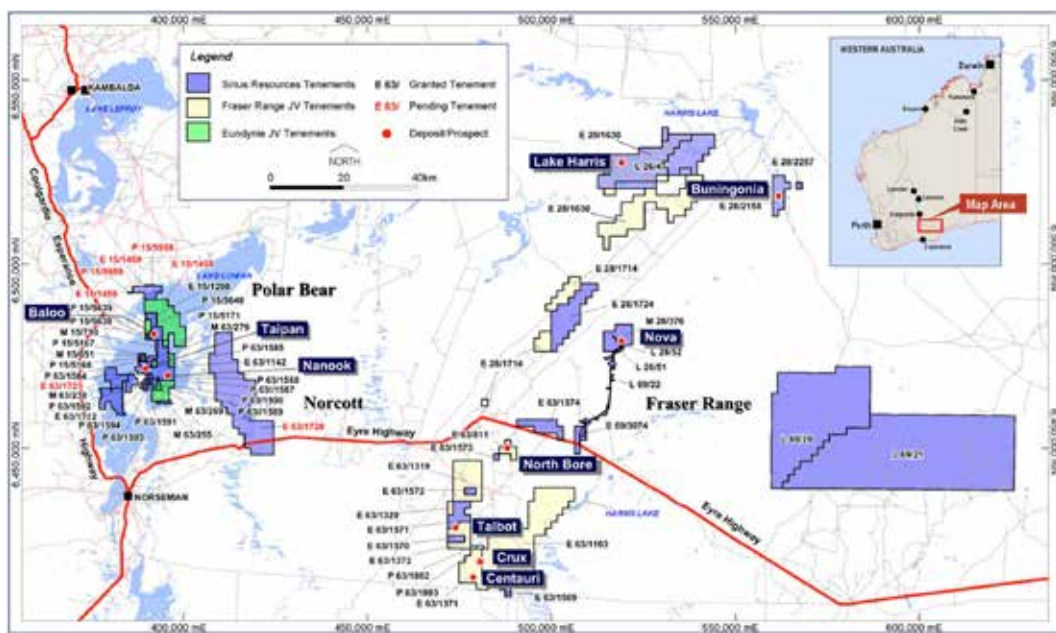
3. SIRIUS RESOURCES

3.1. FRASER RANGE PROJECT

3.1.1. LOCATION AND ACCESS

The Fraser Range project is located approximately 680 km east of Perth and 110 km east of Norseman. The project area comprises a number of semi-discontinuous licences covering approximately 130 km north to south, with the Nova and Bollinger deposits located centrally within the project area (Figure 3.1).

Figure 3.1 Location of Polar Bear and Fraser Range project licences (source: Sirius)



Access to the project area from Perth is via the Great Eastern Highway and the Eyre Highway east of Norseman, with the Eyre Highway bisecting the project area. It is some 820 km by road from Perth to Fraser Range Station, with the project area then accessed by minor roads and station tracks.

The area is characterised by dense eucalyptus forest comprising blackbutts, salmon gums and gimlets. The forests often have substantial undergrowth, making vehicle access off cleared tracks difficult.

The Nova-Bollinger deposit is located on predominantly Unallocated Crown Land (UCL), with a small portion of ML28/376 located within the boundary of the Fraser Range Station pastoral lease.

3.1.2. TENURE AND OWNERSHIP

Optiro reviewed the Fraser Range licences using the Government of Western Australia, Department of Mines and Petroleum’s Tengraph Online system, and found the licences to be in good standing. The Fraser Range project comprises a total of one Mining Lease, 18 Exploration Licences, two Prospecting Licences and six Miscellaneous Licences (Table 3.1 and Figure 3.2). Sirius purchased Creasy’s 30% joint

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

venture interest in tenement E28/1724 on 14 February 2014. The granted Exploration Licences and Prospecting Licences cover a total area of 1,201 km².

Of these licences, eight Exploration Licences and two Prospecting Licences are held in joint venture (70% Sirius) with various entities controlled by Creasy. Collectively these tenements are termed the Fraser Range Joint Venture (FRJV) and cover a total of 895.2 km². The remaining ten exploration licences and one mining lease are 100% held by Sirius. Under the joint venture terms Creasy retains a 30% free carried interest to the completion of a bankable feasibility study. The remaining tenements are 100% owned by Sirius and Optiro is not aware of any royalty, heritage or environmental issues that would affect its valuation.

On 4 August 2014, Sirius and the Ngadju People (traditional custodians and sole native title claimants to the area containing the Nova and Bollinger deposits) signed an agreement to enable the development of the Nova nickel project. Then on 15 August 2014, the Western Australian Department of Mines and Petroleum granted Mining Lease ML28/376.

Table 3.1 Fraser Range project tenement schedule

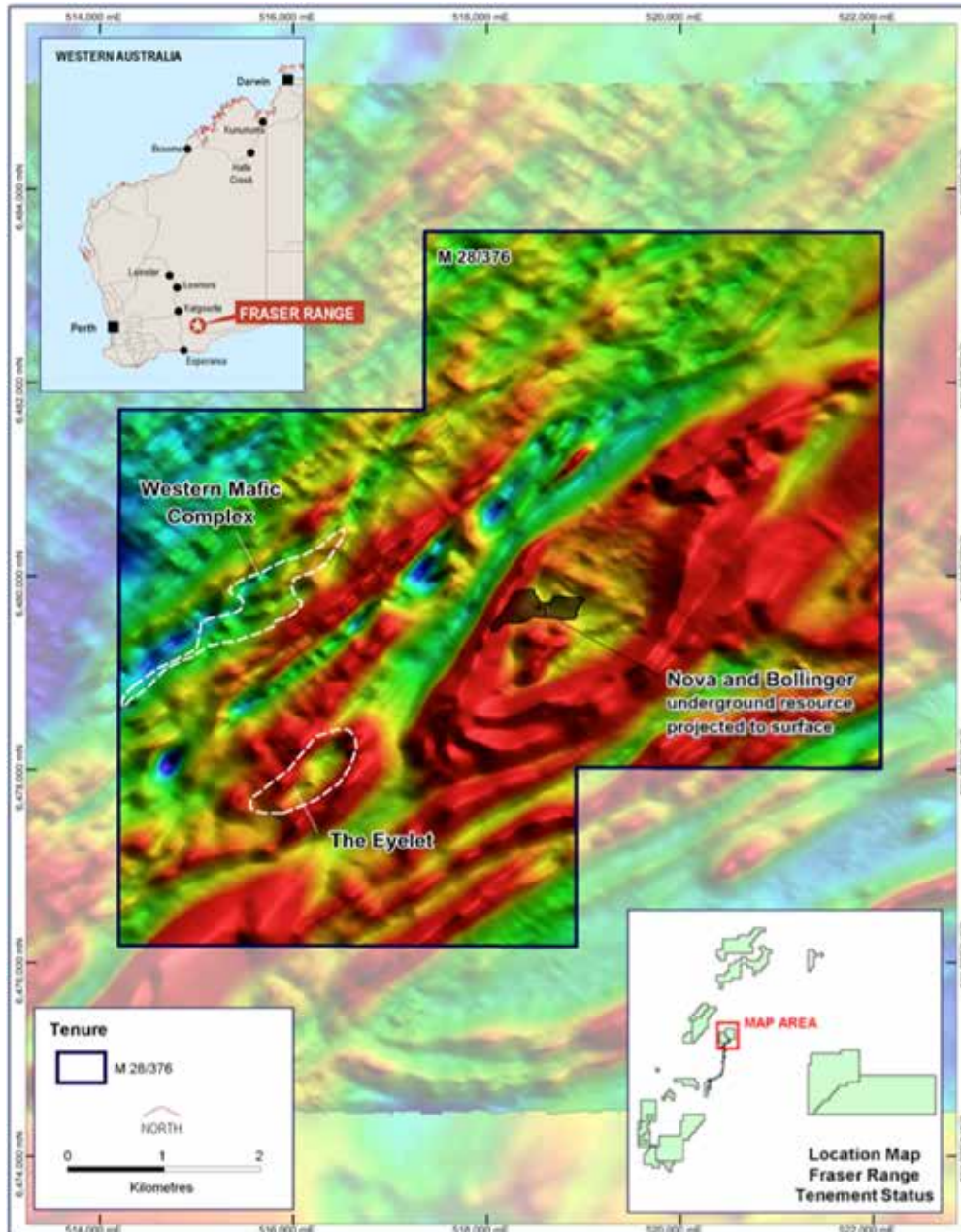
Project	Tenement number	Status	Grant date	Expiry date	Area (km ²)	Equity
FRJV	E28/1630	Granted	2 Oct 2007	1 Oct 2017	580.0	70%
FRJV	E28/1714	Granted	24 Sep 2007	23 Sep 2017	64.0	70%
FRJV	E63/811	Granted	13 Dec 2006	12 Dec 2015	14.5	70%
FRJV	E63/1103	Granted	12 Oct 2007	11 Oct 2017	285.0	70%
FRJV	E63/1319	Granted	23 Apr 2010	22 Apr 2015	81.4	70%
FRJV	E63/1320	Granted	23 Apr 2010	22 Apr 2015	5.8	70%
FRJV	E63/1371	Granted	12 Oct 2011	11 Oct 2016	58.0	70%
FRJV	E63/1372	Granted	11 May 2011	10 May 2016	32.0	70%
FRJV	P63/1802	Granted	25 Nov 2011	24 Nov 2015	1.4	70%
FRJV	P63/1803	Granted	25 Nov 2011	24 Nov 2015	1.7	70%
FR SIR	ML28/376	Granted	15 Aug 2014	14 Aug 2035	46.7	100%
FR SIR	E28/1724	Granted	12 Nov 2007	11 Nov 2017	96.4	100%
FR SIR	E28/2257	Granted	2 Aug 2013	1 Aug 2018	2.9	100%
FR SIR	E63/1569	Granted	16 Apr 2015	15 Apr 2020	20.3	100%
FR SIR	E63/1570	Granted	21 Nov 2013	20 Nov 2018	8.7	100%
FR SIR	E63/1571	Granted	21 Nov 2013	20 Nov 2018	31.9	100%
FR SIR	E63/1572	Granted	27 Nov 2013	26 Nov 2018	5.8	100%
FR SIR	E63/1573	Granted	27 Nov 2013	26 Nov 2018	2.9	100%
FR SIR	E63/1574	Granted	27 Nov 2013	26 Nov 2018	37.7	100%
FR SIR	E69/3074	Granted	10 Sep 2013	9 Sep 2018	17.4	100%
FR SIR	E28/2158	Granted	3 Apr 2012	2 Apr 2017	35.0	100%
FR SIR	L28/47	Granted	24 Feb 2014	23 Feb 2035	292.8	100%
FR SIR	L28/51	Granted	5 Jun 2015	4 Jun 2036	0.1	100%
FR SIR	L28/52	Granted	6 Nov 2014	5 Nov 2035	0.5	100%
FR SIR	L69/20	Granted	21 Oct 2013	30 Oct 2034	581.7	100%
FR SIR	L69/21	Granted	24 Jul 2014	23 Jul 2035	1,068.0	100%
FR SIR	L69/22	Granted	18 Dec 2014	17 Dec 2035	48.1	100%

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Figure 3.2 Mining Lease 28/376 area (source: Sirius)



3.1.3. PROJECT HISTORY

Newmont Australia (Newmont) originally evaluated the Fraser Range area between 1965 and 1972 using the Canadian Thompson Fold Belt as a regional nickel exploration analogy. Newmont had some success with a diamond drillhole at Gnama South, approximately 60 km southwest of Nova, intersecting 6 m at 0.44% nickel and 0.12% Cu. Prospects were also defined at Talbot and Yardilla,

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

where disseminated sulphides were observed associated with mafic granulites. Newmont failed to identify any potentially economic mineralisation and subsequently diverted its attention elsewhere.

Following Newmont's work there was little interest in exploring for nickel and PGEs until the 1980s, when Growth Resources Limited completed magnetic and radiometric surveys and followed up with a minor drilling programme targeting geophysical anomalies, with little success. In the late 1990s Gutnick Resources and Creasy conducted a GeoTEM survey which covered much of the Southern Hills area. Little follow-up occurred until 2004 to 2005, when CVRD Inco conducted a GeoTEM survey to the east over its Southern Hills Project area. Numerous anomalies were generated within the two surveys and followed up in a reconnaissance fashion with limited soil coverage and fixed loop and moving loop electromagnetics.

Interest in the Nova area was then initiated by Ponton Minerals Pty Ltd (Ponton), an entity controlled by Creasy, which followed up a lone anomalous Ni-Cu-Co soil sample collected by the Geological Survey of Western Australia (GSWA) as part of a regional regolith sampling programme. Ponton completed a small soil programme on an 800 m by 400 m grid but did not identify the GSWA anomaly.

Sirius obtained a 70% share in the base metal rights in the licence containing the GSWA anomaly in 2009, converting this to 70% share in all mineral rights in 2010 via three agreements; the Fraser Range Joint Venture Agreement (FRJVA) and the Fraser Range Split Commodity Agreement (FRSCA), both of which were superseded by the Fraser Range Restructuring Agreement (FRRA). Ponton retained the other 30% of the project as a free carried interest through to feasibility.

In November 2010, Sirius completed a 200 m by 80 m infill soil sampling programme over the locus of an oval shaped aeromagnetic anomaly identified in new government data, coincident with the original GSWA anomaly, now renamed the "Eye". The Eye was recognised as a 4 km long southwest-northeast eye-shaped magnetic structure. The results of the sampling confirmed the existence of a 2 km by 1 km Ni-Cu-Co soil anomaly containing values roughly an order of magnitude above background values (including 568 ppm nickel and 303 ppm Cu).

In March 2011, an application was submitted to the Department of Minerals and Petroleum (DMP) for drilling of a GSWA co-funded diamond hole to test for the presence of prospective nickel sulphide host lithologies beneath the soil anomaly as the area contained minimal outcrop. As a precursor to this hole, Sirius commenced drilling six reconnaissance reverse circulation (RC) holes in September 2011 to define the best position for the diamond hole. Fine-grained trace disseminated sulphides, including chalcopyrite, pyrrhotite and pentlandite, were identified in all six of the RC holes. It was agreed that the co-funded diamond hole would be tailed off the most eastern RC hole. Drilling of the diamond hole was completed in October 2011.

Results of the diamond hole showed that favourable host lithologies were present in that area, with dispersed disseminated mineralisation encountered. Due to difficulties mainly related to the weather and budget constraints, the hole was stopped at 283 m, short of the planned 400 m. Technically the programme was considered a success, as it had confirmed the existence of "fertile" mafic lithologies.

In May 2012, a RAB/aircore programme, combined with a moving loop electromagnetic survey (MLEM), was undertaken with the aim of identifying more discrete targets. The drilling programme consisted of 117 holes on 400 m line spacings and 160 m hole spacings, which identified several discrete bottom-of-hole Ni-Cu-Co anomalies. The MLEM survey was completed using 400 m line

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

spacing and 100 m station spacing and identified three strong bedrock conductors, with Conductor 1 being recognised as the strongest. The results from both the MLEM and the drilling were considered good outcomes, but the anomalies were not coincident.

Initial analysis of Conductor 1 suggested that it appeared to be underlain by metasedimentary lithologies based on the drilling and that the conductor was possibly a conductive horizon in the sedimentary package. Sirius however considered that the anomaly was a good target and decided to test Conductor 1 with an RC drill programme. Drillhole SFRC0024 targeted the midpoint of the top portion of the conductor, which could be reached with RC. At 180 m downhole, at the anticipated intersection depth, trace disseminated sulphides were intersected. At 191 m, 4 m of breccia and massive sulphides containing chalcopyrite, pyrrhotite and pentlandite were intercepted, and the Nova deposit had been discovered. The Bollinger deposit was discovered in late February 2013.

3.1.4. GEOLOGY

REGIONAL GEOLOGY

The Nova-Bollinger nickel-copper sulphide deposit is hosted within the lower granulite facies mafic rocks of the Fraser Zone of the Albany-Fraser Orogen (Figure 3.3). The Fraser Zone is dominated by metamorphosed mafic rocks but also includes metamorphosed granitic and sedimentary rocks, termed the Fraser Range Metamorphics. Much of the northern part of the Fraser Zone is obscured by younger rocks of the Eucla Basin, but geophysical data shows that it is an approximately 425 km long, northeast trending, fault-bounded domain that is up to 50 km wide.

The Fraser Range Metamorphics can be subdivided into five structurally layered units (Figure 3.4), namely:

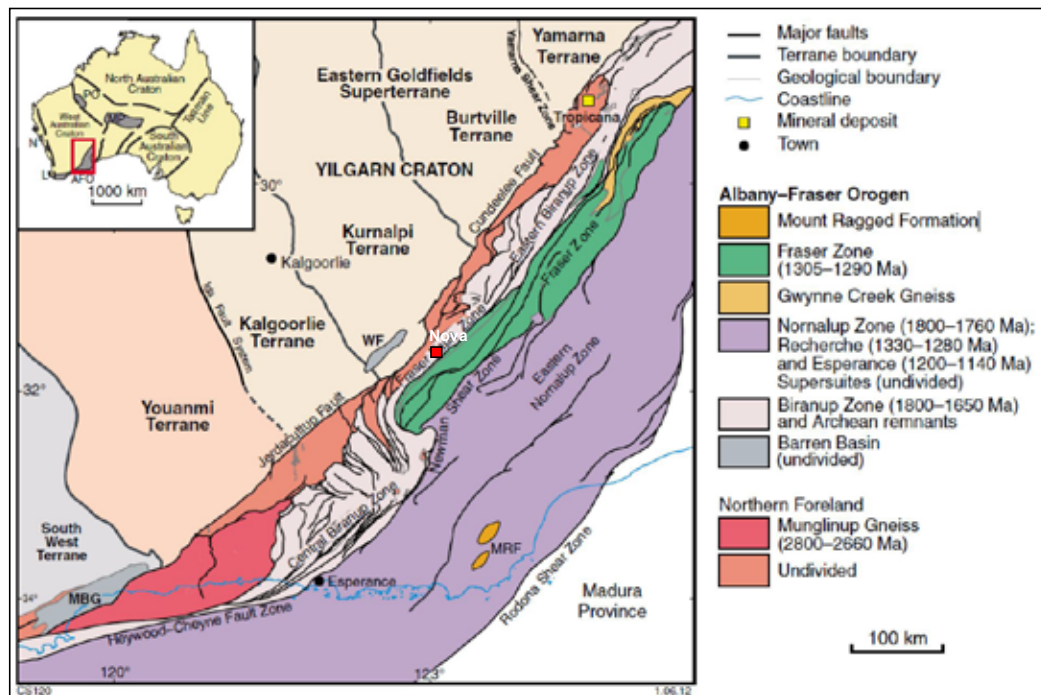
- Unit 1: a steeply east-dipping package between 3 and 6 km thick, composed of mainly garnet amphibolite and thin layers of metamorphosed ultramafics, melanogabbro and anorthosite.
- Unit 2: a sub-vertical package between 2 and 6 km thick, east of unit 1 and composed of basic pyroxene granulite, interpreted to have gabbroic and noritic protoliths.
- Unit 3: occurs southeast of Harris Lake as a tightly folded, steeply dipping package between 1 and 2 km thick. It is composed of metamorphosed leucogabbro, anorthosite and minor gabbro and melanogabbro.
- Unit 4: a sub-vertical sheet five to six km thick, positioned adjacent to or separated by a thin layer of quartzite from Unit 2, and comprised of rocks similar to Unit 2.
- Unit 5: forms the eastern margin of the Fraser Range Metamorphics, and is a steeply east-dipping package up to 16 km thick. It is composed of gabbro and metagabbro, and features well-preserved igneous minerals such as cumulus orthopyroxene, plagioclase, green spinel and clinopyroxene.

The Fraser Range Metamorphics are dominated by a northeasterly trending, steeply northwest to southeast dipping pervasive foliation. The boundaries between the five units are interpreted to be major thrust faults that interleaved thin slivers of basement gneiss and metasedimentary units between the mafic rocks. Both sinistral and dextral fault movements have been interpreted in the leading fault, the Fraser Fault, which has been described as a 2 km wide zone of shearing containing



schistose or mylonitic rocks. Three phases of deformation (D_1 - D_3), two phases of metamorphism (M_1 - M_2) and four episodes of recrystallisation (M_{1A} - M_{2B}) have also been defined.

Figure 3.3 Simplified regional geology map of southern Australia showing the Fraser Zone in green (Modified from Spaggiari et al., 2011).



Abbreviations used: AFO = Albany-Fraser Orogen, L = Leeuwin Province, MGB = Mount Barren Group, MRF = Mount Ragged Formation, N = Northampton Province, PO = Paterson Orogen, WF = Woodline Formation.

NOVA-BOLLINGER LOCAL GEOLOGY

The host rocks of the Nova-Bollinger deposit consist of a suite of meta-gabbroic to meta-picrite cumulates which have been metamorphosed to a high metamorphic grade (lower granulite facies). These units are interpreted to have been emplaced as layered sills in an extensional sedimentary basin during the late stages of breakup of continental crust and formation of a volcanic passive margin.

The deposit is situated on the northwestern side of an eye-like structural feature which is best seen in regional and ground magnetics. The strike of the eye is approximately 050° , which corresponds with the regional strike of the Fraser Range Metamorphics. The basal mineralisation (Lower Massive) at Nova has undergone significant strain. Some transposition is evident and is interpreted to be a north-northwest verging thrust fault environment, with evidence of drag folding observed within the core.

The deposit steeply dips (65° to 80°) to the southeast at the southwestern margin but further to the northeast and east, the dip shallows considerably to less than 20° .

MINERALISATION

Nickel-copper sulphide mineralisation at Nova-Bollinger is interpreted to have formed initially as a typical magmatic segregation Ni-Cu deposit, with strong analogies to those deposits formed in sill-like, layered intrusions of picritic to gabbroic composition, such as the Pechenga and Noril'sk deposits in

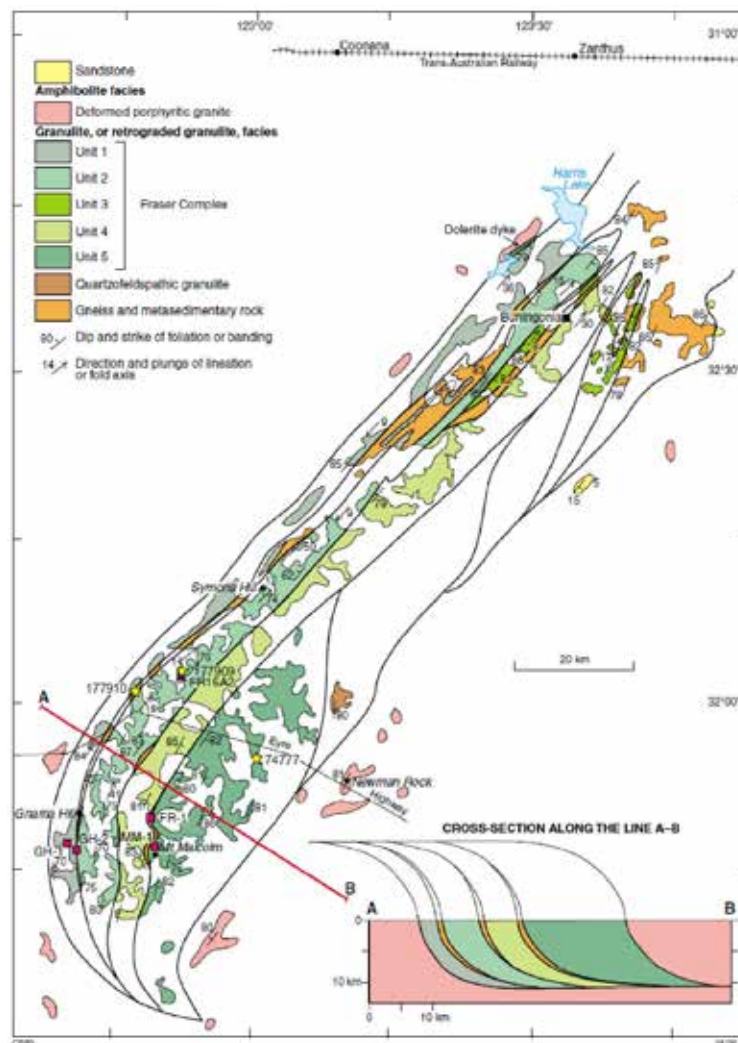
F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Russia. Unlike these deposits, however, the Nova-Bollinger host package and mineralisation have experienced lower granulite grade metamorphism and show evidence for remobilisation and concentration of the sulphides.

