

1. DEVELOPMENT RATIONALE

Dart Mining NL (Dart) has submitted an application for a retention Licence (RL006616) over the project footprint of the Unicorn Porphyry and associated key mining infrastructure requirements. Dart are using the PFS level input data to estimate the potential project footprint to accommodate mining, tails storage facilities and potential water sources/storage to develop a sustained 10Mtpa open pit mining and processing operation with potential for a mine life in excess of 20 years. The proposed open pit is located some 20 km south of Corryong in north east Victoria. The proposed application area covers some 23,000 Ha over the Unicorn deposit development footprint (Figure 1), covering a section of the existing EL4726 (Dart) license of 164,000 Ha. Dart have completed a Mineral Resource Estimate which includes Measured, Indicated and Inferred resource categories and have completed a PFS level investigation for the development of the project. At current commodity prices and exchange rate the project is not economically viable to develop, however Dart consider the project has clear potential to become viable in the foreseeable future.

1.1 Unicorn Molybdenum, Copper and Silver Porphyry Project

Mineral Identified: Hybrid Climax Style Porphyry Molybdenum with copper / silver overprint
Mineralisation Age: 418Ma

Host: Ordovician Pinnack Sandstone

2. WORK PROGRAM

2.1 Office Studies

WORK PROGRAM ECONOMIC HURDLE TRIGGER CONDITIONS – DEVELOPEMENT SCHEDULE

Dart Mining NL have completed a Measure, Indicated and Inferred Mineral Resource estimate and related PFS on the Unicorn Porphyry Project. The PFS economic model indicates that at the current metal prices and exchange rate, the Unicorn Project is not economically viable. The Work Program recognizes the marked difficulty in progressing the project to full feasibility under present conditions (outside the control of the company) and the need for sustained improvement in the price of molybdenum and copper and a favorable exchange rate. Dart Mining proposes that the development aspects of the Work Program only be triggered by sustained higher commodity prices and improved international economic conditions. Once triggered, the project development work program will be re-initiated. The Work Program proposed prior to the re-initiation of development will consist of annual monitoring of the forecast key commodity values and international economic conditions to determine if project development should recommence. An annual review of the economic viability is proposed in the work program and will use the existing economic model developed for the project. The economic model has been used to determine the current project viability using recent metal prices and exchange rate, the model illustrates the project does not overcome the 15% hurdle rate and shows a negative NPV.

To determine the trigger conditions necessary for the project to achieve the minimum hurdle rate for economic viability, the historical copper and molybdenum prices and exchange rates were considered.

RL APPLICATION 006616 – UNICORN PROJECT WORK PROGRAM AND SCHEDULE

The exchange rate and Mo price used were average historical values during periods of high molybdenum prices and provide a basis for reviewing the project economics into the future.

There are two ten-year periods in the recent past that have seen sustained high copper and molybdenum prices, 1976 to 1985 and 2002 to 2011. These periods were used to derive an average Mo/Cu ratio for use in the economic model to determine the zero NPV price for copper. The exchange rate used is the average over the 2002 to 2011 period as free-floating exchange rates were started in Australia in December 1983. The Mo/Cu price ratio used was 8, the average during the 1976 to 1985 was 8.85 and 8.12 during the 2002 to 2011 period. Prices used in the analysis were real 2015 values. As predicting future commodity prices is not possible these model parameters can only be a guideline to reviewing the project viability.

