



ASX ANNOUNCEMENT
13 FEBRUARY 2018

**MT RIDLEY MINES TO ACQUIRE
HIGH-GRADE PHILIPPINES
EPITHERMAL GOLD PROJECT**

Mt Ridley Mines Limited to acquire 100% of the issued capital of Prometheus Developments Pte Ltd which holds rights to the Diwalwal Mineral Field, Compostella Valley, Mindanao, Philippines.

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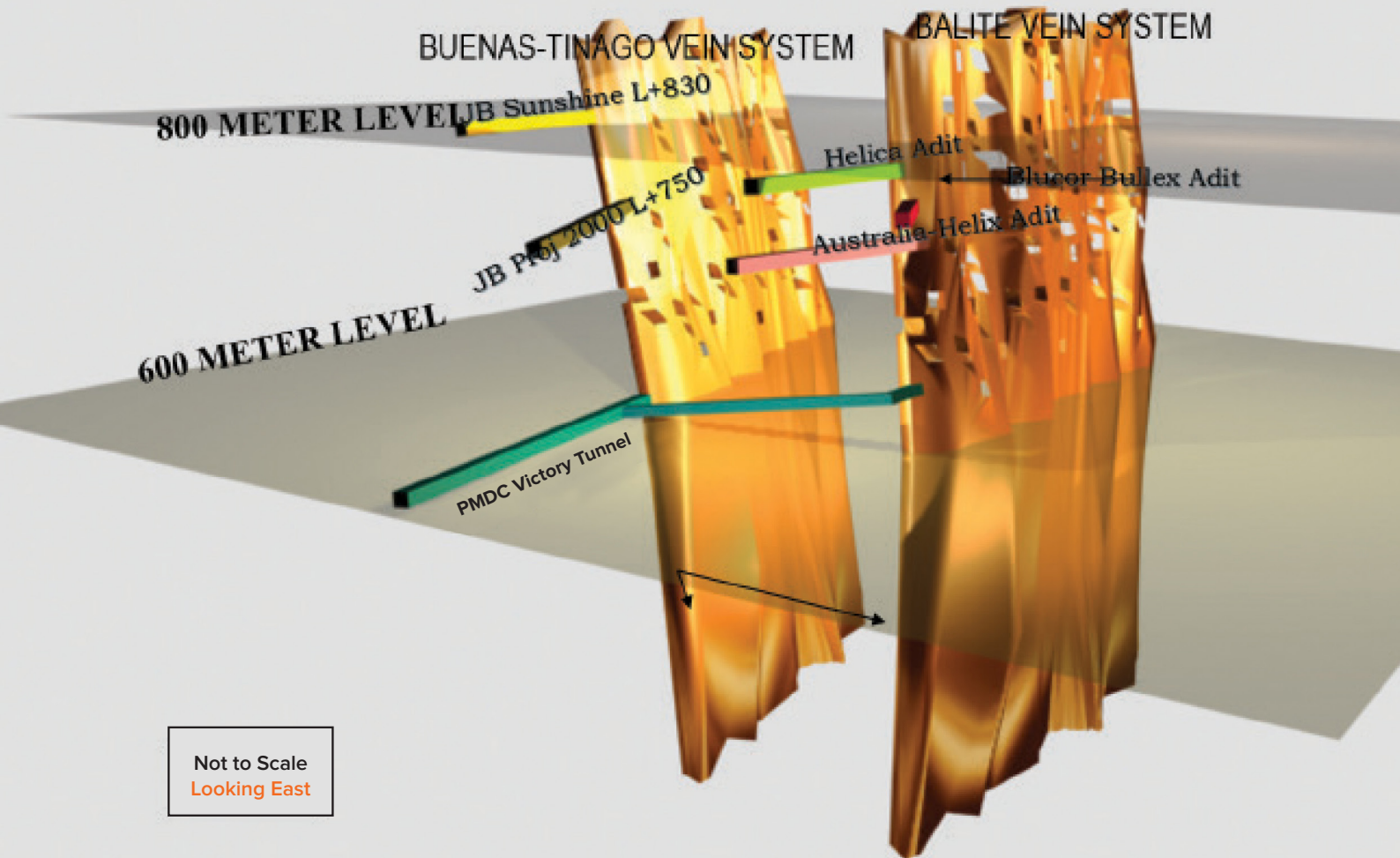
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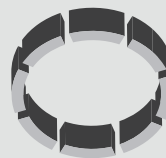
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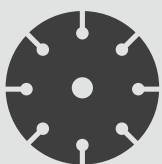
DIWALWAL GOLD DEPOSITS