Figure 3.4 Geological map of the southern part of the Fraser Zone with schematic cross section (from Spaggiari et al., 2009)



SULPHIDE MINERALOGY

The sulphide assemblage of the Nova-Bollinger ore is mineralogically simple, being composed of pyrrhotite (~80-85%), pentlandite (~15-10%) and chalcopyrite (5-10%), irrespective of the ore type. Pyrrhotite often forms a mosaic of interlocking crystals ranging in size from 1 to 4 mm to 1 to 2 cm across. Preliminary electron probe microanalysis of fresh pyrrhotite from Nova suggests that pyrrhotite nickel values range from between 0.5% to 1%. Chalcopyrite is the least abundant sulphide, rarely comprising more than 15% of the sulphides in any one sample. Other minerals noted include magnetite and rare violarite, located in pitted pentlandite in some samples.



3.1.5. NOVA-BOLLINGER

MINERAL RESOURCES

A Mineral Resource estimate was reported by Optiro in August 2013 and is summarised in Table 3.2. This includes Mineral Resources at both the Nova and Bollinger deposits. Optiro considers the resource estimate and the methodology appropriate for the style of mineralisation, and confirms that the reporting and classification of the Mineral Resource estimate for Nova-Bollinger is in accordance with JORC Code (2012) guidelines.

Table 3.2 Nova nickel project Mineral Resource Estimate (as at August 2013)

Classification	Tonnes (Mt)	Ni Eq (%)	Ni (%)	Cu (%)	Co (%)	Nickel (kt)	Copper (kt)	Cobalt (kt)
Nova								
Indicated	9.1	2.7	2.5	1.0	0.08	230	94	7.3
Inferred	1.0	1.6	1.4	0.6	0.05	14	6	0.5
Total	10.1	2.6	2.4	1.0	0.08	244	100	7.7
Bollinger								
Indicated	2.4	2.9	2.7	1.1	0.11	64	26	2.6
Inferred	1.8	1.0	1.0	0.4	0.04	17	8	0.7
Total	4.2	2.1	2.0	0.8	0.08	82	34	3.3
Total – Nova and Bollinger								
Indicated	11.5	2.7	2.6	1.0	0.09	294	120	9.8
Inferred	2.8	1.2	1.1	0.5	0.04	31	14	1.2
Total	14.3	2.4	2.3	0.9	0.08	325	134	11.0

The Bollinger deposit appears to be intimately related to the Nova deposit and is considered by Sirius to represent a number of intrusive events that transgress sedimentary layers to the immediate east of Nova. The Nova and Bollinger deposits are joined by a linking structure, termed the “feeder zone”. The total extent of the combined Nova-Bollinger deposit is 750 m north-south by 950 m east-west with a maximum depth of 450 m below surface (Figure 3.5).

The input data used for the Mineral Resource estimate is comprehensive in its coverage of the mineralisation. The Nova deposit was sampled using a combination of RC and diamond holes drilled on a nominal 25 m by 25 m grid spacing. A total of 15 RC and 163 diamond holes were drilled, for 2,910 m and 63,099 m respectively. Bollinger was discovered in late February 2013, and has been sampled by diamond drilling on a nominal 25 m by 25 m and 50 m by 50 m drill spacing; a total of 72 diamond holes were drilled for 35,935 m.

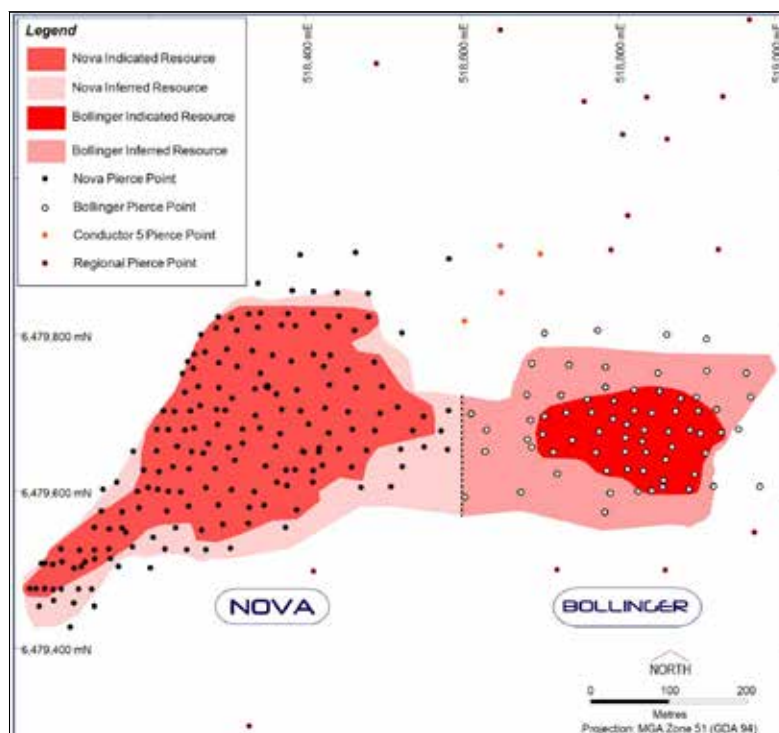
Geological control at Nova-Bollinger consists of a primary mineralisation event modified by later structural events. The definition of mineralised zones used for the Mineral Resource estimate is based on a high level of geological understanding, producing a robust model of mineralised domains.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Figure 3.5 Plan projection of Nova and Bollinger, showing location and extent of resource categories.

**ORE RESERVES**

As of June 2014 the Ore Reserves estimated at the Nova nickel project are 14.2 Mt at an average grade of 2.0% Ni, 0.8% copper and 0.07% Co, for contained metal of 285,000 t nickel, 118,000 t copper and 10,000 t cobalt.

The mine schedule and financial analysis includes some low confidence material; however, this material comprises only a low portion of the mineable inventory and thus is unlikely to affect the outcome of any assessment of project viability.

The mine schedule and financial analysis on which the Ore Reserves have been declared does contain some low confidence material; however, this material comprises only a low portion of the mineable inventory and thus is unlikely to affect the outcome of any assessment of project viability.

Optiro notes that the Ore Reserve cut-off grade does not include capital costs. Optiro's usual practice is to include capital costs in calculating cut-off grade to ensure all ore tonnes mined pay for all costs associated with producing that tonne of ore material. However, it is acknowledged that there are different viewpoints on cut-off grade calculation and, accordingly, Optiro considers the cut-off grade calculation in this case to be reasonable.

The Ore Reserve estimate represents a conversion from resource to reserve of 92% of the in situ Indicated Mineral Resource metal.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Net Smelter Return and cut-off grade

In a mine with a single metal product, the cut-off grade is calculated by taking into account costs, metallurgical recoveries and revenue from metal to determine the grade above which a positive cashflow will be returned.

The polymetallic nature of Nova does not allow for the use of a single element to ascertain the financial viability of stope designs or to create a whole of mine cut-off grade. The cut-off grade calculation needs to consider the fact that the revenue for the mine is derived from nickel, copper and cobalt, and that each one of these elements has differing treatment and refining costs (offsite costs).

The Net Smelter Return (NSR) is the net value of each tonne of ore after revenue, metallurgical recovery, payability and offsite treatment and refining costs have been accounted for, based on the quantities of each metal present in the ore material. The cut-off grade is simply the NSR value that is equal to the onsite cost of production of that tonne of ore (dependent upon the mining method).

The Ore Reserve has been derived by undertaking a mine design based on the following NSR cut-off grades:

- an economic cut-off grade of A\$105/t NSR
- a stope Incremental cut-off grade of A\$80/t NSR
- an incremental development cut-off grade of A\$38/t NSR.

Whilst the commercial terms of any offtake agreements are unknown, the payability factors for each product are considered reasonable.

Modifying factors

The major modifying factors assumed in the Ore Reserve process are:

- 95% recovery of all stope material
- 2% paste fill dilution
- 4.9% unplanned dilution
- 7.9% planned dilution.

The modifying factors are all aligned with industry accepted parameters.

MINING

Mining methods

The Nova nickel project underground development will be undertaken by conventional and well-understood drill and blast excavation techniques that are common in Australian and worldwide underground metalliferous mines.

For stoping, numerous extraction methods will be undertaken based on orebody geometry and grade, including:

- transverse / longitudinal sublevel open stoping
- longitudinal open stoping of moderately dipping orebody areas
- longitudinal open stoping of sub-vertical orebody areas with remnant pillars
- longitudinal open stoping of sub-vertical orebody with paste fill.

F. Independent Geological Report (cont)

Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

All mining methods proposed for underground mining at the Nova nickel project are in line with industry standards.

Mine design

The mine design has been undertaken utilising industry-accepted design parameters. Some of the wider areas of the sublevel open stoping of the moderately dipping parts of the orebody are designed to be mined top-down with horizontal paste-fill exposures. Another variant of this mining method, using near vertical paste-fill exposures, could be undertaken with virtually no additional cost and may provide a more stable, lower dilution outcome.

Mining inventory

The mining inventory contains 14.2 Mt at an average grade of 2.0% Ni, 0.8% Cu and 0.1% Co for contained metal of 285,000 t nickel, 118,000 t copper and 10,000 t cobalt. This represents 97% of the tonnes and 87% of the contained nickel metal in the Mineral Resource and 108% of tonnes and 104% of contained nickel metal from the Ore Reserve. This is only possible as the mining inventory contains material that is not of sufficient confidence to be used in the Ore Reserve but is planned to be mined nonetheless.

Key physicals

Waste tonnages are considered reasonable for the mine life and degree of development required. The DFS does not plan to have a permanent waste dump, and assumes that waste material will be used for infrastructure, such as the ROM pad and tailings storage facility. It is unclear whether these facilities consume all 2.2 Mt of the forecast waste material, and as such, whether the transport of the waste has been adequately costed. As designed, all stopes are paste-filled so the ability to relocate any excess waste back underground appears limited.

Ore Reserve tonnages are considered reasonable based on the modifying factors used. There is some low confidence ore material included in the design; however, this represents a small portion of the overall reserve tonnage, and hence the financial risk associated with this material is considered low. Mining Inventory grades are considered reasonable based on the resource model grades and application of modifying factors.

Schedule

Overall the mine plan schedule assumptions are considered reasonable. Two rates, those being the achievable development rate per jumbo per month and the average stoping rate (after allowance for the time taken to establish slots and charging activities) appear to be at the higher end of what may be considered reasonable, but examples of these rates being achieved do exist in Australian mining operations. The scheduling results in a maximum production rate of 1.5 Mtpa and an average production rate (from start of stoping to end of mine life) of 1.38 Mtpa.

PROCESSING

Optiro has reviewed the processing assumptions and testwork carried on the Nova-Bollinger deposit and considers the model inputs appropriate.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

A metallurgical testwork program was undertaken for the purpose of optimising a process for the recovery of nickel and copper concentrates from the proposed mine. The ore, in its various geological settings, has responded to metallurgical processing in a predictable manner, consistent with the mineralogy. The testwork program has defined a robust flowsheet that produces high-grade separate copper and nickel concentrates at acceptable recoveries.

Mineralogical examination of the ore showed that the major sulphide minerals (chalcopyrite, pentlandite and pyrrhotite) have a fine grain size (between 15 and 19 μm) and are well-liberated. The mineralogy indicates that the separation of the various sulphides, chalcopyrite and pentlandite to separate concentrate products and pyrrhotite to tailings, can be achieved through control of the chemistry of the flotation system.

The SAG mill work indices indicate that the material is moderately soft relative to the range of ores successfully treated by SAG milling. The optimal crushing and grinding arrangement was determined to be a single stage crusher, followed by SAG and ball mills in series.

The production of separate saleable copper and nickel concentrates from the Nova ore has been clearly and constantly demonstrated throughout the project studies. The optimised recovery in the split flotation circuit is presented in Table 3.3.

Table 3.3 Optimised recovery results

Concentrate	Copper		Nickel	
	Grade (%)	Recovery (%)	Grade (%)	Recovery (%)
Copper	29.0	95.0	-	-
Nickel	-	-	13.5	89.0

The flotation flowsheet required to produce separate copper and nickel concentrates is an open circuit based on roughing, cleaning and cleaner scavenging. The circuit will be replicated for both copper and nickel circuits, and regrinding on particular streams is used to increase liberation and recovery for both circuits.

Testing of variability samples aimed at assessing the flotation response of different ore zones and lithologies that make up the Nova-Bollinger deposit has also been completed. Six different ore zone composites were tested, covering the majority of the Ore Reserve. Each of the main ore types was tested to assess their individual response, with the following characteristics noted:

- all of the variability samples floated well within the constraints of the developed flowsheet, with slight adjustments to the reagent regime
- all of the variability samples demonstrated an ability to produce copper and nickel concentrates at acceptable grades and recoveries
- pyrrhotite in the ore represents a processing challenge, as it is the dominant non-ore sulphide within the deposit. Getting the pyrrhotite to report to tailings with minimal loss of nickel will be important with respect to concentrate grade and recovery.

Processing plant

The process plant design is based on maintaining constant nickel metal production with varying feed grade and ore hardness. The nominal throughput of 1.5 Mtpa at plant availabilities of 91.3%

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

(8,000 hours per annum), with an average grades of 2.0% Ni and 0.82% Cu, will produce 251,600 t of nickel in concentrate and 111,136 t of copper in concentrate over the life of the mine.

The processing facility will generate separate copper and nickel concentrates via conventional froth flotation. Optiro considers that the processing plant assumptions are reasonable and appropriate.

OPERATING COSTS

Life of mine operating expenditure is forecast at A\$1,775 M (A\$124.64/t), which comprises:

- mining costs of A\$782.9 M, or A\$54.97 per tonne of ore
- processing and maintenance costs of A\$507.6 M, or A\$35.64 per tonne of ore
- administration costs of A\$154.2 M, or A\$10.83 per tonne of ore
- transport costs of A\$330.3, or A\$23.20 per tonne of ore.

Overall, the operating costs are considered reasonable, although Optiro notes the following:

- The total operating cost for paste fill is A\$100.4 M, which equates to a paste fill cost of \$12.76 per cubic metre of paste. Optiro notes that the paste fill cost is low, but as it is based upon tender costs it is considered reasonable.
- Optiro notes that no contingency has been allowed for in the operating cost estimates. Operating costs are largely based on tender costs and therefore this is considered reasonable.

CAPITAL COSTS

Life of mine capital expenditure totals A\$625 M (A\$43.9/t), which includes construction / pre-production expenditure of A\$440 M (A\$31.7/t), project development contingency of 5% or A\$22.5 M (A\$1.6/t) and sustaining post commissioning expenditure of A\$127.0 M (\$8.91/t). In addition, mine closure costs of A\$25.0 M have been included.

Given that the bulk of the surface capital works tenders have been awarded and fixed price contracts exist, there is a reasonable level of certainty in the financial cost regarding these packages of work along with performance to date achieving these costs. Underground development capital costs, whilst achievable appear optimistic when compared to comparable operations. Given current industry wide cost reductions however Optiro considers the development costs to be reasonable.

3.1.6. OTHER PROSPECTS

TALBOT AND SOUTHERN HILLS (100% SIRIUS)

The Talbot and Southern Hills prospects are located to the south of the Nova and Bollinger deposits. Mapping of the local area at Gnama Hill, and information obtained through drilling, suggests that the geology of the area is a mix of granulite facies paragneisses with intercalated mafic granulites, with mafic and ultramafic protoliths.

Historical drillholes have intersected disseminated nickel-copper sulphides within steeply-dipping lenses of mafic and ultramafic rocks. A single hole drilled by Newmont in the 1960s intersected a veinlet of pyrrhotite with subordinate chalcopyrite and pentlandite with values of 1.8% Ni and 0.8% Cu.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

BUNINGONIA (100% SIRIUS)

The Buningonia intrusion is located within E28/2158 and appears as an “Eye” like feature, similar in shape and scale to the geological feature that is host to the Nova nickel-copper discovery. This intrusion is situated some 40 km along strike from Nova and is also considered to be highly prospective for mafic-ultramafic intrusion-hosted magmatic nickel-copper-platinum group metal (PGM) and chromite deposits.

The Buningonia project is also considered prospective for Bushveld-style PGE and chromite mineralisation, with initial encouraging findings of anomalous Cr-PGM values overlying ultramafic rocks that form part of a large layered intrusion. Sirius considers that comparisons to the Bushveld complex can be made in terms of physical processes but are not scale-accurate.

A number of rock chip samples containing elevated PGMs were analysed via SEM at Cardiff University in 2012, where two separate platinum bearing minerals were identified.

CENTAURI AND CRUX (70% SIRIUS)

Primary copper-nickel sulphide mineralisation has been identified associated with the Crux and Centauri mafic intrusions.

Soil sampling programmes identified significant Ni-Cu-Co-Cr soil anomalies at the Crux and Centauri prospects, located some 60 km to the southwest of Nova-Bollinger. Each of the anomalies measures between 400 m and 800 m in length, with peaks at over 1,000 ppm nickel (up to 1,980 ppm), between 100 ppm and 286 ppm copper and between 100 ppm and 195 ppm cobalt.

At Crux the anomalies form a cluster within a magnetic low measuring approximately 5 km long by 2 km wide, which may represent an intrusion similar to that at the Eye (Nova). Results from 175 wide spaced (400 m by 100 m) shallow aircore holes drilled across the nickel-copper soil anomaly identified an extensive subsurface zone of nickel, copper and cobalt enrichment within weathered mafic and ultramafic rocks. Diamond drillhole results confirmed the presence of magmatic nickel-copper sulphide mineralisation within the Crux intrusion.

At Centauri, wide-spaced RC (eight holes) and aircore (141 holes) drilled during 2014 identified an extensive subsurface zone of nickel, copper and cobalt enrichment within weathered mafic and ultramafic rocks.

LAKE HARRIS

The Lake Harris Exploration Licence E28/1630 is located to the northwest of the nickel prospective part of the Albany-Fraser belt and covers part of the southwestern continuation of the gold prospective Tropicana belt.

A number of gold in calcrete anomalies have been identified following an extensive auger based geochemical sampling program. Five of these anomalies occur over a strike extent of up to 3 km and reconnaissance RAB drilling intersected anomalous gold results.

F. Independent Geological Report (cont)



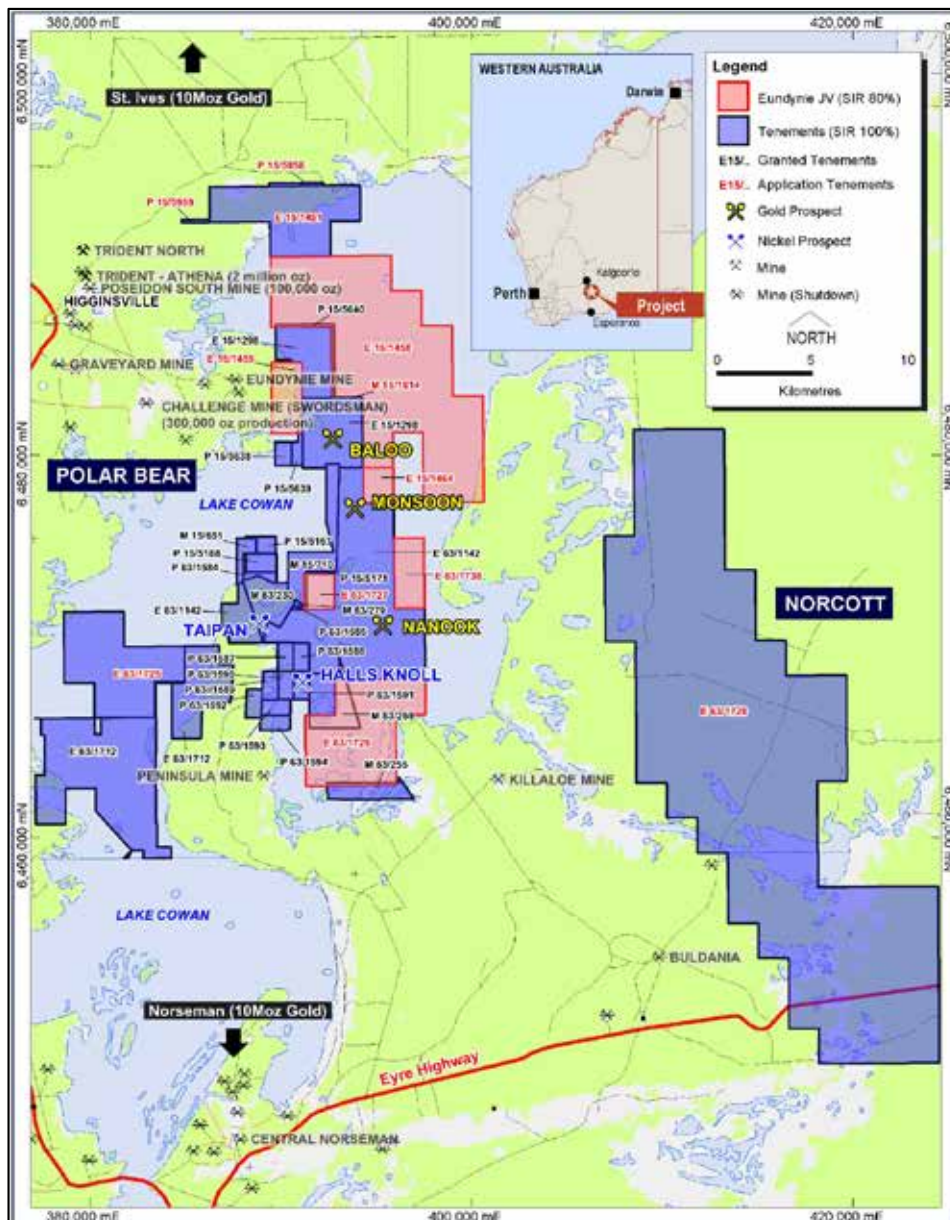
Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

3.2. POLAR BEAR PROJECT

3.2.1. LOCATION AND ACCESS

The Polar Bear project is located approximately 40 km north-northeast of Norseman (Figure 3.6). Much of the project area lies over Lake Cowan and covers the Polar Bear peninsula. Access is via Norseman, then east along the Eyre Highway for 12 km before turning along Peninsula and Hinamoa mine roads.

Figure 3.6 Location of Polar Bear project licences (Source: Sirius)





Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

3.2.2. TENURE AND OWNERSHIP

Optiro reviewed the Polar Bear licences using the Government of Western Australia, Department of Mines and Petroleum’s Tengraph Online system and found the licences to be in good standing. The Polar Bear project comprises a total of three Exploration Licences, 16 Prospecting Licences and six Mining Leases (Table 3.4) covering a combined total area 151.3 km² as well as applications for two Exploration Licences, two Prospecting Licences and one mining lease covering a further 38.3 km².