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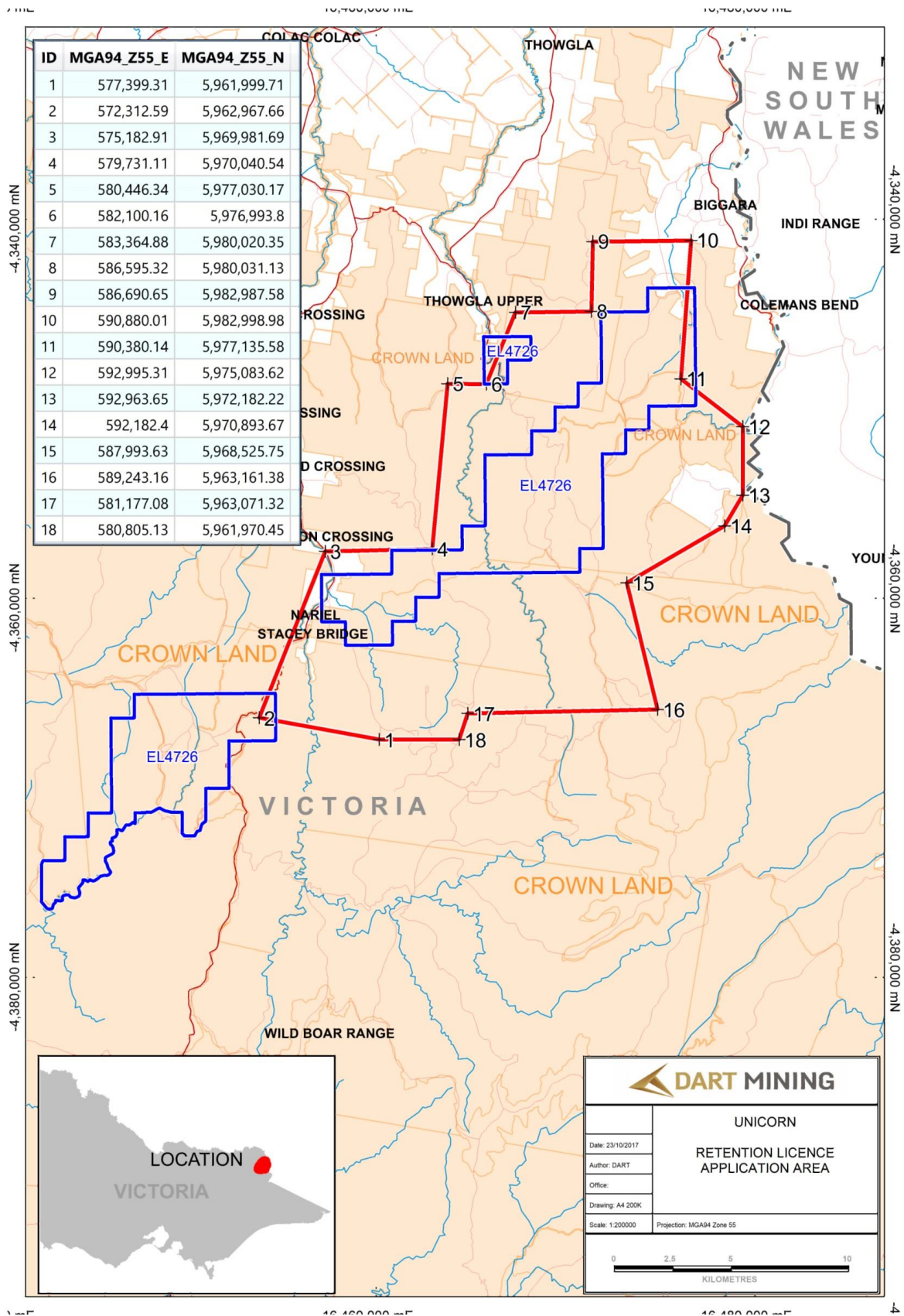


Figure 1. RL006616 – Retention License Location map.

2.2 Nature of On Ground Exploration/Timing and Forecast Expenditure

DEVELOPMENT WORK PROGRAM

Once the development work program has been triggered, an intensive development schedule is proposed to move quickly from PFS to BFS to limit exposure to volatile metal prices and exchange rates. The program has been compressed into a short three year period of works as set out in Table 2.

The proposed work plan details a program to take the current resource through to a Bankable Feasibility Study and completion of an Environmental Effect Statement (EES) within a compressed three year period, commencing at some point within the RL period.

The sustained production rate of 10Mtpa for the porphyry style mineral deposit requires significant water for processing; the sustainable, secure procurement of sufficient water is a prime focus for the final stage of the feasibility study. Significant funds are consumed in the study of potential water sources to supplement the preferred water licensing option. The potential of alluvial valley bore fields, major structural aquifers and upper catchment storage for supply water will require detailed consideration. Further study is also directed at establishing the potential of major structures (fracture halo targets) as well as the contact halo aquifers around isolated intrusive bodies. The availability of a secure source of water for processing is one of the most important aspects of the project. A Summary of the proposed development Work Program under the Unicorn Project RL is summarised in Table 1:

Table 1. BFS Work Program Summary and Schedule (Unicorn Porphyry Project)