Significant gold mineralisation drilled beneath JBMM ground



Only 21 historical diamond drill holes



Underground diamond drilling to commence



Strong community & Philippine Government support

SUMMARY

- **Mount Ridley Mines Ltd** (ASX: **MRD**) (or “the Company”) has agreed (subject to due diligence and shareholder approval) to acquire 100% of the issued capital of Singapore based Prometheus Developments Pte Ltd (“**Prometheus**”) via the issue of approximately 1.506 billion Shares in the Company.
- **Prometheus** has entered an Investment Agreement with Paraiso Consolidated Mining Corporation (“**Pacomenco**”) and a Joint Venture agreement with JB Management Mining Corporation (“**JB Management**” or “**JBMMC**”). These agreements allow **Prometheus** to acquire an 80% economic interest and 40% legal interest in three mining tenements covering the Diwalwal Gold Project. These agreements are outlined as follows:
 - a) **Pacomenco Investment Agreement:** On 20 October 2017 **Prometheus** entered into the **Pacomenco Investment Agreement** that will allow **Prometheus** to earn an economic interest of up to 80% in the **Pacomenco** Gold Project and a legal interest in **Pacomenco** of up to 40%. **Pacomenco** in turn has a Joint Operating Agreement (“**JOA**”) with the Philippine Mining and Development Corporation (“**PMDC**”) that governs the tenure, reporting responsibilities, exploration, development, processing and utilization of resources on the project area. In accordance with Philippines Law, a Philippine owned company Perentie Mining Infrastructure Corp (“**Perentie Infrastructure**” or “**PIMC**”) will hold a 40% ownership on completion of the obligations of **Prometheus** under this Investment Agreement. **Prometheus** in turn has an agreement to receive all cash distributions from the Investment Agreement therefore giving **Prometheus** an aggregate 80% economic interest in the Pacominco Investment Agreement (on completion of **Prometheus** obligations).
 - b) **JB Management Joint Venture:** On 20 October 2017, **Prometheus** executed a Joint Venture Agreement with **JB Management** covering 452.29 hectares (Contract Area) on the Diwalwal Mineral Reservation that will allow **Prometheus** to earn an economic interest of up to 80% in the Contract Area and a legal interest of up to 40% in the joint venture company (to be incorporated). **JB Management** also have a **JOA** with the National Resource Development Corporation (“**NRDC**”). **Perentie Infrastructure** will hold a 40% ownership on completion of the joint venture obligations of **Prometheus**. **Prometheus** in turn has an agreement to receive all cash flows from the Joint Venture therefore giving **Prometheus** an aggregate 80% economic interest in the **JB Management Joint Venture** (on completion of **Prometheus** obligations).
- The Philippine Mining and Development Corporation (“**PMDC**”) completed 21 diamond drill holes in 2006 and outlined significant gold mineralisation immediately adjacent to and below the **JBMMC** lease boundary. Note that these drill holes are beneath the agreement area which has a boundary based on an elevation of 600m ASL¹

¹ Above sea level

SUMMARY

- The Diwalwal Gold Project is situated along the Philippine fault approximately 80 kilometres south of **Medusa Mining Limited's** (ASX: **MML**) Co-O Gold project (JORC Inferred and Indicated Resources of 1.34 million ounces) (ASX: MML announcement "Annual Mineral Resources and Ore Reserves Update Statement" 07/08/2017) with annual production of approximately 90,000 ounces of gold.
- There are numerous adits that cross cut significant gold mineralisation throughout the areas covered by the **Pacominc Investment Agreement** and the **JB Management Joint Venture** areas that should provide relatively easy access for the commencement of underground exploration drilling.
- Underground diamond drilling is currently being planned for execution in April 2018 at the Balite and Buenas Tinago veins with a view to confirming historical high-grade gold mineralisation in addition to identifying additional mineralisation.
- **MRD** would like to thank the **PMDC**, in particular, Chairman Atty Alberto Sipaco for his support in assisting with the completion of these agreements in order to advance the Diwalwal Gold Project. In particular we would like to thank him for his invaluable assistance with the local community and other interested parties.



FIGURE 1: Chief Geologist Martin Dormer at the JB Management adit.

SIGNING CEREMONY



FIGURE 2: Clemente Arguanta (Pacomenco), Rubeen Arbaquez (Pacomenco), Martin Dormer (Prometheus), Robert McKenna (Prometheus), Kabir Osman (Prometheus), Chr. Joselito Brillantes (JBMMC), Manuel Brillantes (JBMMC), Karen Brillantes (JBMMC), Chay Kee Tan (Prometheus).