Table 3.4 Polar Bear project tenement schedule (excluding Eundynie joint venture and Norcott licence)

Tenement number	Status	Grant date	Expiry date	Area (km ²)	Equity
E15/1298	Granted	31 Jul 2012	30 Jul 2017	20.4	100%
E63/1142*	Granted	13 Feb2009	12 Feb 2019	58.4	100%
E63/1712	Granted	25/5/2015	24/5/2020	44.2	100%
M15/651*	Granted	11 Feb 1993	10 Feb 2035	1.4	100%
M15/710*	Granted	10 Aug 1994	9 Aug 2015	6.1	100%
M63/230*	Granted	19 Nov 1990	18 Nov 2032	5.0	100%
M63/255*	Granted	22 Oct 1992	21 Oct 2034	3.5	100%
M63/269*	Granted	1 Oct 1993	30 Sep 2035	6.7	100%
M63/279*	Granted	23 Mar 1994	22 Mar 2015	0.1	100%
P15/5167*	Granted	7 Apr 2009	6 Apr 2017	1.0	100%
P15/5168*	Granted	7 Apr 2009	6 Apr 2017	1.5	100%
P15/5171*	Granted	30 Sep 2008	29 Sep 2016	0.2	100%
P15/5638	Granted	14 Jun 2012	13 Jun 2016	1.1	100%
P15/5639	Granted	14 Jun 2012	13 Jun 2016	1.0	100%
P15/5640	Granted	3 Sep 2012	2 Sep 2016	1.0	100%
P63/1584*	Granted	30 Jun 2008	29 Jun 2016	0.7	100%
P63/1585*	Granted	30 Jun 2008	29 Jun 2016	0.1	100%
P63/1587*	Granted	10 Jun 2009	9 Jun 2017	1.2	100%
P63/1588*	Granted	10 Jun 2009	9 Jun 2017	1.2	100%
P63/1589*	Granted	10 Jun 2009	9 Jun 2017	1.2	100%
P63/1590*	Granted	10 Jun 2009	9 Jun 2017	1.2	100%
P63/1591*	Granted	10 Jun 2009	9 Jun 2017	1.2	100%
P63/1592*	Granted	10 Jun 2009	9 Jun 2017	1.2	100%
P63/1593*	Granted	10 Jun 2009	9 Jun 2017	1.2	100%
P63/1594*	Granted	10 Jun 2009	9 Jun 2017	1.2	100%
E15/1461	Pending				
E63/1725	Pending				
M15/1814	Pending				
P15/5958	Pending				
P15/5959	Pending				

- subject to 2% NSR royalty

Furthermore, on 16 February 2015 Sirius purchased an 80% interest in ground adjacent to the Baloo discovery (Eundynie Joint Venture). The joint venture comprises six exploration licence applications covering part of the Baloo trend and the projected extension of the geological trend that hosts Gold Fields’ recent Invincible gold discovery to the north. The Norcott licence application and Eundynie joint venture do not form part of this valuation as these licences remain in application.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Total annual exploration expenditure commitments for the Polar Bear project are currently \$395,000. To date, Optiro understands that Sirius has expended \$13.2 M on the Polar Bear licences.

Optiro understands that the original Polar Bear licences as specified in Table 3.4 are subject to a 2% net smelter return (NSR) royalty payable to Barrick (Plutonic) Limited.

3.2.3. GEOLOGY

REGIONAL GEOLOGY

The geology at Polar Bear is dominated by complexly-deformed Achaean greenstone assemblages of the Norseman-Wiluna Greenstone Belt which have been metamorphosed to upper greenschist facies (Figure 3.7). The major regional structures in the area are the Boulder-Lefroy Fault, located approximately 10 km northeast of the project area, the Mission Fault, located in the southern portion of the project area and the Black Knob Fault that transects the central portion of the project. The Mission Fault merges with the Black Knob Fault in the southwest portion of the project area. Both the Boulder-Lefroy and the Black Knob faults strike north-northwest. The Black Knob Fault is interpreted to be the southern extension of the Zuleika Shear.

LOCAL GEOLOGY

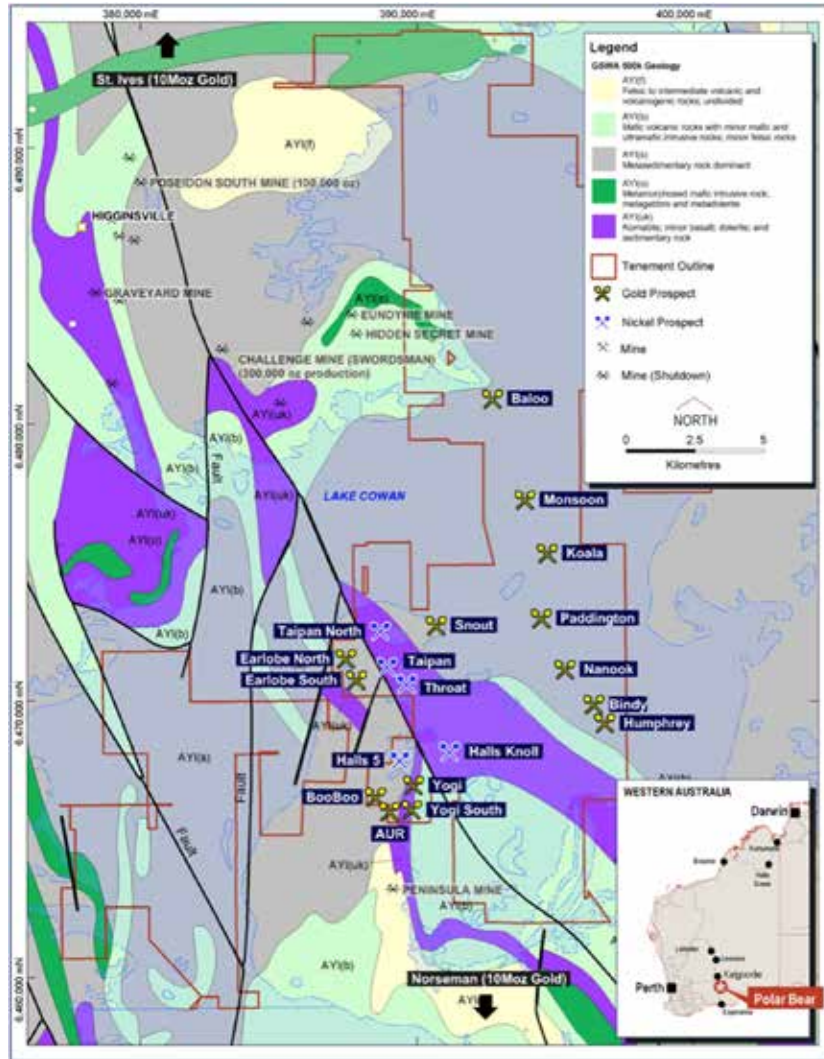
Lake Cowan covers most of the project area and comprises a 1 to 3 m thick layer of gypsiferous mud and clay with a poorly developed halite crust. The deeper channels within the lake contain thick sequences of transported clays with intercalated lignite beds from 1 m to 20 m thick which overlie laterally extensive fossiliferous sandstone, locally known as the Norseman Formation and of probable Eocene age. Locally running sands and gravels are present at the base of the channels, which can be in excess of 90 m thick and which were believed to be draining in a northeast direction. The entire project area has been intruded by numerous Proterozoic dolerite dykes.

The local Polar Bear geology is characterised by a complex array of structural features, including repeated thrusts, folding, plunging and shearing. Meta-basalt, meta-dolerite and repeated flows of serpentinised peridotites and pyroxenites are the dominant lithologies. Wedged within the greenstone sequences are steeply dipping black shales and chert units. Carbonate-talc alteration of ultramafic units is common and is often accompanied by asbestos veining. Felsic intrusions, in the form of massive quartz-feldspar-biotite porphyritic granites, are widespread in the northern islands. At the Snout gold prospect the coarse felsic unit is repeatedly crosscut by quartz veinlets, often containing visible sulphides.

The Polar Bear region contains known nickel sulphide mineralisation at the North Peninsula and Halls Knoll prospect areas. Mineralisation is present as disseminated and remobilised massive and veinlet sulphides within the ultramafic sequence. Historically, the region is known for its gold prospectivity, particularly to the northwest and southeast of the Polar Bear tenements. Current and previous gold mining operations along strike include Trident, Killaloe, Challenge-Swordsman and Higginsville. Historical small open pits and underground workings can also be observed across the peninsula.



Figure 3.7 Geology of the Polar Bear area (Source: Sirius)



Peninsula Area

The Peninsula area, located south of the Black Knob Fault, is dominated by sub-vertical, tightly folded north striking felsic schists of the Mt Kirk Formation (MKF), derived from volcanoclastics, sediments and porphyry intrusive rocks. To the south are rocks of the Woolyeenyer Formation, dominated by basalts and gabbroic dykes and sills with lesser discontinuous shales, cherts and sandstone, along with minor ultramafic rocks.

Eundynie Mafic Sequence

The Eundynie Mafic Sequence (EMS) consists of a tightly folded sequence of ultramafic and mafic intrusives and extrusives with minor interflow sediments. The rocks are frequently talc-carbonate altered and moderately well foliated. The ultramafic rocks, which comprise the dominant folded

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

sequence in the EMS, are termed the Buldania Formation and consist of komatiitic flows and peridotites. The Buldania Formation also contains minor mafic units and rare interflow sediments. The EMS is truncated to the east by the Buldania Fault and to the southwest by the Black Knob Fault.

The Buldania Formation is in contact with the Killaloe Formation, located further to the east, and although the contact is poorly understood due to lack of exposure, it could possibly represent an early D2 thrust. The Killaloe Formation is an extensive felsic-sedimentary sequence, interpreted to be a southern equivalent of the Black Flag beds present in the Kalgoorlie and Kambalda regions.

3.2.4. EXPLORATION ACTIVITIES

Exploration activities at Polar Bear have been dominantly focused towards discovering gold mineralisation. In March 2013 three diamond drillholes were completed at the Earlobe prospect for a total of 521 m. Three aircore programmes were completed in January, April/May and August/September 2013 on the previously identified Humphrey, Bindy, Paddington and Koala prospects and the newly defined Nanook prospect, for a total of 31,510 m of drilling.

In completing the aircore programmes, Sirius engaged a specialist lake drill rig to explore gold targets beneath Lake Cowan. In total, 645 aircore drillholes were completed.

The reconnaissance drilling defined a broad (500 m wide) blanket of supergene gold anomalism at the Humphrey prospect, with individual 4 m samples grading up to 1.4g/t gold within this blanket. Two further broad supergene gold anomalies were defined at Bindy and Nanook. Bindy extends over 400 m and features individual 4 m samples grading up to 7.2 g/t within a supergene blanket.

A programme of infill drilling at Bindy and Nanook, together with first-pass drilling of the other untested targets at Paddington and Koala, commenced in August 2013, with 256 holes being drilled for approximately 12,300 m.

Nanook was the most significant anomaly at the time (Figure 3.8), with a strike extent of approximately 1,600 m and a width of approximately 800 m at the 1 g/t Au level. At Nanook results of up to 13 m at 23.9 g/t Au have been recorded. Mineralisation is primarily located within a quartz gravel situated at the base of a north-northeast trending palaeochannel. It is unclear at this stage whether the gold situated in the palaeochannel is chemically or mechanically derived or whether this is proximal or distal to the bedrock source which is as yet unlocated. Anomalous bottom-of-hole results within the Archaean basement on the western flank of the palaeochannel (particularly in SPBA0464, with 40 m to 42 m at 3.45 g/t Au) are considered a potential source for the gold in the palaeochannel. This anomaly is open to the northeast and Sirius is continuing to drill the extensions.

The Humphrey anomaly is a broad, approximately 500 m wide blanket of supergene gold anomalism with individual 4 m composite samples grading up to 1.4 g/t gold. The Bindy anomaly extends over 400 m and has individual 4 m composite samples grading up to 7.2 g/t gold.

In January 2015 Sirius announced the discovery of the Baloo prospect from a wide-spaced (100 m by 40 m) aircore reconnaissance drilling programme. Later infill drilling defined a significant zone of gold mineralisation measuring 700 m in strike length and up to 100 m wide. Sirius has reported that a number of aircore holes end in mineralisation due to aircore not being able to penetrate hard zones of quartz veining. Drillhole locations, significant intercepts and maximum downhole grades are shown in Figure 3.9. Furthermore, diamond drilling at Baloo beneath the oxide zone has identified a

F. Independent Geological Report (cont)



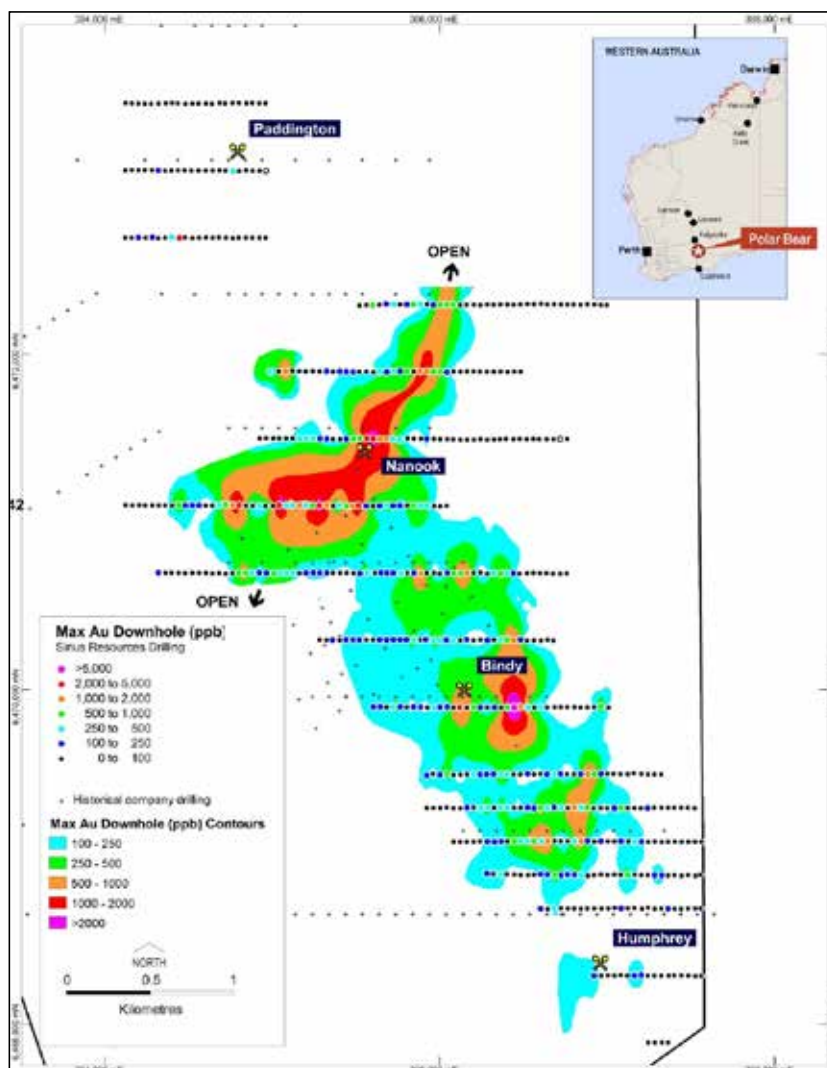
Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

mineralised shoot which dips 30° to the east and plunges gently to the southeast. The shoot is up to 10 m thick and 70 m across and remains open down plunge. Optiro understands that Sirius is mobilising a reverse circulation (RC) rig with the aim of providing additional information to form the basis of a Mineral Resource estimate.

At Monsoon, 3 km to the south of Baloo reconnaissance aircore drilling on an 80 by 40 m grid defined sporadic gold mineralisation over a 1 km strike length. The mineralisation is associated with quartz veining and arsenopyrite alteration within a north-northeast trending shear zone on a mafic-shale contact. Drillhole results to date include grades of up to 12 m at 16.9 g/t Au, but correlation between drill sections has not yet been determined.

The identified gold mineralisation at Baloo, Monsoon and Nanook potentially defines a previously unrecognised and unexplored gold trend beneath Lake Cowan.

Figure 3.8 Nanook and Bindy prospects showing maximum down hole gold (Source: Sirius)

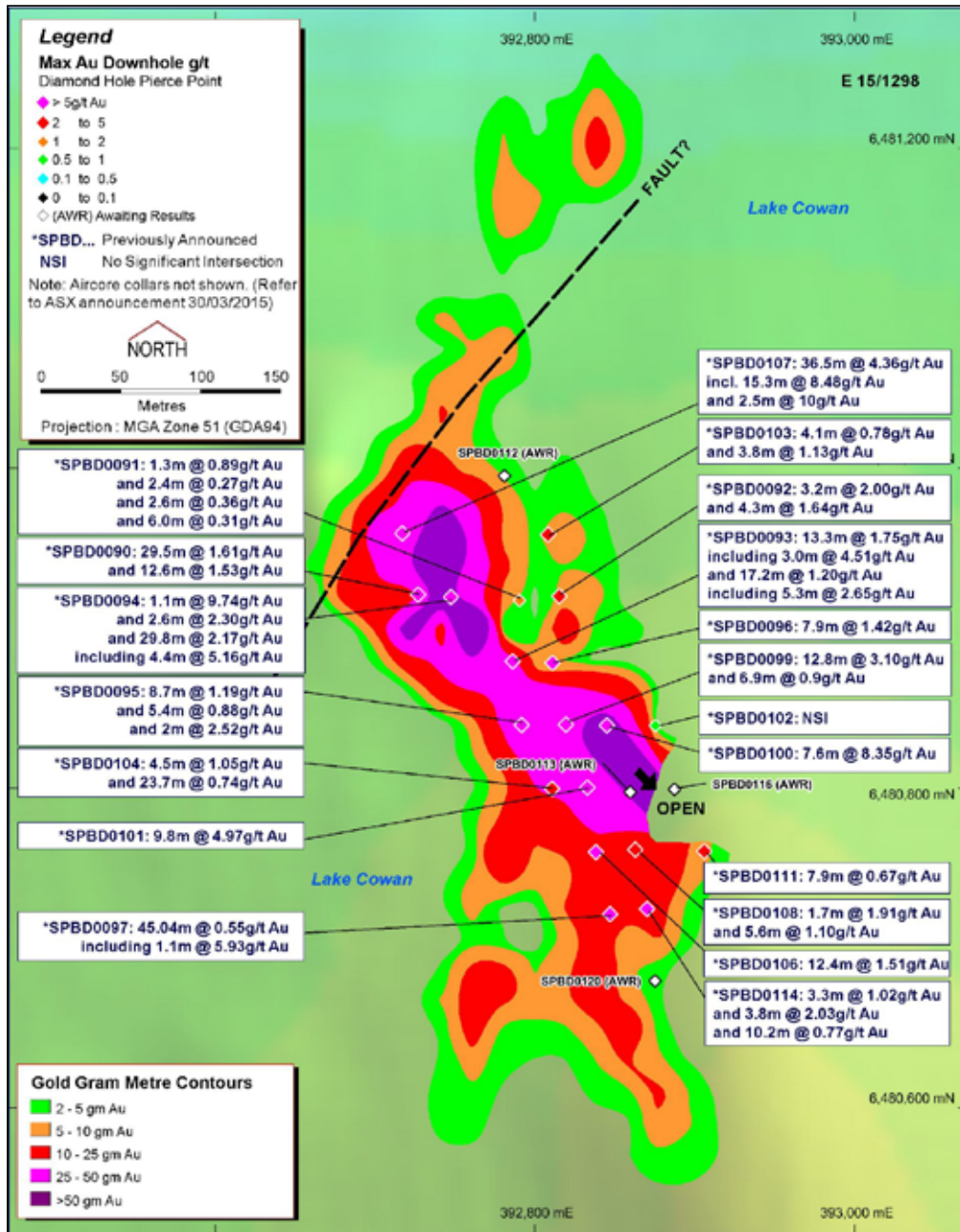


F. Independent Geological Report (cont)



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Figure 3.9 Baloo prospect showing maximum down hole grade (Source: Sirius)





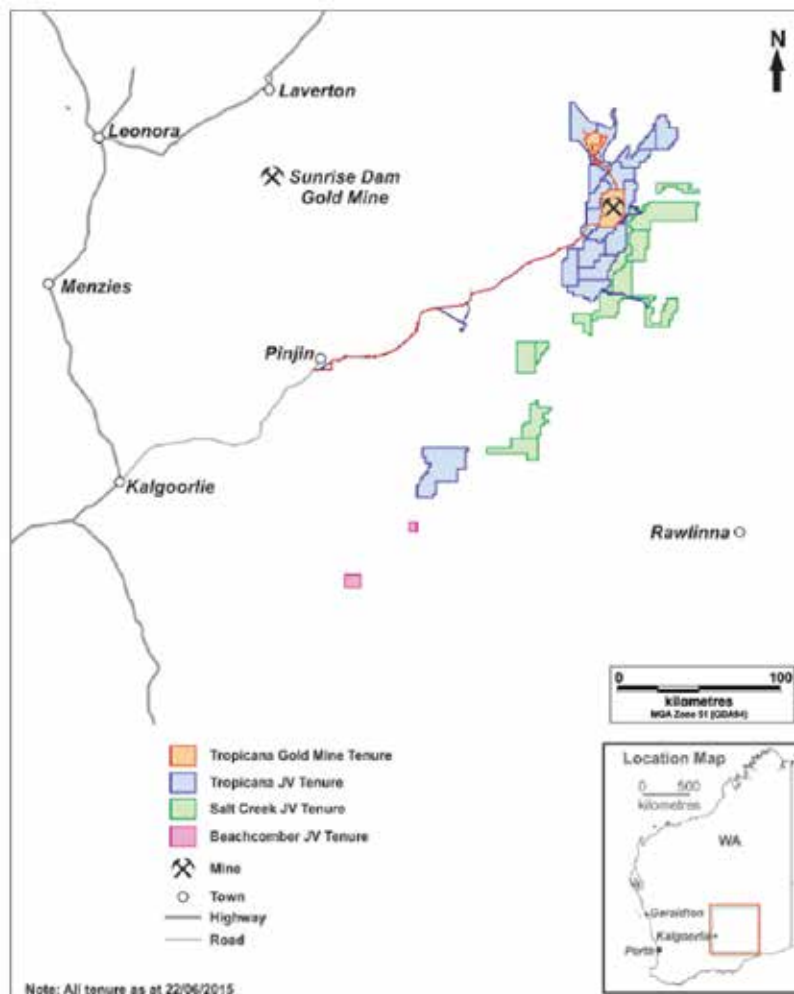
4. INDEPENDENCE GROUP NL

4.1. TROPICANA GOLD MINE AND OPERATIONS

4.1.1. PROJECT DESCRIPTION AND LOCATION

The Tropicana project is located 330 km northeast of Kalgoorlie and 300 km east of Laverton, Western Australia (Figure 4.1). Tropicana comprises an unincorporated joint venture between AngloGold Ashanti Australia Limited (AngloGold), holding a 70% interest, and IGO, holding a 30% interest. AngloGold is the manager of the joint venture. The project comprises approximately 2,420 km² of granted tenements stretching over more than 350 km in strike length along the Yilgarn Craton and Fraser Range Mobile Belt Collision Zone. There is a further 558 km² in application, approximately 2,500 km² in the Salt Creek and Beachcomber joint venture in which IGO is earning additional interest by sole funding exploration and 875 km² of miscellaneous licenses for borefield and roads.

Figure 4.1 Location of the Tropicana project



F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

The Tropicana deposit was discovered in 2005 and since the initial discovery subsequent exploration identified the Havana deposit. This led to a pre-feasibility study before a decision in July 2009 to commit to a feasibility study based on Mineral Resources and Ore Reserves, which at the time were 5.01 Moz gold and 3.3 Moz gold respectively. By the end of 2012 the Mineral Resource had grown by 2.8 Moz to 7.89 Moz. Construction on the project commenced in 2011, with the first gold poured on 26 September 2013.

Open pit mining utilises conventional drill and blast methods. Over the life of the mine, comprising four deposits - Tropicana, Havana, Boston Shaker and Havana South pits - the mine stripping ratio will be 5.5:1.

The processing plant has a design throughput rate of 5.8 Mtpa and is based on a comminution circuit comprising two-stage crushing, High Pressure Grinding Rolls (HPGR) and ball milling, along with a conventional CIL circuit.

4.1.2. GEOLOGY AND MINERALISATION

The Tropicana gold deposit is located adjacent to the margin of the Yilgarn Craton in the Albany–Fraser Orogen, Western Australia. The deposit is hosted in granulite facies quartzo-feldspathic gneisses. The host rocks at Tropicana are gneisses, dominated by garnet gneiss (plagioclase, amphibole, garnet ± leucoxene, quartz) and quartzo-feldspathic gneiss (plagioclase, k-feldspar, quartz, biotite), with lesser amounts of amphibolite, meta-ferruginous chert (quartz, amphibole), pegmatite and mafic granulite.