Unicorn Molybdenum Project Bankable Feasibility Cost Estimate - 3 YEAR PROGRAM				
AREA	Activity	TOTAL FY YEAR X	TOTAL FY YEAR Y	TOTAL FY YEAR Z
Resource / Reserve Drillout (RC Tot 10,080m)	Phase 2 (RC 4,000m -200 to 100m block intercepts)	*		
	Phase 2 (600m DDH all inclusive)	*		
	Phase 3 (RC 6,080m -100 to 50m block intercepts)	*		
	Phase 3 (600m DDH all inclusive)	*		
	Strategic Advisor Exploration	*		
Tailings Study	BFS level ongoing studies	*		
	Post Met Test Tailings & waste rock kinetic testing	*		
Groundwater Studies	Geophysics to identify aquifers	*		
	Bore drilling & pump testing around Unicorn	*		
	Regional Groundwater testing - Structural zones / contacts	*	*	*
Metallurgical testing	Mineralogy/Petrology	*		
	Optimise Cu/Zn separation -Oxide recovery	*		
	Cleaner/final conc. & locked cycle test	*		
Power Study	BFS ongoing option Studies	*		
Engineering	Water pipeline cost study	*	*	*
	BFS engineering, Infrast. & report	*	*	*
	Process Engineering	*	*	*
Permitting & Environmental	EES studies/govt liaison	*	*	*
	Land Offsets (Site Survey clearing - if required)	*		
	Flora, Fauna & Aquatic studies	*		
	Strategic Advisor Environment	*	*	
Environmental Monitoring	Monitoring, weather, dust etc	*	*	*
Mining	Resource modelling	*	*	*
	Detailed mine design/cost	*	*	*
	Geotech evaluation (+ Upfront Review) - BFS Design	*		*
	Geotech drilling (1400m DDH)	*		
	Adit/Decline/Raise Bore	*	*	*
Concentrate Marketing	Consultant Studies	*		
Peer Review	Consultant	*		

3. ENVIRONMENTAL and COMMUNITY IMPACTS, MITIGATION AND CONTROL MEASURES

Dart Mining NL conduct exploration under approved Work Plans in full consultation with the land managers, DEDJTR and consult experts in areas of flora, fauna and cultural heritage as required. Each exploration work site is different and requires differing levels of permitting to conduct exploration work. Some of the potential environmental and community impacts and mitigation/control measures are discussed below. Dart Mining NL also has policies that apply directly to the management of Health Safety and Environment – found at the company’s website:

<http://www.dartmining.com.au/about us/corporate policy/ health safety and environment/>

3.1 Potential environmental impacts and mitigation measures:

- soil contamination
- loss of native vegetation
- noise
- light
- erosion and sediment inflow to water courses from road or drill pad construction
- disturbance of fauna.

Proposed measures to mitigate or control environmental impacts:

- Planning work sites to avoid clearing and to minimise the extent of disturbance.
- Identifying and avoiding sensitive areas such as threatened flora.
- Maintenance of vehicles and machinery to prevent oil spillage.
- Constructing noise barriers around drill rigs near residential areas.
- Scheduling works to coincide with most appropriate field season (for example, avoiding wet periods or breeding periods of sensitive fauna).
- Installing drainage to divert water around earth works.
- Sealing drill holes to prevent aquifer contamination.

3.2 Consultation and community engagement:

Under section 39A of the MRSDA, all licensees have a duty to consult with the community throughout the period of the licence. The type and level of consultation needed depends on the complexity of the project, the potential risks and who may be affected. Dart Mining NL intends to use the guidelines provided in the code and publication *Community Engagement Guidelines for Mining and Exploration in Victoria* (2008) to design appropriate community consultation material and already have a community engagement policy available on the company website:

<http://www.dartmining.com.au/about us/community/>

Dart Mining NL commence the consultation phase at the design stage of an exploration program to ensure that any risks associated with an operation are identified early in the process, concerns of land owners / occupiers and local residents are appropriately considered, and exploration works will not cause unnecessary adverse effects or conflict with other land users.

All relevant regulatory agencies and stakeholders that are potentially affected by the proposed exploration will be identified and appropriately consulted about the design of the proposal, inclusive of establishing appropriate ongoing consultation after the exploration project.

A list of relevant organisations / stakeholders that may be contacted / consulted as part of the proposed exploration activities appears below:

- DEDJTR
- DELWP
- Parks Victoria
- private land owners / occupiers
- indigenous communities
- other local residents
- special interest groups
- the local water authority
- the local municipal council
- VicRoads
- Catchment Management Authority.