The style of mineralisation at Tropicana is different to many Archaean lode gold deposits of the Yilgarn Craton. The Tropicana deposit has a strong structural control, in common with the Archaean lode gold deposits; however, large-scale quartz/carbonate veins, fractures or faults have not played an important role in mineralisation.

Gold mineralisation at Tropicana occurs along a 5 km strike length trending northeasterly overall, which can be divided into four structural domains from north to south: Boston Shaker, Tropicana, Havana, and Havana South. These zones are effectively the same mineral deposit, offset by east to northeast-striking post mineralisation faulting.

Within the structural domains, mineralisation is concentrated in one to several sub-parallel tabular zones of 2 m to 50 m thick, which generally dip east to southeast. Gold grades in the ore zones are dominantly associated with intervals of biotite-pyrite alteration that occur within quartzo-feldspathic gneiss and pegmatites. The orientation of the mineralisation is controlled by the close-spaced shear zones that are in turn localised by the gneissic banding.

The hangingwall of the deposit is dominated by garnet gneiss and the mineralised zones are underlain by a mixed stratigraphic package comprising rocks of the quartzo-feldspathic gneiss, garnet gneiss, granulite and amphibolite associations. The gneisses and the mineralisation are cut by later mafic dykes. The most strike extensive dyke, within the Havana Deeps area, trends northeast, dips steeply to the southeast, and occupies the greater than 30 km long Splinter Fault which offsets the deposit.

4.1.3. MINERAL RESOURCES

AngloGold has not updated the Mineral Resource model since 2012, on the basis that no significant drilling has been completed since that time. Subsequent annual reporting requirements have been

F. Independent Geological Report (cont)



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satisfied by depleting the 2012 Mineral Resource for the mining that has occurred since 2012 and by modifying reporting cut-off grades due to changes in mining costs and gold price. Optiro reviewed the 2012 underground and surface Mineral Resource models of the Tropicana deposit and is satisfied they have been estimated in accordance with good industry practice.

The open pit Mineral Resources have been reported above a 0.3 g/t Au cut-off (for all material types) within a US\$1,550 optimisation shell at an A\$/US\$ exchange rate of 1.03 (A\$1,500). The model has been depleted for mining to 31 December 2014 using the December 2014 pit depletion surface.

The underground Mineral Resources have been reported above a 2.0 g/t Au cut-off grade and externally to the US\$1,550 optimisation shell.

Table 4.1 summaries the Mineral Resource at the Tropicana deposit as confirmed by Optiro. The Mineral Resources have been depleted for mining until 31 December 2014, and are inclusive of Ore Reserves. Furthermore, Optiro has visually reviewed the spatial distribution of the Measured, Indicated and Inferred resource categories and considers them to be reasonable.

Table 4.1 Tropicana Mineral Resource as at 30 December 2014 as reported by AngloGold and calculated by Optiro

Classification	Open Pit			Underground			Total		
	Mt	Au g/t	Moz	Mt	Au g/t	Moz	Mt	Au g/t	Moz
Measured	24.8	1.71	1.36	-	-	-	24.8	1.71	1.36
Indicated	75.8	1.84	4.49	2.4	3.58	0.27	78.1	1.90	4.76
Inferred	5.9	2.54	0.48	5.8	3.14	0.59	11.7	2.85	1.06
Total	106.4	1.85	6.33	8.2	3.26	0.86	114.7	1.95	7.19

Note: Open Pit Measured Mineral Resources include 7.2 Mt at 0.83 g/t Au of stockpile material

4.1.4. ORE RESERVES AND MINING

Optiro reviewed the Tropicana Ore Reserves and considers they have been estimated to industry standards and are appropriate. An Ore Reserve estimate reported in accordance with JORC Code (2012) guidelines was completed as at 31 December 2014, and is reported in Table 4.2.

Table 4.2 Tropicana Ore Reserve estimate as at 31 December 2014

Category	Tonnes (Mt)	Au g/t	Au (Moz)
Proven	20.7	1.92	1.3
Probable	29.3	2.04	1.9
Total	50.0	1.99	3.2

The Ore Reserves reported as at 31 December 2014 are broken up into eight categories, namely:

- Havana (three phases)
- Tropicana (two phases)
- Havana South
- Boston Shaker
- Stockpiles.

A breakdown of Ore Reserves by source is provided in Table 4.3.

F. Independent Geological Report (cont)



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Table 4.3 Tropicana - total Ore Reserve by source

Orebody	Pit	Tonnes (Mt)	Au g/t	Au (Moz)
Havana	HA01	3.20	2.60	0.27
Havana	HA02	6.89	2.12	0.47
Havana	HA03	7.33	2.17	0.51
Tropicana	TP01	4.54	2.19	0.32
Tropicana	TP02	12.43	2.07	0.83
Havana South	HS01	7.03	1.80	0.41
Boston Shaker	BS01	3.19	2.3	0.24
Stockpile	N/A	5.41	0.94	0.16
Total		50.02	1.99	3.20

MODIFYING FACTORS, ECONOMIC PARAMETERS AND CUT OFF GRADE

The cut-off grade calculations for the Ore Reserve estimate were completed taking into account mining and processing costs, as well as metallurgical recoveries. Geological material was grouped into two zones, the first being transported upper saprolite and lower saprolite (Oxide) and the second being saprock and fresh rock (Fresh). Based on this, the cut-off grade was calculated to be 0.5 g/t Au for oxide ore and 0.7 g/t Au for fresh ore. These cut-off grades were used in the pit optimisations which formed the basis for the Ore Reserve estimate.

The mining costs used to undertake the economic analysis and calculate the cut-off grade for Tropicana was \$35.32/tonne ore mined. For the purposes of the pit optimisations, a waste mining cost of \$2.96/bcm and processing cost of \$25.60/bcm were used.

The Ore Reserve estimate was completed on the basis of achieving metallurgical recoveries summarised in Table 4.4.

Table 4.4 Tropicana metallurgical recoveries assumed in the Ore Reserve

Commodity	Processing recovery (%)
Transported, upper and lower saprolite	91.1
Saprock	92.5
Fresh	89.5

Dilution and recovery have been modelled into the block model during the resource phase, and this is accounted for in the mine designs. As such there is not a blanket factor and a 100% mining recovery has been assumed, resulting in no ore loss.

In conjunction with the mining cost parameters, other economic parameters were used to determine economic feasibility, which were obtained from the Ore Reserves Report provided to Optiro (Table 4.5).

Optiro considers the Ore Reserve modifying factors to be appropriate.



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Table 4.5 Economic parameters used in the Tropicana Ore Reserve estimation

Item	Units	Gold	Comment/source
Financial			
Exchange rate	US\$: A\$	A\$1 = US\$0.88	From Ore Reserves report
Selling costs			
Royalties – base metals concentrate	%	2.5	From Ore Reserves report
Commodity prices			
Gold	US\$/oz	\$1,100	Current Spot Prices (19/05/2015) are US\$1,205/oz

MINING METHOD

The mining methodology at Tropicana is typical open pit truck and excavator mining within four pits with various phases. This methodology is standard within the mining industry and is deemed appropriate for the deposit.

MINING PRODUCTION SCHEDULE

The cashflow model schedule includes Tier 1 and Tier 2 ore sources, with the latter incorporating mining factors of 10% dilution and 50% resource conversion.

One hundred per cent of the Ore Reserves reported in the December 2014 Ore Reserve Estimate have been incorporated into the model as Tier 1. Furthermore, one hundred per cent of the Tier 2 material (Inferred Resources for the Tropicana Open Pit) has been incorporated into the cashflow model with the dilution and conversion factors applied (Table 4.6).

Table 4.6 Tropicana production by source

Tier	Scenario	Ore tonnes (kt)	Au g/t
Tier 1 (Ore Reserves)	LOM	55,706	1.93
Tier 2 (Inferred Resources)	Extended Life	3,190	2.34
Total		322,570	1.93

The LOM schedule in the cashflow model shows a one year gap in production at Tropicana from January 2022 to January 2023 as the mine transitions from Tier 1 to Tier 2 ore sources. This delay in production will have an effect on the cashflow model and project life. Optiro considers that this delay will in reality be avoided and recommends production from Tier 2 should be bought forward by one year to close this gap and ensure continuous ore production (Figure 4.2).

PRODUCTION PARAMETERS

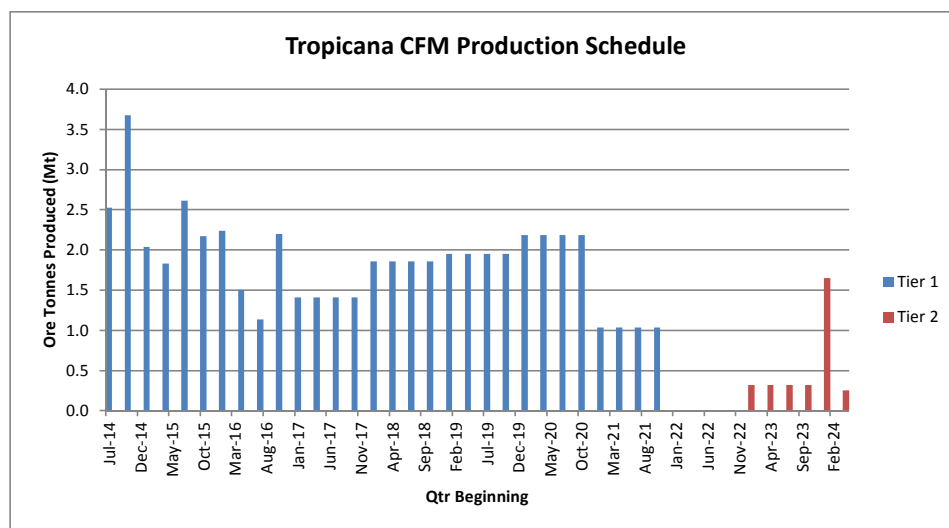
Optiro considers that the production parameters used in the development of the LOM schedule are appropriate and achievable.

F. Independent Geological Report (cont)



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Figure 4.2 Tropicana quarterly production profile



MINING COSTS

Operating costs

The operational mining costs used in the cashflow model, including mining, geology, administration, processing and maintenance, were compared with those used in the reporting of the JORC Ore Reserves as well as the actual YTD costs and 2015 Budget costs. The operating costs in the cashflow model are 18% higher than those attributed to the Ore Reserve estimate, and 37% to 40% higher than the year to date actual and budget costs (Table 4.7).

Table 4.7 Comparison of the various sources of costs used and/or realised at Tropicana

Cost centre	Reserve costs	YTD Actual (to March 2015)	2015 Budget (monthly report)	Consensus costs (financial model)
Total operating cost	\$35.32	\$30.57	\$29.85	\$41.99

The higher costs allocated in the cashflow model compared to the year to date actuals and the Ore Reserves in this magnitude will have a negative impact on the DCF for Tropicana. Optiro recommends that the Ore Reserve costs be incorporated into the cashflow model.

Capital costs

Capital expenditure provided in the LOM and Extended Life scenarios reflect sustaining capital and closure costs.

Sustaining capital has been allocated at an average of \$2.06/tonne of ore mined for both scenarios (\$115 M and \$121 M for LOM and Extended Life respectively).

There is no capital cost attributed to mine development or expansion or further exploration geology. This is reasonable for the LOM, as this scenario is only mining Ore Reserves which would not need further capital for geology or development to extract.

F. Independent Geological Report (cont)



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It would be reasonable to expect that additional capital expenditure would be required to upgrade the Inferred Resource to Indicated or Measured and thus convert into an Ore Reserve, or for any expansions or push-backs which may be required as mining progresses. Optiro considers that an additional \$2.06/tonne of sustaining capital should adequately provide for additional geological work required in the Extended Life scenario.

Closure costs are attributed to a total of \$83 M and are scheduled in Q3 of FY2024. It is unlikely that this cost would be outlaid in one quarter and reasonable to assume a smoothing of these costs over a longer period of time to progressively close and rehabilitate the mine site. Optiro recommends that this cost is smoothed over a period of three years prior to the cessation of operations. This would allocate \$7 M per quarter, beginning in 1 July 2021.

GEOTECHNICAL

Geotechnical review of the Tropicana open pit designs by Peter O'Bryan & Associates for IGO found that investigations (in nature and extent of coverage) and analyses readily met industry standards, interpretations of rock mass characteristics matched independent assessment, and that the pit slope designs derived were (and remain) appropriate for assessed rock mass conditions.

Review of digital photographs of the Tropicana pit walls taken by Optiro during the May 2015 site visit indicate that the exposed slopes within the current 90 m deep pit are stable. Optiro understands that AngloGold has developed a well-resourced geotechnical program and team at Tropicana, and that the group has been in place since the commencement of mining operations at the site.

HYDROGEOLOGY

The Tropicana mine is in an arid area with a rainfall of around 200 mm to 230 mm per annum and no perennial surface water systems, resulting in a reliance on groundwater for any mine supplies.

There are no major surface water concerns at Tropicana. The project area catchments contain areas with linear sand dunes which tend to retard surface water runoff. Drainage lines are poorly defined, and after a large rainfall event catchment runoff could be significant. It is likely that following heavy rainfall the infrastructure access corridor could potentially be blocked by flooding for several days or weeks.

Groundwater occurrence in the mine area is limited, with the lower saprolite zone being the only aquifer zone of any consequence. It appears that inflows from the lower saprolite horizon may have been overestimated, which may lead to a shortfall in the predicted supply options and an increase in the abstraction load to the other supply sources. The Minigwal Trough palaeochannel aquifer has been investigated and proposed as the main mine water supply, and additional supplies will be provided by shallow bores around the mine site (part of the dewatering system), inflows into the open pit, the Kamikaze Borefield (two bores delivering 15 L/s) and return flows from the tailings storage facility (TSF). The Minigwal aquifer is capable of supplying the mine demand over the full life of mine, however the fine-grained nature of the sediments in the aquifer does pose risks that the borefield may have to be extended at some future point. Further risks are associated with deterioration in water quality, as adjacent aquifers (especially to the north of the borefield) are more saline. If the operational results indicate a greater drawdown than predicted, an alternative, backup water supply borefield may need to be considered.

F. Independent Geological Report (cont)



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Dewatering volumes are low and easily managed. In-pit dewatering systems have been designed to manage 1:10 year rainfall events, with up to a four-week period of dewatering required after the rainfall event to remove all of the water. For more extreme rainfall events, a longer downtime and mining delays may be expected.

MINERAL PROCESSING

The Tropicana plant has a nameplate capacity of 5.8 Mtpa and consists of:

- primary crushing comprising a gyratory crusher with twin tipping points
- coarse ore stockpile
- secondary crushing comprising duty/standby 600 kW cone crushers in closed circuit with two double deck screens
- single 4.4 MW High Pressure Grinding Roll (HPGR) in closed circuit with double deck wet screens
- single 14 MW Ball Mill with target grind of 75 µm
- leach thickening, followed by CIL, with a leach pH of 9.2 and cyanide target of 0.02% to 0.03% NaCN
- carbon elution by split AARL (Anglo American Research Laboratory) method with carbon regeneration
- tails thickening to 55% solids
- tails deposition into a paddock style tailing storage facility integrated into waste dumps and including a combination of clay and high density polyethylene (HDPE) liners
- a plant which has been designed to be international cyanide code compliant.

The plant was commissioned in 2013 and achieved design throughput after a six month ramp-up period. Some of the key issues identified during the ramp-up period included high wear in chutes and bins, hang-up in chutes, conveying issues, HPGR shutdown maintenance and intermediate stockpile capacity and screen panel size optimisation.

The 2014 calendar year performance showed the mill production at nameplate, with;

- actual tonnage throughput of 5.7 Mtpa versus 5.8 Mtpa budget
- process recovery averaging 90% versus 90.2% budget.

Mill operating costs for 2014 were \$26/t, versus a \$23/t budget. Key budget cost overruns were due to additional maintenance costs for rectification works associated with bins, chutes and conveying and contract and labour costs associated with emergency stockpile development and management.

Current 2015 performance is closely aligned to budget, with production forecasts, both annual and LOM, in line with current performance in terms of mill throughput, recovery and cost. Forecast recovery is based on algorithms developed from original testwork programs and actual plant performance is considered appropriate. Geometallurgical work is ongoing to further characterise the mineralisation.

From the review of project documentation and site inspection no items of concern were identified.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

4.2. JAGUAR MINE AND OPERATIONS

4.2.1. PROJECT DESCRIPTION AND LOCATION

The Jaguar project is located 60 km north of Leonora in Western Australia and was acquired by IGO in 2011. The Jaguar deposit was discovered in 2002, approximately 4 km south of the historic Teutonic Bore open cut and underground zinc-copper-silver mine. Mining commenced on the Jaguar orebody in 2006 and in June 2007 the first ore from the mine was treated in the Jaguar concentrator.

The Bentley deposit was discovered in October 2008, approximately 4 km south of the Jaguar Mine. Underground mining at Bentley commenced in early 2011, and the decline intersected the top of the mineralisation in the June 2011 quarter. Ore is processed at the Jaguar concentrator which produces a copper and a zinc concentrate. The copper concentrate also contains significant silver and gold credits. The concentrates are trucked to the port of Geraldton where they are shipped to customers.

During FY2014, mining was completed at Jaguar and as a result all FY2015 mill production ore is sourced from the Bentley deposit.

4.2.2. GEOLOGY AND MINERALISATION

The Bentley deposit is located within the Gindalbie Terrane, part of the late Archaean (2.8 to 2.66 Ga) Eastern Goldfields Terrane of the Yilgarn Craton of Western Australia. The Gindalbie Terrane is characterised by rhyolites, basalts and intermediate-felsic calc-alkaline complexes overlying an older tholeiite-komatiite succession. The Archaean rocks are locally intruded by Proterozoic dolerite dykes and unconformably overlain by Tertiary and Quaternary alluvial cover.

The mineralisation at Bentley occurs at the contact of a thick basal rhyolitic sequence with an overlying andesite and sits below the base of complete oxidation. The massive sulphide mineralisation occurs as five main lenses: Arnage, Brooklands, Mulsanne, Comet and Flying Spur. The mineralisation is banded and consists of pyrite, sphalerite, chalcopyrite, galena and minor pyrrhotite. The upper contact is typically sharp, although at the lateral margins the contact may become transitional into vein and disseminated style mineralisation. The footwall of the massive sulphide typically consists of stringer and disseminated mineralisation, comprising pyrite, chalcopyrite and minor sphalerite. The main zone of stringer mineralisation abuts the Arnage massive sulphide, with smaller stringer zones abutting and in the footwall of the Mulsanne and Comet lenses.

The massive sulphide lenses and the stringer zones were defined geologically and by using a nominal cut-off grade of 0.3% copper (or 0.4% zinc, in zones of low copper grade). The Arnage massive sulphide lens is the largest being 400 m along strike (north-south) with a southerly down-plunge length of 600 m and a maximum thickness of 30 m. Mulsanne is the second largest lens with a length of around 200 m, 150 m vertical extent and approximately 3 m thickness. Brooklands has a steep southerly plunge and is approximately 100 m long with a 200 m vertical extent and up to 5 m thick. The Comet lens is approximately 175 m long, 100 m in vertical extent and up to 5 m thick. The Flying Spur mineralisation has been dissected by dolerite sills and rhyodacites. It is open at depth and three massive sulphide lenses have been interpreted with overall lengths of 270 m, a 310 m vertical extent and an average thickness of 2 m to 3 m.

F. Independent Geological Report (cont)



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4.2.3. MINERAL RESOURCES

Optiro reviewed the latest Mineral Resource model for the Bentley deposit, which includes the July 2014 update to include Flying Spur. Optiro considers that the resource estimate and the methodology appropriate and confirms that the reporting and classification of the Mineral Resource estimate for the Bentley deposit is in accordance with JORC Code (2012) guidelines.

Table.4.8 summarises the Mineral Resource at Bentley. The Mineral Resources from the massive sulphides have been reported in their entirety and the stringer material is reported above a cut-off grade of 0.6% Cu. The Mineral Resources are inclusive of Ore Reserves and are depleted for mining to 30 June 2014. Blocks that have been sterilised by mining have been excluded from the resource.

Table.4.8 Bentley Mineral Resource as at 30 June 2014

Classification	Tonnes	Zn %	Cu %	Ag g/t	Au g/t	Pb %
Massive Sulphide						
Measured	544,000	15.5	2.4	214	0.9	1.2
Indicated	858,000	12.4	1.6	183	1.0	0.8
Inferred	222,000	15.8	1.3	226	1.2	1.8
Total	1,624,000	13.9	1.9	199	1.0	1.1
Stringer Sulphide (≥0.6% Cu cut-off grade)						
Measured	162,000	1.9	1.6	29	0.2	0.1
Indicated	644,000	2.0	1.4	43	0.3	0.1
Inferred	409,000	0.8	1.1	33	0.3	0.0
Total	1,215,000	1.6	1.3	38	0.3	0.1
Flying Spur						
Inferred	449,000	12.6	0.6	209	1.65	1.25
TOTAL RESOURCE*	3,288,000	9.2	1.5	141	0.8	0.7

* Total Mineral Resource numbers exclude Teutonic Bore and stockpiles

The Bentley Mineral Resource has been classified in the Measured, Indicated and Inferred categories. The Flying Spur and Arnage Mineral Resources below 3825 mRL have been classified as Inferred. In general, Measured Resources were defined in areas with 20 m by 20 m drill spacing and in proximity to development. Outside of this where drilling is at a nominal spacing of 50 m by 50 m or better, resources were classified as Indicated. Resources below 3850 mRL and within the Flying Spur lens were classified as Inferred. Optiro considers this classification to be appropriate.

4.2.4. ORE RESERVES AND MINING

Optiro reviewed the Jaguar Ore Reserves and considers that they have been estimated to industry standard and are appropriate. An Ore Reserve estimate reported in accordance with JORC Code (2012) guidelines was completed by IGO and reported for the Jaguar Mine as at 30 June 2014 (Table 4.9). The Ore Reserve statement reported economic reserves for Bentley and stockpiles.

F. Independent Geological Report (cont)



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Table 4.9 Jaguar Ore Reserve estimate June 2014

Classification	Tonnes	Cu%	Zn%	Ag g/t	Au g/t
Proven	499,100	2.1	12.1	168	0.8
Probable	771,200	1.6	8.8	144	0.8
Sub total	1,270,300	1.8	10.1	153	0.8
Stockpiles	16,000	1.8	11.7	166	0.8
Total	1,286,300	1.80	10.12	153	0.80

Modifying factors, economic parameters and cut-off grade

The Ore Reserve estimate was completed using a Net Smelter Return (NSR) method of economic evaluation, and was completed with a calculated cut-off grade of A\$180/t of ore mined for direct feed ore and A\$100/t of ore for marginal grade ore. Metallurgical recoveries used in the Ore Reserves are summarised in Table 4.10.

Table 4.10 Jaguar metallurgical recoveries assumed in the Ore Reserve

Commodity	Processing recovery (%)
Copper	82.0
Zinc	83.0
Silver (in Cu concentrate)	53.0
Silver (in Zn concentrate)	22.0
Gold	43.0

Dilution is accounted for individually based on the mine designs. The dilution factors applied to the mine designs are 5.0% and 20% for jumbo mining and open stoping respectively, using a minimum mining width of 2.0 m. No grade has been attributed to the dilution.

The Jaguar Ore Reserves report also stipulates that ore loss is accounted for based on a mining recovery factor; however this factor could not be found or quantified within the report, other than to highlight that it had been taken into account.

Other economic parameters used to determine the Ore Reserve are included in Table 4.11.

Table 4.11 Economic parameters used for Jaguar Ore Reserve

Item	Units	Parameter	Comment/source
Financial			
Exchange rate	US\$: A\$	A\$ = US\$0.9	From Ore Reserves report
Selling costs			
Royalties – Base Metals conc.	%	5.0	From Ore Reserves report
Commodity prices			
Cu	US\$/t	\$6,820	Current Spot Prices (19/05/2015) are US\$6347/t Cu, US\$2283/t Zn, US\$1209/oz Au and US\$17.05/oz Ag.
Zn	US\$/t	\$2070	
Ag (in Cu concentrate)	US\$/t	\$19.50	
Ag (in Zn concentrate)	US\$/oz	\$19.50	
Au	US\$/oz	\$1,248	
Cut-off grade			
Direct feed ore	\$NSR	180	
Marginal ore	\$NSR	100	

F. Independent Geological Report (cont)



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Depletion of Ore Reserve since reporting

Based on the reconciled mine production since the publication of the Ore Reserves, the orebody has been depleted through mining activities. Optiro estimates that 362 kt of ore has been depleted from the reported Ore Reserve to 30 April 2015 (Table 4.12).

Table 4.12 Ore Reserve depletion estimates based on mining production since July 2014

Reconciled production - YTD to Apr 15					
	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Ore Reserves					
Ore Reserve depletion	362,743	1.64	11	155	0.74
Remaining Ore Reserves	907,557	1.86	9.62	153.18	0.82

* Stockpiles not accounted for in this depletion

Based on mine reconciliation, it has been determined that:

- 10% of ore mined between 1 July 2014 and 31 March 2015 was outside of the reported Ore Reserve
- 29% of the 2014 reported Ore Reserve ore tonnes have been depleted to March 2015

Mining method

The mining methodology at Jaguar consists of longhole open stoping. Where geotechnical conditions dictate and it is economically feasible, open stopes are backfilled with either waste rock or cemented aggregate filled (CAF). CAF will be used in areas of high grade where it is economically favourable to fill the stope rather than leave ore behind in a pillar.

Longhole open stope mining is considered standard within the mining industry and is well established at Jaguar.

The underground is ventilated via a main surface exhaust fan that is part of a twin decline system with one decline being dedicated as the return airway. Ventilation to the working areas is controlled by vent stoppings and secondary fans. No ventilation issues have been noted by the DMP mining inspectorate and the dust and fume monitoring is conducted as per regulations.

As part of this review, Optiro completed a high level assessment of mine designs to determine appropriateness and check for fatal flaws in the methodology which are considered appropriate.

Mining production schedule

The cashflow model production schedule is based on the Jaguar LOM Schedule. Where the Ore Reserve and the Jaguar LOM Mine Schedule capture production from the Ore Reserves (Tier 1 material), the cashflow model also includes potential production from Inferred Resources (Tier 2, (Table 4.13).

Table 4.13 Mining physicals from the cashflow model

	Tonnes	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	Pb (%)
Tier 1 (Ore Reserves)	1,363,000	2.10	11.51	175	0.93	0.82
Tier 2 (Inferred Resources)	714,000	0.85	11.19	170	1.26	0.82
Total	2,091,000	1.67	11.40	173	1.04	0.82

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

It is noted that the Tier 1 ore in the cashflow model is 6% higher than the reported Ore Reserve. This variation between the cashflow model Tier 1 and the reported Ore Reserve is in the order of 76 kt (with in-situ metal of 1.6 kt copper and 8.8 kt of zinc), which accounts for higher tonnes, and therefore in-situ value in the order of \$29 M (\$11 M and \$18 M for copper and zinc respectively).

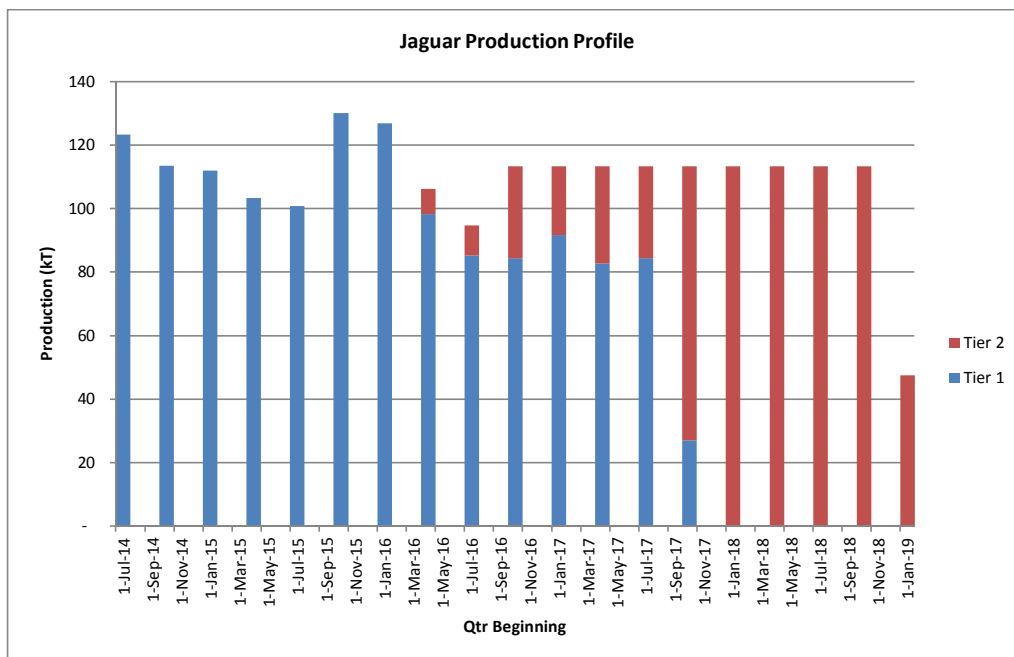
Optiro has observed that the grades reported in the cashflow model for Tier 1 ore are higher than those reported within the Ore Reserve in the order of:

- 16% higher reported grades for copper
- 14% higher reported grades for zinc
- 14% higher reported grades for silver.

IGO has reported to Optiro that the grades within the Tier 1 material have been increased from those reported in the Ore Reserve as historical reconciliation of actual production versus Ore Reserves for 2014 showed a positive metal reconciliation, which has been factored into the cashflow model grades. This uplift in Tier 1 grades from those reported in the Ore Reserve will have a positive economic impact on the DCF. Indicative calculations of applying the uplifted grades to the reported Ore Reserve tonnes increases the in-situ value of the ore (calculated for copper and zinc only) by \$63.8 M.

Tier 2 material within the mine schedule has been derived from the Arnage and Flying Spur deposits only, and the subsequent model incorporates the entire Inferred Resource after conversion and dilution factors have been applied into the cashflow model. The schedule shows production only from Tier 1 material until May 2016, when Tier 2 ore begins to be supplemented into the feed (Figure 4.3).

Figure 4.3 Quarterly production profile for Jaguar LOM



Optiro considers that the production parameters used in the development of the LOM schedule are appropriate and achievable.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

MINING COSTS**Operating costs**

The operational mining costs used in the Jaguar cashflow model included mining, geology, administration, processing and maintenance were compared with those used in the reporting of the Ore Reserves as well as the actual year to date costs and 2015 budget costs (Table 4.14). The costs are comparable and Optiro considers these to be appropriate.

Table 4.14 Operating cost comparison

Cost centre	Ore Reserve	YTD Actual Costs (to April 2015)	2015 Budget (from monthly report)	Cashflow model
Total operating cost (\$/t ore)	\$161.28	\$152.00	\$176.00	\$154.89

Optiro considers that the operating costs within the cashflow model are appropriate and in line with reported actual operating costs.

Capital costs

Capital expenditure allocated in the cashflow model totalled \$51.4 M for LOM (Tier 1 production only) and \$88.8 M for the life extension (Including Tier 2 production).

The IGO life of mine Schedule shows 2,500 m of capital horizontal development and 415 m of vertical development, averaging \$9,500 per metre of development, which Optiro considers to be appropriate.

Other allocations for capital expenditure include in-mine exploration and development (\$14.4 M for LOM and \$25.8 M for mine extension), which will include all exploration and resource definition work. Sustaining capital allocated in the cashflow model is \$14.01 M for the LOM (Tier 1) and \$19.0 M for the life extension (Tier 1 and 2) or 37% and 21% of total capital expense spend allocation respectively.

Mine closure costs of \$11.8 M remain the same for both scenarios (LOM and life extension).

Optiro considers that these capital costs are appropriate and sufficiently reasonable to be applied in the cashflow model.

GEOTECHNICAL

Optiro understands that the Jaguar geotechnical environment was highly influence by a graphic shear in the hanging wall of the deposit. This shear produced localised geotechnical instability for stopes and influenced the localised stress field. The Bentley deposit does not have a shear on the hanging wall contact and it is expected that the difficult ground conditions experienced at Jaguar will not be encountered.

The mining methods adopted for Bentley, particularly those based on the use of CAF and rock fill, should also improve mining conditions compared to those experienced at Jaguar. Optiro's inspection of Bentley Underground found ground conditions to be good and well managed. Based on this information, it appears that Bentley ground conditions will likely behave better than that predicted by reference to Jaguar operational experience and geotechnical reports.

F. Independent Geological Report (cont)



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HYDROGEOLOGY

The Jaguar mining area occurs in an area of low rainfall, no perennial surface water resources and generally low groundwater potential. The project area has typically dry surface water flowpaths; however after a large rainfall event, runoff can be significant. Groundwater quality is generally good at less than 1300 mg/L TDS.

Mapping indicates that surface infrastructure in the mining areas has generally been located away from the main surface water flowpaths and associated potential inundation zones, although some smaller flowpaths have been intercepted by the mining infrastructure.

Based on the available data Optiro considers:

- there are no surface water concerns associated with the Jaguar project
- water supply is not a concern with current dewatering rates and available water stored in the Teutonic open pit / underground, as well as resources linked to the Wendy's Borefield all available to supply required demand
- although dewatering at Bentley is at rates higher than those undertaken historically at Teutonic and Bentley, the inflow rates are readily manageable
- rising water levels around TSF1 and current trigger level exceptions are being addressed and are expected to be solved in the near future.

MINERAL PROCESSING

The Bentley orebody was subject to an extensive metallurgical test program as part of the Bentley feasibility study process. The testwork focussed on determining processing performance through the existing Jaguar processing plant. Testwork concluded that satisfactory recoveries and concentrate grades can be achieved through an equivalent processing plant to the existing Jaguar mill.

The Jaguar processing plant consists of:

- Conventional primary jaw crushing plant.
- A heavy media separation circuit which is used to a limited.
- A multi stage crushing section of the plant now used to secondary crush ore which is blended into the mill feed to increase mill throughput.
- A coarse ore mill feed bin feeding a two stage milling circuit, comprises a SAG mill and Ball mill to produce a fine primary grind P_{80} of 60 to 70 μm for rougher flotation.
- Differential copper flotation using conventional float cells and stirred media detritor (SMD) mill for fine regrind producing a P_{80} of 25 μm for cleaner flotation. The copper concentrate target grade is 25% Cu.
- The zinc circuit is similar to the copper circuit, including an SMD mill for regrind producing a P_{80} of 25 μm for cleaner flotation. The concentrate target grade is 50% Zn.
- Copper and zinc concentrates are thickened and then dewatered by pressure filtering in respective equipment lines. Concentrate is stored in individual storage bunkers in a concentrate shed and loaded in to half-height containers for haulage and shipment from Geraldton port.
- Tailings are discharged to a TSF, with water return to the plant for recycling.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

PRODUCTION

Since the start of processing the Bentley orebody in 2012, the processing plant has consistently achieved or exceed budget production.

Mill throughput has at times significantly exceeded budget due to process improvement and ore availability and therefore there is low risk of the plant not achieving budget throughput. Mill feed grade to budget reconciliation has generally been acceptable.

Concentrates consistently achieve their target grades of 25% copper and 50% zinc. The main penalty elements that are managed are lead and zinc in the copper concentrate, and lead in the zinc concentrate. Concentrate dewatering performance has been able to maintain moisture below concentrate transport moisture levels.

Production forecasts, both annual and LOM, are in line with previous and current annual performance in terms of mill throughput, recovery and cost. Forecast recovery is based on algorithms developed from original testwork programs and actual plant performance. Overall, given the consistency of historic performance and geology the recovery forecast is considered reasonable. Further additional testwork is undertaken on any new material that is identified underground and is managed by the Processing Department on an as-required basis.

From the review of project documentation and site inspection no items of concern were identified.

4.3. LONG MINE AND OPERATIONS**4.3.1. PROJECT DESCRIPTION AND LOCATION**

The Long underground nickel operation is located on the western shoreline of Lake Lefroy, approximately 5 km east of the Kambalda Township in the Eastern Goldfields of Western Australia.

The Long deposit was discovered in 1971 and the first ore was produced in late 1979 by underground mining serviced by a vertical shaft which was sunk to a depth of 970 m below surface. The upper levels of the deposit were mined by non-mechanised cut and fill methods. Development of a decline commenced in 1989 to access the adjacent Victor deposit. In 1994 the Victor and Long deposits were linked by decline to allow the lower parts of the Long deposit to be mined using mechanised methods.

The Long operation was placed under care and maintenance in 1999. In 2002 the mine was sold to a subsidiary of IGO, which commenced remnant mining and over time extended the mining operations to the south by re-assessing the Gibb and Victor South deposits and discovering the McLeay, Long North and Moran deposits.

At present the Long deposit is nearly mined out, the Victor South and McLeay deposits are nearly depleted with ore being mined from pillar extraction, and the Moran ore body is being actively developed. The top of the Moran ore body is located 900 m below surface in fresh rock.

4.3.2. GEOLOGY AND MINERALISATION

The Long project is located on the eastern flank of the Kambalda Dome in the south central portion of the Archaean Norseman-Wiluna Greenstone belt of the Yilgarn Craton. The Kambalda Dome is a doubly-plunging antiform with a core of granodiorite, flanked by tholeiitic basalt which is overlain by komatiite and intercalated sediments.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

The nickel mineralisation is closely associated with two main Archaean ultramafic lava channels where molten nickel sulphides pooled at specific points along the channel. Subsequent folding and modification has rotated the channels from 30° to dip vertically to the east, plunge at 10° to the south in the Long area, and result in the remobilisation of some of the original sulphides into new structurally controlled positions. Nickel deposits are located in either 'open contact' or 'faulted' positions. 'Open contact' refers to deposits located at the base of komatiitic ultramafic flows at the contact with underlying basalt. This mineralisation is typically massive to semi-massive sulphides ranging in thickness from 0.1 to 6 m thick. 'Faulted' refers to remobilised mineralisation with little to no primary texture preserved located in later stage fault zones between basalt/basalt contacts adjacent to porphyries. Faulted mineralisation is dominantly massive stringers and disseminated with little semi-massive sulphides. Faulted mineralisation is located within 10 m to 50 m of open contact mineralisation and may present as flat to near-vertical linking structures.

Two channels have been identified within the Long project tenements. The upper channel hosts the Gibb, Gibb South, Victor, Victor South and McLeay deposits, which are typified by a higher nickel tenor. The lower channel hosts the Long, Long North and Moran deposits, which tend to be wider but with a moderate nickel tenor.

The nickel mineralisation has been significantly dissected by post-mineralisation features, dominantly felsic intrusives (referred to as porphyries). The porphyries follow major structural trends in all deposits, with Moran being the least structurally disturbed.

Nickel mineralisation is typically characterised as three types; massive, matrix and disseminated. Massive sulphide consists of predominantly pyrrhotite-pentlandite-pyrite-chalcocopyrite with some spinel. Massive mineralisation contains more than 80% sulphides with grades between 12% and 16% nickel and varies in thickness from a few centimetres up to 5 m. Matrix sulphide mineralisation typically (but not always) overlies massive sulphide and is characterised by pyrrhotite-pentlandite (\pm pyrite-chalcocopyrite). Matrix sulphide mineralisation contains 40% to 80% sulphides, is characteristically 1 m to 2 m wide with grades between 4% and 6% nickel and usually features a sharp contact against the massive ore. Disseminated sulphide is characterised by a pyrrhotite and pentlandite assemblage \pm pyrite \pm millerrite \pm polydymite; it contains less than 40% sulphides and grades between 0.5% to 2% Ni.

4.3.3. MINERAL RESOURCES

Optiro reviewed the 30 June 2014 Mineral Resource model for the Long project and considers the resource to be estimated in accordance with industry practice and JORC Code (2012) guidelines.

The Long project Mineral Resource is summarised in Table 4.15. The Mineral Resources for the Long, Moran and McLeay deposits are constrained within a 1% Ni envelope. A disseminated deposit at Victor South has been defined by a 0.6% Ni cut-off. Thereafter, all deposits are reported in their entirety. The Mineral Resources are inclusive of Ore Reserves and have been depleted for mining until 30 June 2014 and for non-recoverable pillars resulting from past mining.

The resource model is classified based on a number of considerations, including geological knowledge and operational experience. Primary considerations were geological continuity and mineralisation volume, drill spacing and mining information, modelling technique and estimation properties. These are summarised into rules based on the presence of mining, geological confidence and data density. A

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Measured Mineral Resource is required to be within mining areas and supported by drill data closer than 20 m by 20 m. An Indicated Mineral Resource represents areas with sufficient mining information but lower geological confidence and wider drilling spacing (up to 40 by 20 m). The Inferred Mineral Resource classification has been applied to areas with little or no mine development and broadly or irregularly spaced drillhole data. Optiro considers this general classification strategy to be reasonable.

Table 4.15 Long Mineral Resources as at 30 June 2014 as estimated by IGO and reviewed by Optiro

Classification	Long			Victor South			McLeay			Moran		
	Mt	Ni%	Ni t	Mt	Ni%	Ni t	Mt	Ni%	Ni t	Mt	Ni%	Ni t
Measured	0.070	5.5	3,900	-	-	-	0.074	6.7	4,900	0.285	7.3	20,800
Indicated	0.270	5.5	15,000	0.188	2.0	3,700	0.085	4.8	4,100	0.090	6.9	6,300
Inferred	0.138	5.4	7,400	0.028	1.6	400	0.075	4.6	3,400	0.086	4.0	3,500
Total	0.478	5.5	26,300	0.216	1.9	4,100	0.234	5.3	12,400	0.461	6.6	30,600

4.3.4. ORE RESERVES AND MINING

4.3.5. ORE RESERVES

Optiro reviewed the Long Ore Reserves and considers they that have been estimated to industry standards and are appropriate. An Ore Reserve estimate reported in accordance with JORC Code (2012) guidelines was completed by IGO and reported for Long Mine as at 30 June 2014, comprising 743 kt at 4.0% nickel for 29.8 kt of nickel metal (Table 4.16).

Table 4.16 Reported JORC compliant Ore Reserves for Long as at July 2014

Deposit	Classification	Ore tonnes	Nickel %	Nickel (t)
Long	Proven	50,000	3.8	1,900
	Probable	56,000	3.1	1,736
	Sub total	106,000	3.43	3,600
Victor South	Proven	5,000	3.7	200
	Probable	8,000	3.2	200
	Sub total	13,000	3.1	400
McLeay	Proven	49,000	4.1	1,900
	Probable	3,000	3.3	100
	Sub total	52,000	3.9	2,000
Moran	Proven	449,000	4.5	20,200
	Probable	120,000	3.1	3,600
	Sub total	569,000	4.20	23,800
Sub-total	Proven	553,000	4.0	24,200
	Probable	187,000	3.0	5,600
	Sub total	740,000	4.0	29,800
Stockpiles		3,000	3.3	99
Total		743,000	4.0	29,899



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

MODIFYING FACTORS, ECONOMIC PARAMETERS AND CUT OFF GRADE

The Ore Reserve estimate was completed using an NSR method of economic evaluation and used a calculated cut-off grade of \$204/tonne ore mined, along with other economic parameters. As material from the Long project is subject to a toll treatment agreement, material below 1% nickel will not be accepted for processing.

Dilution and recovery were incorporated into the Mineral Resource estimate and this is accounted for in the mine designs. As such, there is not a blanket factor for dilution or ore loss applied in the Ore Reserve, with the exception of an additional 5% and 25% for jumbo development and air-leg stoping respectively.

Other economic parameters used in the Ore Reserve estimate for Long are included in Table 4.17.

Table 4.17 Economic parameters used in Ore Reserve estimate

Item	Units	Nickel	Copper	Comment/source
Financial				
Exchange rate	US\$: A\$	A\$1 = US\$0.9		From Ore Reserves Report
Selling costs				
Royalties	%	5.0	5.0	From Ore Reserves Report
Commodity prices				
Price	US\$/t	\$14,508	\$6,820	Current Spot Prices (19/05/2015) are US\$13,708/t and US\$6347/t for Ni and Cu respectively.

The processing of ore is completed through toll treatment with an offtake agreement with BHP Billiton Ltd. Optiro has reviewed the payability factors in the Long Ore Reserves and they are consistent in the cashflow model and in line with market rates.

Optiro considers the modifying factors to be appropriate.

ORE RESERVE DEPLETION

As the most recent Ore Reserve estimate was completed for 30 June 2014, further mining production and Ore Reserve depletion has occurred since then. Based on reconciliation reports supplied to Optiro, the mining production and subsequent depletion of the Long Mine from July 2014 to April 2015 has been estimated in Table 4.18.

This production equates to 15% of the July 2014 Ore Reserves being depleted due to mining to 31 March 2015, and has been reported by the separate deposits in Table 4.19.

Table 4.18 Estimated depletion of Ore Reserves at Long due to mine production from July 2014

Orebody	Ore Reserves July 2014			Depleted as at March 2015			Ore Reserves remaining (Apr 2015)		
	Tonnes	Grade	Ni T	Tonnes	Grade	Ni T	Tonnes	Grade	Ni T
Long	106,000	3.43	3,600	10,485	4.03	423	95,515	3.33	3,177
Victor South	13,000	3.10	400	834	3.07	26	12,166	3.08	374
McLeay	52,000	3.90	2,000	5,668	3.31	187	46,332	3.91	1,813
Moran	569,000	4.20	23,800	96,907	5.34	5,170	472,093	3.95	18,630
Total	740,000	4.00	29,800	113,894	5.10	5,806	626,106	3.83	23,994

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Table 4.19 Depletion by source

Orebody	% Depletion
Long	10%
Victor South	6%
McLeay	11%
Moran	17%
Total	15%

Based on the mining depletion, the estimated remaining Ore Reserve as of 1 April 2015 is detailed in Table 4.20.

Table 4.20 Estimated remaining Ore Reserves at Long

Reconciled production - YTD to March 2015			
	Tonnes	Ni (%)	Ni Tonnes
Ore Reserve depletion	113,894	5.10	5806
Remaining Ore Reserves	626,106	3.83	23,994

4.3.6. MINING METHOD

The mining methodology at Long varies depending on the deposit properties and characteristics. The methods used include:

- long hole open stoping (Long, Moran, McLeay and Victor South)
- cut and fill stoping (McLeay)
- room and pillar stoping (Victor South)
- non-mechanised (hand-held airleg) stoping (Long and McLeay).

All of these methodologies are standard within the mining industry and the Long project has an extensive history of the use of these methods, which would deem them appropriate.

The underground is ventilated via three main surface exhaust fans that are at various locations on surface. The main air intakes are the old Long Shaft and the main decline entrance. No ventilation issues have been noted by the DMP mining inspectorate and the dust and fume monitoring is conducted as per regulations. A full-time ventilation officer is employed to manage the ventilation system and required monitoring procedures.

As part of this review, Optiro completed a high level assessment of mine designs to determine appropriateness and check for fatal flaws in the design methodology; the designs are considered appropriate.

4.3.7. MINING PRODUCTION SCHEDULE

The cashflow model production schedule was based on the Long LOM Mine Schedule. While the Ore Reserve and the Long LOM Mine Budget Schedule capture production from the Ore Reserves (Tier 1 material) the cashflow model also includes potential production from Inferred Resources (Tier 2), Brownfields (Tier 3), and Resource Range Analysis (Tier 4) as shown in Table 4.21 and Figure 4.4.

F. Independent Geological Report (cont)



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Table 4.21 Mining Physicals form the cashflow model

Tier	Cashflow model Scenario	Tonnes	Ni %	Cu %
Tier 1 (Ore Reserves)	LOM	971 000	3.97	0.29
Tier 2 (Inferred Resources)	Extended Life	111 000	3.22	0.29
Tier 3 (Brownfields)	Extended Life	111 000	3.50	0.29
Tier 4 (Resource Range Analysis)	Extended Life	370 000	4.00	0.29
Total		1 563 000	3.89	0.29

The cashflow model production schedule produces 777 kt of Tier 1 ore for the life of the project (Figure 4.3). It is noted, however, that historical reconciliation typically sees a 25% uplift in mining production outside of reserves, which when accounted for increases the mining inventory for the Life Extension to 971 kt. As this uplift has been historically tracked and reconciled to production and reported by IGO, it would seem reasonable to include this in the cashflow model.

One hundred per cent of the Ore Reserve reported has been included in the model as Tier 1 ore production, along with the historical reconciliation uplift.

Reported Inferred Mineral Resources (Tier 2) have been fully incorporated into the model, based on the 327 kt of reported Resource and taking the conversion factors and reconciliation uplift into account to give 111 kt of ore.

Tier 3 ore is made up of ore from McLeay South. In its Strategic Mine Plan (June 2014), IGO has defined a mineralised envelope in the order of 94 kt at 5.9% Ni and has incorporated this into the cashflow model. IGO has applied the historical metal conversion (of between 65% and 75%) and downgraded the nickel grade (from 5.9% to 3.5%) to reflect the complexity and narrow width of the deposit, which also increased the ore tonnes produced.

Tier 4 material includes the extension of the Moran deposit into Moran South, which has been identified as an exploration target after encouraging results from electromagnetic surveys. The potential target has been included in the cashflow model (after incorporating a 50% probability of exploration success) of 370 kt at 4% Ni, which IGO believes is conservative given the historical success of exploration and production at Long.

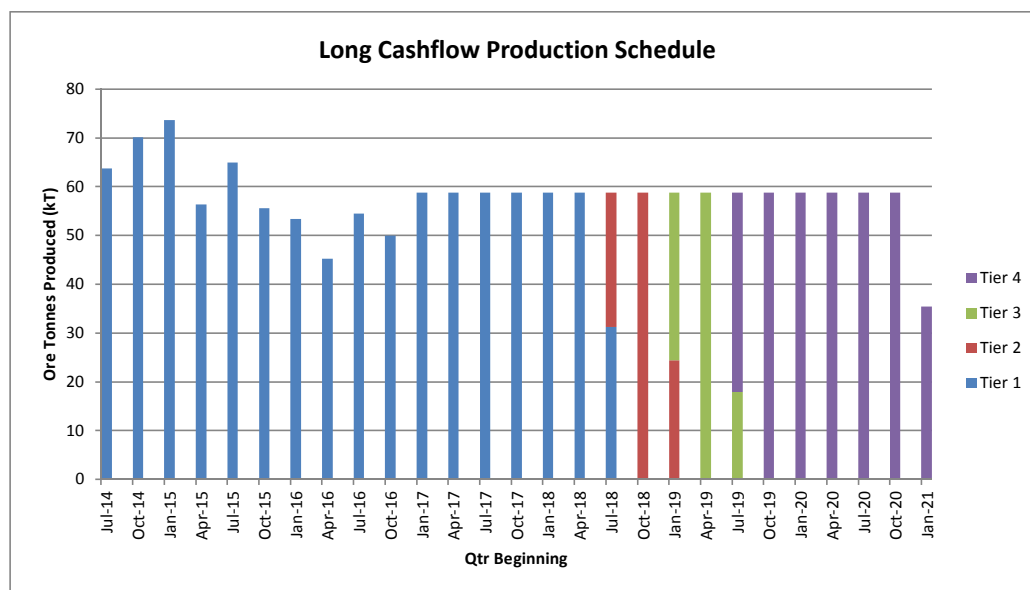
Whilst Optiro considers there is a risk in incorporating the Tier 3 and Tier 4 material into the cashflow model, the model adequately defines the two scenarios; the LOM, which reports Tier 1 ore only; and the Life Extension which includes Tier 2, Tier 3 and Tier 4 ore into total production. Optiro considers this allows for the differentiation of the levels of confidence.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Figure 4.4 Quarterly production profile for Long



Optiro considers that the production parameters used in the development of the LOM schedule are appropriate and achievable.

4.3.8. MINING COSTS

OPERATING COSTS

The operational mining costs used in the cashflow model, included mining, geology, administration, processing and maintenance were compared with those used in the reporting of the Ore Reserves, the actual YTD costs and 2015 Budget costs. The operating costs in the cashflow model are within 1% of the operating costs used in the Ore Reserves; however, they are 8% lower than the actual costs year to date for 2015.

Table 4.22 Opex costs

Cost Centre	Ore Reserve	YTD actual costs (to April 2015)	2015 budget (from monthly report)	Cashflow model
Total Opex (\$/t ore)	\$204.00	\$221.37	\$223.10	\$205.99

It should be noted that the actual and budget costs cover only a short time frame of three months, and may not be truly representative of actual long term operating costs. For this reason, Optiro is satisfied that the operating costs reported in the cashflow model are reasonable.

The operating cost model has been developed with fixed and variable costs using conventional methodology and includes labour, power, consumables, maintenance, assay, water supply, vehicle and and general costs including training, software maintenance, safety equipment and travel.

The original budget was based on the feasibility study and has been updated to reflect current pricing.

F. Independent Geological Report (cont)



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CAPITAL COSTS

Capital expenditure allocated in the cashflow model totalled \$30.22 M for the LOM (Tier 1 production only) and \$40.72 M for the Life Extension (including Tier 2, 3 and 4 production).

The cashflow model allocates for \$19.5 M for in mine exploration and development of Tier 3 and Tier 4 assets (comprising 1,280 m of capital development and 1,450 m of diamond drilling). This allocation has been made for both the LOM and the Life Extension scenarios, which may be an over allocation for the LOM scenario which only accounts for Tier 1 material and therefore would not require the \$19.5 M for development and drilling of Tier 3 and Tier 4.

Sustaining capital allocated in the cashflow model is \$9.0 M for the LOM and \$18.0 M for the Life Extension. Closure costs of \$0.9 M are attributed in the cashflow model.

Optiro considers that the capital costs are appropriate and reasonable to be applied to the cashflow model.

GEOTECHNICAL

The Long Operation has been in production since the late 1970s, during which time mining and geotechnical systems have evolved to meet challenging ground conditions, including ongoing seismicity. The Long and Victor orebodies have experienced frequent localised strain bursting of freshly exposed siliceous porphyry intrusions and some actual rock bursts.

Current operations are primarily focused on mining the Victor South, McLeay and Moran orebodies which are located to the south of the extensively mined Long orebody. These orebodies are typically shallow to moderately dipping and plunge shallowly to the south. Seismicity in these lodes is comparatively less than that experienced at Long due to more favourable orientation of pillars relative to the ambient stress field, less extensive stoping and a considerably lower mining rate. The seismicity hazard in the active areas is reasonably well understood, and is managed through the use of an extensive microseismic monitoring system that has been in operation since the late 1990s.

Based on desktop review of available geotechnical reports, it is considered that the Long Operation does not have any significant geotechnical issues. Continuation of the current well-established geotechnical and mining systems can reasonably be expected to significantly reduce the geotechnical risks associated with future mining.

HYDROGEOLOGY

The Long Mine and Operations is in an arid area of low rainfall, high evaporation and low groundwater potential. The mining surface infrastructure area is located on the western shoreline of Lake Lefroy. Lake Lefroy is a salt lake covering around 550 km². The lake bed is mostly dry, except following a rainfall-runoff event when the lake bed may become completely inundated. Although runoff may be of low salinity, water stored on the lake tends to become hypersaline. Underground mining works extend below the lake bed (to depths of 1,000 m below surface), whereas the mine portal is located around 1 km from the lake shore.

Local drainage typically flows south and east into tributaries which ultimately flow into Lake Lefroy and within the mine site, site runoff, when it occurs, is sheet flow or in small runnels which flow

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

towards Lake Lefroy. Based on the available data, there are unlikely to be any significant surface water issues.

The mine water demand is low, limited to dust suppression (obtained from the dewatering demand) and human consumption (obtained from the Kambalda town supply).

The underground is dewatered at a rate of approximately 13 L/s (420,000 kL/annum), with a quality of between 170,000 and 200,000 mg/L TDS. The majority of the inflow takes place at depths of 80 m to 90 m below surface, in areas of weathered and fractured bedrock. The water is pumped to the Victor dam, from where excess water is discharged directly to Lake Lefroy.

No major water management concerns have been identified for Long Mine and Operations.

MINERAL PROCESSING

There are no processing facilities at Long Shaft as the all the ore is processed at the BHPB processing facility in Kambalda, some 3 km away. A Toll Treatment Agreement that is place that has operated for the last 12 years since IGO's acquisition of Long Shaft in 2003. Optiro has not sighted or checked the terms of the formal agreement but is aware of its existence and operation by IGO.

4.4. STOCKMAN PROJECT

The Stockman project (100% IGO) contains two VMS (Cu-Zn-Pb-Ag-Au) deposits, Wilga and Currawong, which were discovered during the late 1970s. Wilga was mined between 1992 and 1996, with extraction of 956 kt of ore at an average grade of 6.0% copper and 8.7% zinc. IGO acquired this project as part of the takeover of Jabiru Metals Limited in 2011, and is intending to recommission the Wilga underground mine and to develop a new mine at Currawong.

The project has been the subject of a number of studies, including a feasibility study in 2013 and an optimisation study in 2014.

4.4.1. LOCATION AND ACCESS

The Stockman project (100% IGO) is located within the Eastern Highlands of Victoria, at elevations between 650 m and 1,200 m, approximately 300 km north-east of Melbourne (Figure 4.5).

The Stockman project site is located within the montane and foothill zones of the southern slopes of the Great Dividing Range at an elevation around 1,000 m. A relatively high rainfall of between 900 mm and 1,100 mm per annum results in perennial streams. Rainfall occurs throughout the year, although it tends to be erratic, and snowfall is common.

The project area is characterised by highly dissected terrain, with steep rocky ridges and spurs that form part of the headwaters of the Tambo River and its tributary Straight Creek.



Figure 4.5 Stockman Project – location of Currawong and Wilga deposits



4.4.2. TENURE AND OWNERSHIP

Optiro reviewed the Stockman licences (Table 4.23) using the Government of Victoria, Energy and Resources’ GeoVic system and found the licences to be in good standing. The Currawong and Wilga deposits are located within a Mining Lease (MIN5523), which is adjacent to IGO Exploration Licence (EL5054, EL5391, EL5392 and EL5463). MIN5523 is a granted Mining Licence that covers the Wilga and Currawong deposits and several exploration prospects. The existing Tailings Storage Facility, currently managed by the State of Victoria, is not included in MIN5523.

Table 4.23 Stockman project tenement schedule

Tenement number	Status	Grant date	Expiry date	Area (km ²)	Equity
MIN5523	Granted	10 Nov 2010	9 Nov 2015	42	100%
EL5054	Granted	20 Jun 2007	19 Jun 2017	252	100%
EL5391	Granted	14 Jun 2012	13 Jun 2017	171	100%
EL5392	Granted	14 Jun 2012	13 Jun 2017	276	100%
EL5463	Granted	24 Jan 2014	23 Jan 2019	522	100%

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

4.4.3. GEOLOGY AND MINERALISATION

The Stockman Project lies within the Lachlan Fold Belt, on the margin of the Deddick and Omen structural zones. It is within the mid-upper Silurian Cowombat Rift, a region bounded by the Omeo Metamorphics to the north, the Devonian Snowy River Volcanics to the east and the west and the Nunniong Batholith to the south. The Currawong and Wilga volcanogenic massive sulphide deposits are hosted within the Silurian Gibson's Folly Formation, which comprises interbedded siltstone, volcanoclastic sediments, and extrusive and intrusive volcanics ranging in composition from rhyolite to basalt.

The Wilga deposit occurs 50 m to 150 m below the surface. It comprises a single massive sulphide lens with a strike length of 300 m, a down-dip extent of 240 m and a maximum thickness of 37 m and stringer sulphide mineralisation that extends for 200 m along strike and is generally less than 3 m thick.

The Currawong deposit is located 3.5 km to the northeast of Wilga. It comprises five massive sulphide lenses which dip to the north and are 90 m to 300 m below the surface, and other minor occurrences of less continuous massive and stringer sulphides. The largest lens has a strike length of 325 m, a down-dip extent of 350 m and a maximum thickness of 40 m.

The massive sulphide lenses contain domains of higher-grade copper-rich, zinc-rich and mixed copper-zinc zones that in part reflect hydrothermal fluid pathways controlled by primary structural trends. The main economic minerals identified are chalcopyrite, sphalerite and galena, with pyrite being the dominant gangue mineral. The mineralised lenses at Currawong have been dislocated by post-mineralisation faults.

4.4.4. MINERAL RESOURCES

Optiro has reviewed the latest (2012) Mineral Resource models for the Currawong and Wilga deposits. Optiro did not identify any fatal flaws with the resource estimate, methodology, reporting and classification of the Mineral Resource estimates for the Currawong and Wilga deposits.

MINERAL RESOURCE STATEMENT

The Mineral Resource as endorsed by Optiro and reported by IGO in June 2014 is included in Table.4.24. The Mineral Resources include massive and stringer sulphide mineralisation: the Mineral Resources from the massive and semi-massive sulphides have been reported in their entirety and the stringer material is reported above a cut-off grade of 0.5% Cu. The Wilga Mineral Resource has been depleted for historic mining.

MINERAL RESOURCE ESTIMATION

The Currawong resource has been estimated using data from 230 drillholes (for a total of around 66,000 m) that are predominantly diamond drillholes on a nominal 25 m by 25 m spacing. The Wilga resource has been estimated using data from 261 drillholes (for a total of around 26,700 m) which comprise predominantly diamond drillholes on a nominal 25 m by 25 m spacing. Density (specific gravity) was measured for 2,591 massive sulphide samples and 314 stringer sulphide samples at Currawong, and for 1,469 massive sulphide samples and 325 stringer sulphide samples at Wilga using an air/water immersion method.



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The massive sulphide lenses were defined geologically and the stringer sulphide mineralisation was also defined geologically together with a nominal cut-off grade of 0.5% copper or 2% zinc. Internal high grade domains were defined within the massive sulphide lenses using a nominal cut-off grade of 1.2% copper or 3% zinc. A density regression formula was applied to assign density values to historical samples which do not have a density measurement.

Table.4.24 Stockman Mineral Resource as at 30 June 2014 (IGO, 2014)

Classification	Tonnes (Mt)	Zn %	Cu %	Ag g/t	Au g/t
Currawong					
Indicated	9.58	4.2	2.0	42	1.2
Inferred	0.78	2.2	1.4	23	0.5
Total	10.33	4.0	2.0	40	1.1
Wilga					
Indicated	2.99	4.8	2.0	31	0.5*
Inferred	0.67	5.5	3.7	34	0.4
Total	3.66	4.9	2.3	32	0.5
TOTAL RESOURCE	13.99	4.3	2.1	38	1.0

Note: *Au grades for Wilga have been classified as Inferred

Optiro notes that the mean arsenic value of the composited drill samples in the massive sulphide material is 2,981 ppm and that the mean arsenic within the stringer sulphides is 1,452 ppm. Optiro understands that metallurgical testwork indicates that approximately 90% of arsenic reports to tailings and the resultant copper and zinc concentrates are below penalty thresholds for most buyers.

Grades were estimated into parent blocks of 10 mN by 10 mE on 10 m benches at Currawong and on 5 m benches at Wilga (with sub-celling for improved domain definition). Top-cuts were applied to the gold within the massive and semi-massive sulphide domains and to zinc, silver and gold within the stringer sulphides domains at Currawong. For grade estimation at Wilga, top-cuts were applied to copper, zinc, silver and gold within the massive and stringer sulphide domains and to copper and gold within the semi-massive sulphide domains. Ordinary kriging was used for grade estimation of all elements together with density, and hard boundaries were applied between the lenses and the massive and stringer sulphide domains.

The massive sulphide Mineral Resources at Currawong and Wilga are classified as Indicated and the stringer sulphide Mineral Resources are classified as Indicated and Inferred. In general, stringer sulphide resources with a drillhole spacing of at most 50 m by 50 m were classified as Indicated. At Wilga, the remnant pillars are classified as Inferred, with the intention of reviewing the potential for extraction of the high grade pillars towards the end of the mine life. All of the gold grades at Wilga are classified as Inferred, due to the scarcity of gold assays in the historic drilling.

4.4.5. EXPLORATION POTENTIAL

Within the Stockman project area several prospects have been identified that that require additional exploration. Prospects and exploration targets have been identified from anomalous surface geochemistry results, surface Electro Magnetic surveys and limited drilling (Figure 4.6).

- The Eureka prospect, located 350 m northeast and along strike from Currawong, was discovered in 2013. A drillhole intersected 20.3 m with an average grade of 1.2% Cu, 0.7% Pb, 3.8% Zn, 44 g/t Ag and 1.2 g/t Au.

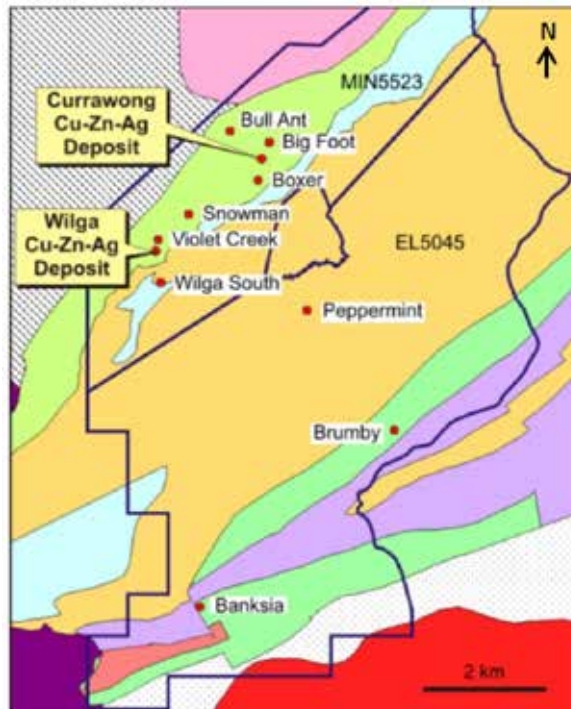
F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

- The Bigfoot prospect is located along strike from Currawong. A drillhole designed to test the proposed decline path intersected massive sulphide mineralisation that is interpreted to be the westerly extent of mineralisation at Bigfoot.
- The Bigfoot East prospect is located 1 km to the northeast of Currawong and has been defined by a 500 m long, multi-element soil geochemistry anomaly, which is yet to be tested by drilling.
- The Bullant prospect is located 12 km to the northwest of Currawong and is defined by a 2 km long multi-element soil anomaly.
- The Wilga South prospect is located 350 m south of Wilga. Copper-rich stringer mineralisation has been intersected in drilling.
- The Violet Creek prospect is located about 100 m to 150 m to the northeast of Wilga. Historical drilling intersected base metal and precious metal mineralisation.
- The Peppermint prospect is located about 4 km southeast of Currawong. It is a 2.4 km long lead anomaly centred on a gossanous outcrop. Recent RC drilling intersected vein style and disseminated galena, sphalerite and minor chalcopyrite.

Figure 4.6 Exploration targets identified within the Stockman project area



4.4.6. ORE RESERVE

ORE RESERVE STATEMENT

An Ore Reserve statement for Stockman was tabulated in the optimisation report completed in November 2014 (Table 4.25).



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Table 4.25 Stockman Ore Reserve report as at November 2014

Classification	Tonnes (Mt)	Cu%	Zn%	Ag g/t	Au g/t
Currawong					
Proved	0.0	0.0	0.0	0.0	0.0
Probable	7.4	2.1	4.3	40.0	1.2
Total	7.4	2.1	4.3	40.0	1.2
Wilga					
Proved	0.0	0.0	0.0	0.0	0.0
Probable	1.6	2.1	5.6	31.0	0.5
Total	1.6	2.1	5.6	31.0	0.5

Dilution was accounted for within the stope designs, which allowed for a 0.5 m skin of ore around the design, and was estimated to be in the order of 14%. For stoping, the grade attributed to dilution was evaluated within the block model, thus using block model grades.

A 95% mining loss factor was attributed to stoping to account for ore losses, with no mining loss attributed to development. Total mining and processing costs of \$96 to 106.55/t were applied and processing recoveries determined from metallurgical testwork. The metallurgical testwork program has resulted in a high degree of process certainty. Life of mine recovery to concentrate is estimated to be 81.5% for copper and 76.4% for zinc. Silver recovery across both the copper and zinc concentrates averages 59% over the life of mine, and gold recovery into the copper concentrate averages 21%. The forecast operating unit costs for Stockman have been calculated to be \$96.55/t ore for Currawong and \$106.47/t ore for Wilga. The scheduled mine life is ten years.

4.4.7. HYDROLOGY, ENVIRONMENTAL AND PERMITTING

The project area lies in the upper reaches of the Tambo River and Straight Creek catchment, which are reported to have relatively good water quality. The key surface water related risks from the mine development/operations/closure relate to erosion and contamination. With the typically steep topography, there is high potential for erosion to occur across the mine operation areas at all project stages, with associated sedimentation in downstream areas. Strict controls on clearing, protection works and rehabilitation will be required. Optiro notes that the project has achieved State and Commonwealth EES approval which concluded that any potential negative effects were manageable via the design and mitigation measures proposed, and that the project could proceed.

The project is in an area of relatively high rainfall, where management of surface water impacts resulting from the generation of Acid Rock Drainage (ARD) will require considerable attention.

Optiro notes that there is significant and ongoing public comment/interest in the Stockman Project relating to the potential ARD impact due to poor tailings design and management from the previous Stockman Project operators. Approximately A\$5 M of Victorian state government funding was used to rehabilitate the historic Tailings Storage Facilities (TSF) at the Stockman Project by the construction of a lake permanently covering the sulphidic material. There is however no monitoring data from the TSF's 24 years of existence that shows ARD impacts. The TSF is a modern impoundment designed as a water retaining structure that can pass a Probable Maximum Flood via the spillway, and has a Maximum Design Earthquake criterion of M7.8. Such design criteria are noted to be in line with major water supply dams surrounding large urban areas rather than TSFs.

The potential for further ARD generation resulting from the recommencement of the Stockman project operations, coupled with the location of the Stockman Project within remote forests at the

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

headwaters of the Tambo River, will require the appropriate mitigation measures, along with stakeholder consultation.

4.5. OTHER PROJECTS

IGO has a number of exploration projects in Western Australia and the Northern Territory. Optiro has undertaken a high level review of these projects and considers the value to be immaterial in the context of the overall value of IGO.

5. VALUATION APPROACH AND METHODOLOGY

5.1. DISCOUNT CASHFLOW MODELLING

Optiro understands that BDO will value the following projects on a discounted cashflow basis:

- Sirius' Nova/Bollinger nickel-copper project;
- IGO's Long nickel project;
- IGO's Jaguar zinc-copper project;
- IGO's Tropicana joint venture gold project;

In performing this valuation, BDO required Optiro to review the technical project assumptions and provide an assessment on the reasonableness of the assumptions used in the above projects. Accordingly, Optiro has not independently valued these projects.

5.2. MINERAL RESOURCES AND EXPLORATION POTENTIAL VALUATION

In determining the appropriate valuation method(s) to be used for the exploration potential of the Fraser Range and Polar Bear and the Mineral Resources and exploration potential of the Stockman project, Optiro has taken into consideration the classification of these assets according to the categories defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification. Generally there are three broad methods of valuation that are used for valuing mineral assets: these are the market approach, cost approach and income approach. The market and cost approaches are used for the grass-roots through to advanced exploration stages and the income approach is used for advanced projects with defined reserves to operating mines.

Sirius' Fraser Range and Polar Bear projects are deemed to be at an advanced exploration stage from a valuation standpoint.

For valuation of the Stockman project, the valuation approach that Optiro has elected to use are defined as inferential methods and rely on comparative or subjective inputs, such as the "rule of thumb" or appraised value method. Such a method values the property in dollars per unit area or dollars per resource tonne. Optiro has elected not to use a discounted cashflow (DCF) style valuation to determine fair market value as there remains uncertainty on the timing in relation to the Stockman project as IGO have not and are unlikely to make any development decision in the near term.

The methodologies considered by Optiro to determine a value for the mineral projects and the exploration potential are summarised below.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

5.2.1. GEOSCIENTIFIC RATING METHOD

The most well-known method of the Geoscientific ratings type is the modified Kilburn Geological Engineering/Geoscientific method, which was developed by a Canadian geologist who wished to introduce a more systematic and objective way of valuing exploration properties. The Kilburn and similar rating approaches are acknowledged as industry-standard valuation tools. This method is Optiro's preferred valuation tool for early stage exploration projects.

The Kilburn method uses a Geoscientific rating which has as its fundamental value a base acquisition cost (BAC) of the tenement. The BAC is the average cost to acquire a unit of exploration tenement (generally a graticular block, square kilometre or hectare) and maintain it for one year, including statutory fees and minimum expenditure commitments.

The determination of the BAC for exploration licences in Western Australia considered the application and retention costs as set by the Government of Western Australia, Department of Mines and Petroleum and the average identification, administration and expenditure costs. Based on Optiro's assessment, the BAC applied to the exploration licences is A\$1,114 per graticular block or A\$343/km². This value was applied both to the Polar Bear tenements and to the Stockman tenements in Victoria in the interests of normalisation.

Four technical factors are then applied serially to the BAC of each tenement which enhance, downgrade or have no impact on the value of the property and which allow a value per tenement to be determined. The four technical factors are:

- **Off-property factor** – relates to physical indications of favourable evidence for mineralisation, such as workings and mining on the nearby properties, which may or may not be owned by the company being valued. Such indications are mineralised outcrops, old workings through to world-class mines.
- **On-property factor** – this is similar to the off property factor but relates to favourable indications on the property itself, such as mines with significant production.
- **Anomaly factor** – the anomaly factor relates to the degree of exploration which has been carried out and the level and/or number of the targets which have been generated as a consequence of that exploration. Properties which have been subject to extensive exploration without the generation of sufficient or quality anomalies are marked down under the Kilburn approach.
- **Geological factor** – this refers to the amount and exposure of favourable lithology and/or structure (if this is related to the mineralisation being valued) on the property. Thus properties which have a high coverage of favourable lithology and through-going structures will score most highly.

The ratings applied by Optiro are listed in Table 5.1.

This methodology is used to determine the technical value and a fifth factor reflecting the current state of the market, is applied to determine the market value. This market value determined from the Geoscientific rating method has been verified by consideration of the current market for gold and base metal properties in Australia.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Table 5.1 Geoscientific rating criteria (modified by Optiro)

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within tenement	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified, initial indications positive	
2.0	Resource targets identified	Exploration targets identified	Significant intersections - not correlated on section	Favourable geological setting
2.5				Mineralised zones exposed in prospective host rocks
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production	Several significant ore grade intersections that can be correlated	
3.5				
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

5.2.2. COMPARABLE TRANSACTION METHOD

The comparable market value approach is a market-based approach and is an adaptation of the common real estate approach to valuation. For the purposes of mineral asset valuation, a valuer compiles and analyses transactions, converted to a 100% equity basis, of projects of a similar nature, time and circumstance, with a view to establishing a range of values that the market is likely to pay for a project. The comparable market approach

- is intuitive, easily understood and readily applied
- implies a market premium/discount for the prevailing sovereign risk
- captures market sentiment for specific commodities or locations
- accounts for intangible aspects of a transaction (i.e. intellectual property).

The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. \$/km² or \$/tonne metal, etc.) for the asset being valued. However, there is an intricate value dynamic between the quantity (size) and quality (grade or prospectivity) that may result in the exclusion of a large number of comparable transactions, which in turn may undermine the accuracy of this method.

The comparable market value approach is widely used throughout the minerals industry; however, the valuer must take into account that this approach is largely retrospective and therefore cannot take into account anticipated or recent commodity or other market price movements.

F. Independent Geological Report (cont)



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5.2.3. JOINT VENTURE TERMS METHOD

The joint venture terms method is a variation of the comparable market value method. This technique involves transactions where only partial ownership of a project is acquired. The joint venture terms method provides the valuer with a larger acquisitions dataset than the comparable market value method and consequently these approaches are often used simultaneously in mineral asset valuations.

It is recognised that the market will attribute a sliding-scale premium in accordance with the level of ownership acquired (e.g. a joint venture agreement for a 51% interest in a project may attract a market value significantly above that for an identical project in which a 49% interest is acquired). The valuer therefore needs to account for any potential associated with ownership premiums.

5.2.4. APPRAISED VALUE METHOD

The cost approach or Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on the exploration expenditure, and that a highly-prospective tenement will generally encourage a higher level of exploration expenditure.

This valuation methodology relies upon the premise that a project is at least worth what the owner has previously spent and/or committed to spending in the future. It considers historical and/or planned future expenditure on the mineral asset and includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration.

The value of the property may be determined from the sum of past effective exploration expenditure (usually limited to the past three years), plus any committed exploration expenditure in the current year and the application of a prospectivity enhancement multiplier (PEM). The PEM is determined by the level of sophistication of the exploration for which positive exploration results have been obtained, and usually ranges between 0.5 and 3.0.

The principal shortcomings of this method are that there is no consistent base from which to derive the valuation and there is no systematic approach taken in determining the PEM. Optiro places less reliance on values determined this method than those determined from the Geoscientific Ratings and comparable transaction methods.

6. VALUATION

6.1. OVERVIEW

6.1.1. FRASER RANGE

In valuing the exploration potential contained within the Fraser Range project, Optiro considered the Geoscientific Rating and comparable transaction methods. In reviewing the exploration potential, Optiro reviewed recent global transactions involving nickel projects without defined resources (Appendix A). In order to obtain a dataset that is relevant under the current time and circumstances, Optiro has typically reviewed transactions that occurred within the last two years to be analogous with current market conditions.

F. Independent Geological Report (cont)



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6.1.2. POLAR BEAR

Optiro's approach has been to use the following valuation methodologies for the exploration potential within Sirius' Polar Bear tenements:

- the Geoscientific Rating method
- comparable transactions
- joint venture terms
- exploration expenditure.

In valuing the exploration potential, Optiro reviewed recent Australian transactions involving gold projects without defined resources (Appendix B). In order to obtain a dataset that is relevant under the current time and circumstances, Optiro has typically reviewed transactions that occurred within the last two years.

6.1.3. STOCKMAN

Optiro's approach in valuing the exploration potential for mineralisation within IGO's exploration tenements at the Stockman project was to use the following:

- the Geoscientific Rating method
- comparable transactions
- joint venture terms.

In reviewing the exploration potential, Optiro reviewed recent Australian transactions involving base metal projects without defined resources (Appendix C). In order to obtain a dataset that is relevant under the current time and circumstances, Optiro has typically reviewed transactions that occurred within the last 14 months.

Optiro's approach in valuing the Mineral Resources at the Stockman project was to use comparable transactions. Optiro reviewed recent Australian transactions involving base metal projects with defined resources (Appendix D). In order to obtain a dataset that is relevant under the current time and circumstances, Optiro has reviewed transactions that typically occurred within the last 14 months.

6.2. FRASER RANGE PROJECT

In terms of valuing the exploration potential additional to the defined Mineral Resource, Optiro identified 29 transactions that are considered to be of use in assessing the current market value attributed to the prospectivity potential similar to that within the Fraser Range project. Optiro excluded properties with Mineral Resources and defined exploration target tonnages and limited its search to transactions in the last two years within the Fraser Range area. The transactions selected by Optiro are listed in Appendix A.

Optiro's analysis of the exploration transactions indicates that exploration projects within the Fraser Range area may attract market values typically in the range of \$300/km² to \$17,000/km² on a 100% equity basis, when considering like size and prospectivity. Optiro notes that the Super Nova project transaction of December 2013 was at \$167,300/km² but this was over a relatively small licence area.

Optiro determined Geoscientific Ratings for each licence in reference to the off-property, on-property, anomaly and geology factors for potential iron mineralisation. The ratings for the Fraser Range project licences are listed in Table 6.4. Optiro assigned the ratings based upon:

F. Independent Geological Report (cont)



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- a semi-contiguous, 1,201 km² granted licence package located within the Albany-Fraser Orogen
- the Western Mafic Complex (west of Nova) features elevated nickel and copper assays in RAB drilling, with nickel sulphides also intersected in diamond drilling
- further prospectivity at the 'eyelet' southwest of Nova is yet to be drilled
- outside of the Nova-Bollinger area exploration is at a relatively early stage, and there remains excellent potential for further discoveries
- significant nickel-copper soil anomalies identified at Crux and Centauri (E63/1371); follow-up diamond drilling at Crux confirmed presence of magmatic Ni-Cu sulphide mineralisation and RC and aircore drilling at Centauri identified zone of Ni-Cu-Co enrichment within weathered mafic and ultramafic rocks
- early stage prospectivity for chromium and PGE mineralisation at Buningonia
- Nickel and Cu soil anomalies associated with geological and/or aeromagnetic targets identified in E63/1103
- further exploration targets at Talbot, Talbot South and within E28/1630 requiring follow-up.

The tenements in Table 6.1 have been split into the FRJV licences (70% held by Sirius) and 100% Sirius held licences.

Fair market value is the technical value (as determined by the Geoscientific Ratings) plus a premium or discount to account for market, strategic considerations and special purposes.

The following assumptions have been used by Optiro in applying the Geoscientific Ratings method to determine a value for the mineralisation potential within the Fraser Range exploration licences:

- the BAC for a Western Australian exploration licence is A\$343/km²
- a market premium is applicable for the Fraser Range properties due to the intense interest in the area.

Based on the Geoscientific Ratings of the mineralisation prospectivity within the Fraser Range exploration licences, Sirius' equity in mineral assets is expected to have a technical value that lies in the range A\$17.1 M to A\$28.5 M, with a preferred value of A\$22.8 M. This implies an average value of A\$19,200/km², decreasing to A\$15,100/km² if the area covered by ML28/376 is removed (ML area preferred value is A\$142,600/km²).

Optiro's analysis of comparable transactions suggests that a market premium is applicable to Sirius' Fraser range project due to the intense exploration interest in the area. Furthermore, Optiro considers that the Sirius management and exploration/deposit model expertise is such that they have a good chance of replicating their previous success at Nova-Bollinger. In Optiro's opinion, Sirius' tenements should trade near or at the top end of the comparable transaction range identified. As such, Optiro has elected to apply a 100% market premium to the Fraser Range project exploration value.

F. Independent Geological Report (cont)



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Table 6.1 Fraser Range project - Geoscientific Rating criteria applied to exploration mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
100% Sirius								
E28/1724	2.5	3	1	1.5	1.5	2	2.5	3
ML28/376	4.5	5	5	5	5	5	3.5	3.5
E28/2257	1.5	2	2	2.5	2.5	2.5	2.5	3
E63/1569	3.5	4	2.5	3	3	3.5	3	3.5
E63/1570	3.5	4	2	2.5	2.5	3	3	3.5
E63/1571	3.5	4	2.5	3	2.5	3	3	3.5
E63/1572	3.5	4	1.5	2	2.5	3	3	3.5
E63/1573	3.5	4	1.5	1.5	2	2.5	2	2.5
E63/1574	3.5	4	1.5	1.5	2	2	3	3.5
E69/3074	3.5	4	1.5	1.5	2	2	3	3.5
E28/2158	1.5	2	2	2.5	2.5	2.5	2.5	3
E69/3194	1	1	1	1	1.5	1.5	0.5	0.5
FRJV (70% Sirius)								
E28/1630	2	2.5	1.5	2	2	2.5	2.5	3
E28/1714	2	2.5	1	1.5	1.5	2	1.5	2
E63/811	3.5	4	1.5	1.5	2	2.5	2.5	3
E63/1103	3	3.5	2	2.5	2.5	3	3.5	4
E63/1319	3.5	4	1.5	1.5	2	2	3	3.5
E63/1320	3.5	4	1.5	1.5	2	2	3	3.5
E63/1371	3.5	4	2.5	3	3	3.5	3.5	3.5
E63/1372	3.5	4	2	2.5	2.5	3	3	3.5
P63/1802	3.5	4	2	2.5	2.5	3	2.5	3
P63/1803	3.5	4	2	2.5	2.5	3	2.5	3

Accordingly, Sirius' equity in mineral assets is expected to have a market value that lies in the range \$34.2 M to A\$56.9 M, with a preferred value of A\$45.6 M. This implies an average value of A\$38,100/km², decreasing to A\$30,200/km² if the area covered by ML28/376 is removed.

6.2.1. BALANCE AREA ROYALTY

Part of the consideration when Sirius acquired Creasy's 30% interest in E28/1724 and ML28/376 is a 0.5% net smelter royalty. This royalty is only on production from future discoveries made within the Balance Area, i.e. the area of E28/1724 that falls outside of ML28/376.

Optiro has considered the present value of this royalty and considers it to be immaterial. There is a high degree of uncertainty as to whether any future royalty will be paid and also as to the magnitude of the royalty. Optiro has based this conclusion on the following facts:

- The royalty is only payable on the Balance Area.
- The Balance Area is at an early stage of exploration assessment.
- No current drill ready targets have yet to be defined.
- The Balance Area is off the main trend and fertile host rocks have not been defined.
- Should any economic mineral discoveries be made within the Balance Area, there would be a significant time delay to production. This may be five to seven years or more and takes into

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

account Sirius' current exploration priorities and the time required to generate targets, explore, define, study, fund and develop any potential discoveries.

- The royalty payable is relatively low (0.5% of net smelter return).

6.3. POLAR BEAR PROJECT

6.3.1. EXPLORATION POTENTIAL

Optiro has identified 25 transactions that are considered to be of use in assessing the current market value attributed to mineralisation potential similar to that at the Polar Bear project. Optiro excluded properties with Mineral Resources and defined exploration target tonnages. The transactions selected by Optiro are listed in Appendix B.

Optiro's analysis of the exploration transactions indicates that exploration projects similar to the Polar Bear exploration licences may attract market values typically in the range of approximately A\$174/km² to A\$46,200/km² on a 100% equity basis. When considering similar size and prospectivity the range falls within a narrower band of approximately A\$10,000/km² to A\$46,200/km².

Optiro has used the identified exploration transactions as a benchmark for its Geoscientific Ratings valuation below.

Optiro determined Geoscientific Ratings for each licence in reference to the off-property, on-property, anomaly and geology factors for potential iron mineralisation. The ratings for the Polar Bear licences are listed in Table 6.2. Optiro assigned the ratings based on:

- a 100% owned contiguous 151 km² licence package of granted tenure and licence applications over a further 38 km² of ground
- consistent oxide gold mineralisation at defined at Baloo that is currently at a pre-Mineral Resource estimate stage
- Optiro considers that the Baloo discovery has a high likelihood of becoming a gold mine in the short to medium term
- shallow plunging primary gold mineralisation identified beneath the Baloo oxide mineralisation
- significant gold anomalism and mineralisation under cover at Nanook, Bindy and Humphrey
- the presence of extensive low grade gold haloes
- gold mineralisation at Baloo, Monsoon and Nanook potentially defining a previously unrecognised and unexplored gold trend
- a large part of the project is under cover and remains at a relatively early stage of assessment
- the project is surrounded by the Norseman, St Ives and Higginsville gold camps
- Polar Bear is prospective for both Norseman/Kalgoorlie-style gold and Kambalda-style nickel mineralisation.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Table 6.2 Polar Bear project - Geoscientific rating criteria applied to exploration mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
E15/1298	4	5	5	5	5	5	3.5	3.5
E63/1142	4	4	3.5	4	4	4.5	3	3.5
E63/1712	1	1.5	1	1.5	1	1.5	1	1.5
M15/651	3	3.5	1.5	2	1.5	2	2	2.5
M15/710	3	3.5	2	2.5	2.5	3	2.5	3
M63/230	3	3.5	2.5	3	2.5	3	2	2.5
M63/255	3	3.5	1.5	2	1.5	2	2	2.5
M63/269	3	3.5	1.5	2	1.5	2	2	2.5
M63/279	3	3.5	2	2.5	2	2.5	2	2.5
P15/5167	3	3.5	2	2.5	1.5	2	2	2.5
P15/5168	3	3.5	2	2.5	1.5	2	2	2.5
P15/5171	3	3.5	2	2.5	2	2.5	2	2.5
P15/5638	3	3.5	2	2.5	1.5	2	2	2.5
P15/5639	3	3.5	2	2.5	1.5	2	2	2.5
P15/5640	3	3.5	1	1.5	1	1.5	2	2.5
P63/1584	3	3.5	2	2.5	1.5	2	2	2.5
P63/1585	3	3.5	2	2.5	2	2.5	2	2.5
P63/1587	3	3.5	1.5	2	1.5	2	2	2.5
P63/1588	3	3.5	1.5	2	1.5	2	2	2.5
P63/1589	3	3.5	1.5	2	1.5	2	2	2.5
P63/1590	3	3.5	1.5	2	1.5	2	2	2.5
P63/1591	3	3.5	2	2.5	2	2.5	2	2.5
P63/1592	3	3.5	1.5	2	1.5	2	2	2.5
P63/1593	3	3.5	1.5	2	1.5	2	2	2.5
P63/1594	3	3.5	2	2.5	1.5	2	2	2.5

Fair market value is the technical value (as determined by the Geoscientific Ratings) plus a premium or discount to account for market, strategic considerations and special purposes. Optiro has examined the past and forecast gold and nickel prices, as well as the development stage, location and geology of Sirius' Polar Bear project exploration licences. Given that the Baloo discovery is currently at a pre-Mineral Resource estimate stage and not able to be valued on a comparable resource basis, Optiro has elected to apply a 100% premium to the Baloo licence (E15/1298). Given the location and prospectivity of the remaining licences Optiro has elected to apply a 50% premium to these licences.

The following assumptions have been used by Optiro in applying the Geoscientific Ratings method to determine a value for the mineralisation potential within the Polar Bear exploration licences:

- BAC for Western Australian exploration licence - A\$343/km²
- a market premium factor for the Polar Bear properties as discussed above.

Based on the Geoscientific Ratings of the mineralisation prospectivity within the Polar Bear exploration licences, the mineral assets are expected to have a market value that lies in the range A\$10.5 M to A\$14.8 M, with a preferred value of A\$12.6 M. Optiro notes, however, that approximately \$13.2 M has been spent on the Polar Bear licences by Sirius and that this expenditure has been highly effective and increased the value of the licence holding. Given the current nature of the Polar Bear licences and the Baloo discovery, Optiro considers that the Kilburn method is undervaluing the market value of the licences. Accordingly, Optiro considers that the Kilburn value

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

represents a low range valuation and that the upper limit is more accurately determined using a prospectivity enhancement multiplier (PEM). Optiro considers that a PEM of two is appropriate for the Polar Bear licence.

Based on the combination of Geoscientific ratings and PEM methods, the Polar Bear mineral assets are expected to have a market value that lies in the range A\$12.6 M to A\$26.5 M, with a preferred value of A\$19.6 M.

Optiro's analysis of comparable transactions suggests that exploration projects of comparable size to the Polar Bear project would attract market values up to A\$46,000/km². These projects are however pure exploration projects and are considerably less advanced than the Polar Bear project. Based on the preferred value of the mineralisation potential of the Polar Bear exploration licences, an average value of A\$84,000/km² has been determined. This is beyond the range of values indicated by recent comparable transactions (excluding Payne's Find) but given the pre-resource stage of the Baloo discovery is this considered reasonable and expected. Optiro notes that the Polar Bear project is currently at a development stage between a pure exploration play and a Mineral Resource and development project. Furthermore, Optiro considers that the definition of a maiden Mineral Resource at Polar Bear is imminent which would project the project into a higher valuation method. As a Mineral Resource has not yet been defined it cannot be valued on a \$/gold ounce basis. Accordingly, the value range determined by third party exploration transactions is considerably less than the current market value of the Polar Bear project.

6.4. STOCKMAN PROJECT

6.4.1. MINERAL RESOURCES

In terms of valuing the Mineral Resources defined at the Currawong and Wilga deposits, Optiro identified five transactions that are considered to be of use in assessing the current market value attributed to base metal Mineral Resources similar to those at the Stockman project. In valuing the Stockman project Mineral Resources, Optiro considered the classification, size and grades of the Cu, Zn, Au and Ag mineralisation of the Mineral Resources. The transactions selected by Optiro are listed in Appendix D.

Optiro has established from its search of publically available information on recent market transactions of base metal that the market has generally been valuing base metal projects in the range of A\$20 to A\$40 per resource tonne of copper (or copper equivalent) in the ground. Optiro has selected to use a valuation at the upper end of this range given that the Mineral resources are at an advanced stage (Ore Reserves have been defined), the permitting process is in progress and in Optiro's opinion the most comparable transaction is the Tennant Creek project. This leads to the valuation stated in Table 6.3.

Table 6.3 Stockman project – Mineral Resource valuations

Deposit	Interest	100% valuation (A\$ M)		Equity valuation (A\$ M)		
		Low	High	Low	High	Preferred
Currawong	100%	11.46	22.92	11.46	22.92	21.77
Wilga	100%	1.26	2.52	1.26	2.52	2.39
Total		12.72	25.44	12.72	25.44	24.16

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

6.4.2. EXPLORATION POTENTIAL

In terms of valuing the exploration potential additional to the defined Mineral Resource, Optiro identified 22 transactions that are considered to be of use in assessing the current market value attributed to base metal mineralisation potential similar to that at the Stockman project. Optiro excluded properties with Mineral Resources and defined exploration target tonnages. The identified transactions are included in Appendix B. From these, Optiro excluded transactions that are for small project areas (less than 400 km²) and projects that are considered to have transacted at a premium.

Optiro's analysis of the exploration transactions indicates that base metal exploration projects similar to the Stockman exploration licences may attract market values typically in the range of approximately A\$700/km² to A\$10,100/km² on a 100% equity basis, when considering like size and prospectivity.

Optiro has used the identified exploration transactions as a benchmark for its Geoscientific Ratings valuation below.

Optiro determined Geoscientific Ratings for each licence with reference to the off-property, on-property, anomaly and geology factors for potential base metal mineralisation. The ratings for the Stockman licences are listed in Table 6.4. Optiro assigned the ratings based on:

- a contiguous, 1,263 km² licence package
- a large part of the project remains at a relatively early stage of assessment
- the project contains Mineral Resources defined at the Currawong and Wilga deposits
- base metal and precious mineralisation has been intersected by limited drilling in areas in close proximity to the Currawong and Wilga deposits
- exploration targets have been identified from anomalous surface geochemistry results and surface Electro Magnetic surveys.

Table 6.4 Stockman project - Geoscientific rating criteria applied to base metal and gold mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
MIN5523	2.5	3	3	3.5	3	3.5	2.5	3
EL5045	2	2.5	2	2.5	2	2.5	2	2.5
EL5391	2	2.5	2	2.5	2	2.5	2	2.5
EL5392	1.5	2	1	1.5	1	1.5	1	1.5
EL5463	1.5	2	1	1.5	1	1.5	1	1.5

Fair market value is the technical value (as determined by the Geoscientific Ratings) plus a premium or discount to account for market, strategic considerations and special purposes. Optiro has examined the past and forecast base metal prices, as well as the location and geology of IGO's Stockman project exploration licences, and has elected not to apply a premium or discount to the technical value.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the base metal and gold mineralisation potential within the Stockman exploration licences:

- the BAC for a Victorian exploration licence has been set to the WA value of A\$343/km² in the interests of standardisation
- there is no perceived market premium or discount factor for the Stockman properties.

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Based on the Geoscientific Ratings of the base metal and gold mineralisation prospectivity within the Stockman exploration licences, the mineral assets are expected to have a market value that lies in the range A\$3.6 M to A\$9.1 M, with a preferred value of A\$6.3 M. Optiro's analysis of comparable transactions suggests that Australian exploration projects similar to the Stockman project would attract market values in the range A\$700/km² to A\$10,100/km². Based on the Geoscientific Ratings of the base metal and gold mineralisation potential of the Stockman exploration licences, an average value of A\$5,010/km² has been determined. This is within the range of values indicated by recent comparable transactions, and given the location of the licences and overall prospectivity of the licences, is considered reasonable.

6.5. SUMMARY OF VALUATION

Optiro has applied a number of recognised valuation methods to derive a value estimate for the mineral assets relating to the Sirius and IGO mineral assets.

Optiro's opinion of the fair market value of the Mineral Resources and exploration potential, using the methodologies described above, is summarised in Table 6.5. The values presented are based upon the relevant equity ownership of the projects. Optiro notes that IGO has spent \$35.8 M on the Stockman project to date. Optiro's valuation is currently below this and reflects the concerns listed in Section 5.2.

Table 6.5 Valuation summary of Sirius' Fraser Range and Polar Bear exploration potential and IGO's Stockman mineral assets based on relevant equity interests

Mineral asset	Value (A\$M)		
	Low	High	Preferred
Fraser Range project			
Exploration potential – FRJV (70% Sirius)	16.4	33.2	24.3
Exploration potential – (100% Sirius)	17.7	23.8	20.7
Total – Fraser Range project	34.2	56.9	45.6
Sirius – Polar Bear project			
Exploration potential	12.6	26.5	19.6
Total – Polar Bear project	12.6	26.5	19.6
IGO – Stockman project			
Mineral Resources	12.7	25.4	24.2
Exploration potential	3.6	9.1	6.3
Total – Stockman project	16.3	34.5	30.5

Optiro's opinion of the fair market value of Sirius' mineral assets within the Fraser Range project (excluding the mineral assets of the Nova-Bollinger deposits) is that it is within the range A\$34.2 M to A\$56.9 M, with a preferred value of A\$45.6 M. Optiro's opinion of the fair market value of Sirius' mineral assets within the Polar Bear project is that it is within the range A\$12.6 M to A\$26.5 M, with a preferred value of A\$19.6 M.

Optiro's opinion of the fair market value of IGO's Stockman project mineral assets is that it is within the range A\$16.3 M to A\$34.5 M, with a preferred value of A\$26.6 M. The values assigned to these

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

mineral assets are in nominal Australian dollars (A\$) and were prepared with an effective valuation date of 12 June 2015.

6.6. PREVIOUS VALUATIONS

Optiro previously valued the mineral assets of Sirius as at 28 February 2014. Optiro's report was used to support an Independent Expert Report, prepared by BDO Corporate Finance (WA) Pty Ltd on 4 April 2014, that related to Sirius' acquisition of the 30% interest in EL28/1724 and the associated MLA28/376 held by Ponton Minerals Pty Ltd (Ponton) and other entities controlled by Mr Mark Creasy. As at 28 February 2014, Optiro's opinion of the fair market value of Sirius' interest in the mineralisation potential at the Fraser Range and Polar Bear projects is summarised in Table 6.6.

Table 6.6 Valuation summary of Sirius' mineral assets (Sirius' equity basis)

Mineral asset	Value (A\$M)		
	Low	High	Preferred
Fraser Range project			
Exploration potential - within MLA28/376	8.8	9.8	9.3
Exploration potential - Balance Area	0.4	1.3	0.8
Exploration potential - excluding E28/1724 FRJV (70% Sirius)	15.0	30.7	22.9
Exploration potential (100% Sirius)	4.7	8.2	6.5
Total – Fraser Range project	28.9	50.0	39.5
Polar Bear project			
Exploration potential	3.4	6.4	4.9
Total – Polar Bear project	3.4	6.4	7.9

Since April 2014, Sirius has surrendered an Exploration Licence application (ELA69/3194) of 580 km² and has acquired the remaining 30% interest in EL28/1724 and ML28/376. As a consequence of the increased interest in EL28/1724 and ML28/376, the value of the Fraser Range project as at 12 June 2015 is higher than the value ascribed to this property on 28 February 2014.

Since April 2014, Sirius has identified significant mineralisation at the Baloo discovery, which is currently at a pre-Mineral Resource estimate stage. As a consequence the value of the Polar Bear project as at 12 June 2015 is higher than the value ascribed to this property on 28 February 2014.

7. DECLARATIONS BY OPTIRO

7.1. INDEPENDENCE

Optiro is an independent consulting organisation which provides a range of services related to the minerals industry including, in this case, independent geological services, but also resource evaluation, corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 16 Ord Street, West Perth, Western Australia, but Optiro's staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and in accordance with the VALMIN and JORC Codes of the AusIMM. The authors do not hold any interest in Sirius Resources NL, Independence Group NL, their associated parties, or in any of the mineral properties which are the subject of this report. Fees

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

for the preparation of this report are being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report. The total fees charged for the preparation of this report, the associated report considering the Polar Bear asset only, site visits and data review totals approximately \$103,000.

7.2. QUALIFICATIONS

The principal personnel responsible for the preparation and review of this report are Mr Jason Froud (Principal), Mrs Christine Standing (Principal) and Mr Ian Glacken (Principal and Director) of Optiro.

Mr Jason Froud is a geologist with over 18 years' experience in mining geology, exploration, resource definition, mining feasibility studies, reconciliation, consulting and corporate roles in gold, iron ore, base metal and uranium deposits principally in Australia and Africa. Jason has previously acted as a Competent Person and Independent Expert across a range of commodities with expertise in mineral exploration, grade control, financial analysis, reconciliation and quality assurance and quality control.

Mrs Christine Standing [BSc (Hons) Geology, Grad Dip (Min Econs), MAusIMM, MAIG] is a geologist with over 30 years' extensive experience in the exploration and mining industry. She has been consulting in resource estimation and generating independent experts' reports since 1988, and her skills include resource evaluation studies, grade control and reconciliation work. Christine is a Principal for Optiro in Perth and is involved in independent technical reviews, audits and valuations of exploration assets.

Mr Ian Glacken [BSc (Hons) Geology, MSc (Mining Geology), MSc (Geostatistics), FAusIMM (CP), CEng] is a geologist with over 30 years' experience worldwide in the mining industry. He specialises in resource audit and independent expert reports and has in recent times compiled IGR reports for the IPO of Tusker Gold Ltd, the Finnish assets of Vulcan Resources Ltd and a report on the assets of Aditya Birla Ltd for an IPO, and has recently generated a report on the assets of two copper companies for a merger. Ian was formerly the Group General Manager Resources and Geology for a major consulting firm.

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9. GLOSSARY OF ABBREVIATIONS AND TECHNICAL TERMS

Term	Explanation
Abbreviations	A\$ - Australian dollars, BAC – base acquisition cost, °C - degrees Celsius, CAF - cemented aggregate filled, cm – centimetre, DCF – discounted cashflow, EL – Exploration Licence, g/t – grams per tonne, ha – hectare, km – kilometre, km ² – square kilometre, kt – kilo tonne, l – litre, L/s – litre per second, LOM – life of mine, m – metre, m ³ – cubic metres, M – million, mg – milligrams, ML – Mining Licence, mm – millimetre, Mt – million tonnes, Mtpa – million tonnes per annum, NSR – net smelter return, PL – Prospecting Licence, % - percentage, ppm – parts per million, t – tonnes, TDS – total dissolved solids, TFS – tailings storage facility, US\$ - United States dollars, YTD – year to date.
Chemical elements	Ag – silver, Au – gold, Co – cobalt, Cu – copper, Cr – chromium, NaCn – sodium cyanide, Ni – nickel, Pb – lead, Zn - zinc
airborne magnetic survey	A measurement of the magnetic susceptibility of rocks, measured from a plane in flight.
aircore drilling	A method that uses blades to bore a hole into unconsolidated ground. The rods are hollow and contain an inner tube which sits inside the hollow outer rod barrel. The drill cuttings are removed by injection of compressed air into the hole and brought back to the surface up the inner tube.
antiform	A fold shaped like an arch, where the stratigraphic sequence is not known.
Archaean	Era of the geological time scale containing rocks greater than 2,500 million years old.
arsenopyrite	An iron arsenic sulphide (FeAsS).
basalt	A fine grained igneous rock consisting mostly of plagioclase feldspar and pyroxene.
base metals	Non-ferrous (other than iron and alloys) metals excluding precious metals. These include copper, lead, nickel and zinc.
bedrock	The solid rock lying beneath superficial material such as gravel or soil.
classification	A system for reporting Mineral Resources and Ore Reserves according to a number of accepted Codes.
chalcopyrite	A copper ore (CuFeS ₂).
chert	A very fine grained sedimentary rock composed of silica.
cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
Definitive Feasibility Study	A study carried out to justify financing for a project.
diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
dolerite	Basaltic rocks which are comparatively coarse grained.
electromagnetic (EM) geophysical surveys	Survey over an area involving the measurement of alternating magnetic fields associated with currents artificially or naturally maintained in the ground.
fold (folded)	A flexure in rocks.
formation	A defined interval of strata, often comprising similar rock types.
gabbro	A dark, coarse-grained, intrusive igneous rock chemically equivalent to basalt.
galena	A lead sulphide mineral.
gneiss	A rock formed by high-grade regional metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks.
granite	A coarse grained intrusive felsic igneous rock.
greenschist facies	Assemblage of minerals formed during regional metamorphism.
Indicated Mineral Resource	'An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Term	Explanation
	continuity to be assumed.' (JORC 2012)
Inferred Mineral Resource	'An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.' (JORC 2012)
intercept	Mineralised intersection in a borehole.
komatite	Ultramafic mantle-derived volcanic rocks. They have low SiO ₂ , low K ₂ O, low Al ₂ O ₃ , and high to extremely high MgO. Komatiites occur in Archaean greenstone belts.
metamorphism	The change of minerals or geologic texture in pre-existing rocks that occurs primarily due to heat, pressure, and the introduction of chemically active fluids.
millerite	A nickel sulphide mineral (NiS).
Mineral Resource	'A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.' (JORC 2012)
mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
ordinary kriging	A geostatistical estimation method which relies upon a model of spatial continuity as defined in a variogram.
pentlandite	An iron-nickel sulphide, (Fe,Ni) ₉ S ₈ .
peridotite	A dense, coarse-grained ultramafic rock, consisting mostly of the minerals olivine and pyroxene.
picrite	An olivine-rich basalt - a rock containing essential olivine, plagioclase and clinopyroxene.
polydymite	Ni ²⁺ Ni ³⁺ S ₄ , is a supergene thiospinel sulfide mineral associated with the weathering of primary pentlandite nickel sulphide
porphyry	A variety of igneous rock consisting of large grained crystals, such as feldspar or quartz, dispersed in a fine grained feldspathic matrix or groundmass.
pre-feasibility study	Preliminary assessment of a project to determine mining and processing methods, capital costs, logistics etc.
Rotary air blast drilling (RAB)	A cheap and quick drilling method using a rotating bit together with air pressure to produce rock chips for sampling. It is used at the exploration stage of project evaluation.
reverse circulation drilling (RC)	Drilling method that uses compressed air and a hammer bit to produce rock chips.
sphalerite	The main ore mineral of zinc, (Zn,Fe)S.
supergene	A mineral deposit or enrichment formed near the surface.
ultramafic	Igneous rocks with low silica content (less than 45%), generally >18% MgO, high FeO, low potassium and are composed of usually greater than 90% mafic minerals.
vein	A tabular or sheet like body of one or more minerals deposited in openings of fissures, joints, or faults.
violerite	A supergene sulphide mineral associated with the weathering of primary nickel sulphide (Ni ₂ FeS ₄)
volcanics	Sequence of strata formed from an erupting volcano.
volcanogenic massive sulphide	A type of metal sulphide ore deposit, mainly Cu-Zn-Pb which are associated with and created by volcanic-associated hydrothermal events in submarine environments

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Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

**Appendix A Transactions for Australian nickel
exploration properties**

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Project	Date	Buyer	Seller	Consideration (100% equity basis)	Area (km ²)	Implied value (A\$/km ²)
Mt Ridley Nickel/Copper Project	5/03/2013	AXG Mining Ltd	XTL Energy Ltd	1,095,000	878	1,200
Roe Hills Nickel Project and the Mt Barrett Gold	14/05/2013	Mining Projects Group Ltd	Oroya Mining Ltd	200,000	509	400
Musgrave II Nickel Project	1/07/2013	Western Areas Ltd	Traka Resources Ltd	7,843,000	1075	7,300
Fraser West Nickel/Copper Project	3/07/2013	Ram Resources Ltd	Regency Mines Australasia Pty Ltd	4,695,000	271	17,300
Fraser Range Nickel/Copper Project	5/07/2013	Rumble Resources Ltd	Unspecified	100,000	68	1,500
Fraser Range North and South	24/07/2013	Winward Resources Ltd	Creasy Group	11,338,000	9000	1,300
Plumridge Lakes Project	5/08/2013	Orion Gold NL	Creasy Group	1,580,000	2628	600
Fraser Range Nickel/ Copper/Gold Project	10/09/2013	Mining Projects Group Ltd	Epi Energy Ltd	643,000	566	1,100
Harts Range (East Arunta Nickel) Project	12/09/2013	MMG Exploration Pty Ltd	Mithril Resources Ltd	5,556,000	784	7,100
Dearlinya	9/10/2013	Segue Resources Ltd	Fraser Range Resources Pty Ltd	900,000	1298	700
Plumridge Gold/Nickel/copper Project	9/10/2013	Segue Resources Ltd	Fraser Range Resources Pty Ltd	1,667,000	832	2,000
Plumridge Nickel Copper Project	9/10/2013	Segue Resources Ltd	Becrux Pty Ltd	200,000	698	300
Plumridge Nickel Copper Project	9/10/2013	Segue Resources Ltd	Distant Island Pty Ltd	200,000	710	300
Super Nova Project (& Mt Davis Tenements)	24/12/2013	Matrix Metals Ltd	Caeneus Minerals Pty Ltd	3,127,000	19	167,300
Zanthus Nickel Project	13/02/2014	Rumble Resources Ltd	Blackham Resources Ltd	2,747,000	370	7,400
Koonenberry Nickel-copper Project	17/02/2014	Ascension Minerals Ltd	Dart Mining NL	667,000	294	2,300
Fraser Range North Nickel/Copper Project	17/02/2014	Ram Resources Ltd	Private vendor	130,000	163	800
Balladonia Tenements	26/03/2014	Mining Projects Group Limited	Next Commodities Pty Ltd	400,000	246	1,600
Dingo Range Tenements	26/03/2014	Mining Projects Group Limited	Coal First Pty Ltd	400,000	327	1,200
Fraser Range Tenements	26/03/2014	Mining Projects Group Limited	EpiEnergy Pty Ltd	667,000	355	1,900
Plumridge JV	9/04/2014	Segue Resources Ltd.	International Goldfields Limited	650,000	832	800
Spa Go West tenement	17/06/2014	Parmelia Resources Limited	Maincoast Pty Ltd.	84,000	81	1,000
Project	Date	Buyer	Seller	Consideration	Area	Implied value

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

				(100% equity basis)	(km2)	(A\$/km2)
Fowlers Bay Nickel Project	9/10/2014	Western Areas Ltd		1,333,000	700	1,900
Traka option 2 area	12/11/2014	Silver Lake Resources Limited	Traka Resources Limited	188,000	72	2,600
Plumridge East	22/12/2014	Segue Resources Limited	Fraser Range Metals Group Limited	1,000,000	641	1,600
Mulgla Tank project	6/02/2015	Impact Minerals Limited	Golden Cross Resources Limited	917,000	476	1,900
Orpheus base metal JV project	12/02/2015	Apollo Minerals Limited	Enterprise Metals Limited	571,000	600	1,000
Double Magic Nickel Project	27/04/2015	Buxton Resources Limited	Undisclosed sellers	433,000	93	4,700
Sheoak project	2/06/2015	Ram Resources Limited	Undisclosed seller	71,000	28	2,600

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

**Appendix B Transactions for Australian gold
exploration properties**

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Project	Date	Buyer	Seller	Consideration (100% equity basis)	Area (km ²)	Implied value (A\$/km ²)
Lynas Find	7/05/2013	Alloy Resources Limited	Trafford Resources Ltd	1,274,510	28	46,240
Mt Barrett and Roe Hills	14/05/2013	Mining Projects Group Limited	Oroya Mining Limited	200,000	509	390
Plumridge	21/06/2013	Fraser Range Resources Pty Ltd	International Goldfields Limited	1,666,667	831	2,010
Spargoville	1/07/2013	Ero Mining Ltd	Ramelius Resources Ltd	400,000	114	3,500
Valley Floor	4/07/2013	Ero Mining Ltd	Valley Floor Resources Pty Ltd	150,000	6	27,270
Yundamindra	9/07/2013	Legacy Iron Ore Ltd	Ling prospecting syndicate	383,333	51	7,520
Gidgee	12/08/2013	Gateway Mining Ltd	Panoramic Resources Ltd	1,714,286	87	19,600
Cuddingwarra	12/08/2013	Geneagle Gold Ltd	Plasia Pty Ltd	20,000	115	170
Mt Jewell, Wills Creek, Royal Tasman and Nickel First	13/08/2013	InterMet Resources Ltd	Lancaster Resources Pty Ltd	250,000	82	3,060
Kalgoorlie North	17/10/2013	Excelsior Gold Limited	Fe Limited and Cazaly Resources Limited	250,000	18	13,890
Cue	28/11/2013	Parker Resources NL	Undisclosed	100,000	40	2,510
Viking	3/03/2014	Genesis Minerals Ltd.	AngloGold Ashanti Limited	50,000	970	50
Mystique	22/04/2014	Black Fire Minerals Ltd.	Entrée Gold Inc	75,000	205	370
Paynes Find area	23/04/2014	Undisclosed buyer	Paynes Find Gold Ltd	350,000	2	141,700
Highland Rocks and Officer Hills South	27/05/2014	Ramelius Resources Limited	Tychean Resources Limited	764,706	1,700	450
Mt Holland	27/05/2014	Convergent Minerals Ltd	Southern Cross Goldfields Ltd	200,000	66	3,030
McPhees	16/06/2014	Asgard Metals Pty Ltd	Ascot Resources Limited	15,000	6	2,320
Yerilla	30/06/2014	Global Gem Mining Pty Ltd.	Wild Acre Metals Limited	100,000	3	30,530
Gnaweeda	4/07/2014	Doray Minerals Limited	Transatlantic Mining Corp.	500,000	164	3,050
Breakaway Dam and Coolgardie	5/08/2014	Undisclosed buyer	Amex Resources Limited	500,000	204	2,450
Horse Well	2/09/2014	Alloy Resources Limited	Phosphate Australia Limited	62,500	50	12,40
Triumph	15/10/2014	Nexus Minerals Limited	Cowrocks Pty Ltd	937,500	24	39,060
Central and Western Gawler Craton	17/11/2014	Doray Minerals Limited	Iluka Resources Limited	8,750,000	21,000	420
Lyndon	28/11/2014	Shine Resources Pty Ltd	Latitude Consolidated Limited	78,571	27	2,870
Various	16/02/2015	Beacon Minerals Limited	Black Oak Minerals Limited	500,000	14	34,600

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Project	Date	Buyer	Seller	Consideration (100% equity basis)	Area (km ²)	Implied value (A\$/km ²)
Ora Banda South	20/03/2015	Siburan Resources Limited	Western Resources Pty Ltd	218,750	9	23,860
Zuleika	22/04/2015	Torian Resources Limited	Cascade Resources Limited	10,204,082	120	85,030
Spargos Reward	11/05/2015	Corona Minerals Ltd	Mithril Resources Limited	294,118	34	8,530
Lyndon	22/05/2015	Shine Resources Pty Ltd	Latitude Consolidated Limited	30,000	27	1,100

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

**Appendix C Transactions for Australian base metal
exploration properties**

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Project	Date	Buyer	Seller	Consideration (100% equity basis)	Area (km ²)	Implied value (A\$/km ²)
Selwyn Range	10/04/2014	Elementos Limited	Below Ground Technology Pty Ltd	\$1,176,471	109	10,800
Marymia	29/04/2014	Australian Mines Ltd	Riedel Resources Ltd.	\$4,312,500	425	10,100
Bulloo Downs Copper	18/06/2014	Aruma Resources Limited	Atlas Iron Limited	\$611,111	218	2,800
Duck Creek Gold/Copper Project	30/06/2014	Queensland Mining Corporation	Goldsearch Limited	\$30,000	35	900
Wee MacGregor	17/07/2014	Cape Lambert Resources	Caeneus Minerals Ltd.	\$50,000	83	600
Cooper Pedy project	11/08/2014	Oresearch Limited	Teck Resources Limited	\$4,000,000	900	4,400
Three Musgrave tenements	22/08/2014	Monax Mining Limited	Investor group (Rasp Resources NL; Musgrave Mining Pty Ltd.	\$11,250,000	2,195	5,100
Three tenements	8/10/2014	Western Areas Limited	Monax Mining Limited	\$1,333,333	2,046	700
Warrego North project	3/11/2014	Bulletin Resources Limited	Meteoric Resources NL	\$1,071,429	125	8,600
Claypan Dam tenement	24/11/2014	Apollo Minerals Limited	Waterberg Coal Company	\$125,000	125	1,000
Paterson tenements	28/11/2014	Encounter Resources	Hammer Metals Limited	\$112,500	317	400
Thaduna project	29/12/2014	Sandfire Resources NL	Sipa Resources Limited	\$2,000,000	829	2,400
Spinfex Ridge East project	31/12/2014	Undisclosed	Metal Bank Limited	\$93,750	54	1,700
Orbost Project	27/01/2015	Kingston Resources Limited	Dakota Minerals Limited	\$2,500,000	458	5,500
Olympic Domain project	26/03/2015	Forte Energy NL	Antares Mining Limited	\$400,000	2,162	200
Glenthompson copper	10/04/2015	Stavely Minerals Limited	Diatreme Resources Limited	\$5,000	123	40
Yambah tenements	22/04/2015	KGL Resources Limited	Undisclosed	\$20,000	392	50
Mt Windsor project	28/04/2015	Red River Resources Limited	Natural Resources Exploration Group	\$1,827,778	186	9,800
Condobolin project	30/04/2015	Ramelius Resources Limited	Clancy Exploration Limited	\$2,500,000	363	6,900
Trundle project	5/05/2015	High Power Exploration Inc	Clancy Exploration Limited	\$6,250,000	167	37,400
Phar Lap project	28/05/2015	Iluka Resources Limited	Monax Mining Limited	\$2,500,000	283	8,800
Calingiri project	1/06/2015	First Quantum Minerals Limited	Caravel Minerals Limited	\$7,185,629	425	16,900

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

**Appendix D Transactions for Australian base metal
Mineral Resources**

F. Independent Geological Report (cont)



Valuation of Sirius Resources NL and Independence Group Limited Mineral Assets

Project	Date	Buyer	Seller	Interest	Consideration (A\$)	Implied value (A\$/t)
Walford Creek	3/04/2014	Aeon Metals Ltd	Aston Metals (Qld) Limited	100%	\$27.0 M	\$40
Thalanga	3/07/2014	Red River Resources	Kagara Limited (in liquidation)	100%	\$6.5 M	\$30
Pilbara copper zinc project	22/05/2015	Orion Mine Finance	Venturex Resources	100%	\$14.0 M	\$20
Rookwood property (Devlin Creek)	6/07/2014	Zenith Minerals Limited	Fitzroy Resources Limited	51%	\$1.4 M	\$32
Tennant Creek project	12/06/2014	Evolution Mining Limited	Emmerson Resources Limited	75%	\$7.7 M	\$40

CORPORATE DIRECTORY

Corporate Directory

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Mark Bennett
Anna Neuling
David Craig
Neil Warburton
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Sirius Shareholder Information Line

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The Sirius Shareholder Information Line is open on week days between 6.30am and 5.30pm (Perth time).