FIGURE 3: Robert McKenna (Prometheus), Kabir Osman (Prometheus), Attny. Alberto Sipaco (PMDC), Esmeraldo Salvana (PACOMINCO)

PHILIPPINE MINERAL DEPOSITS

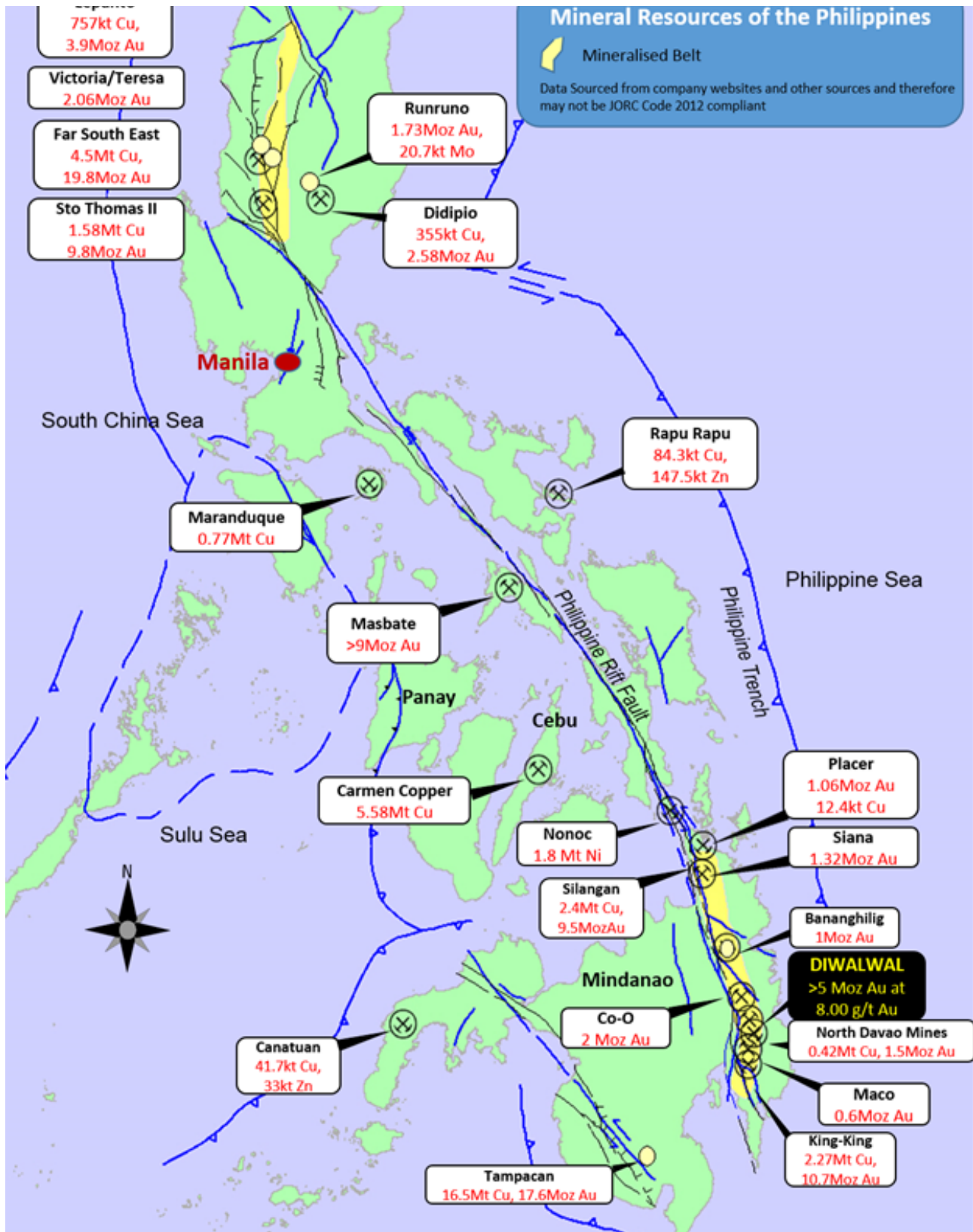


FIGURE 4: Mineral deposits of the Philippines (MML, ASX announcement, Annual Mineral Resources and Ore Reserves Update Statement, 23/11/2016).

DIWALWAL GOLD PROJECT

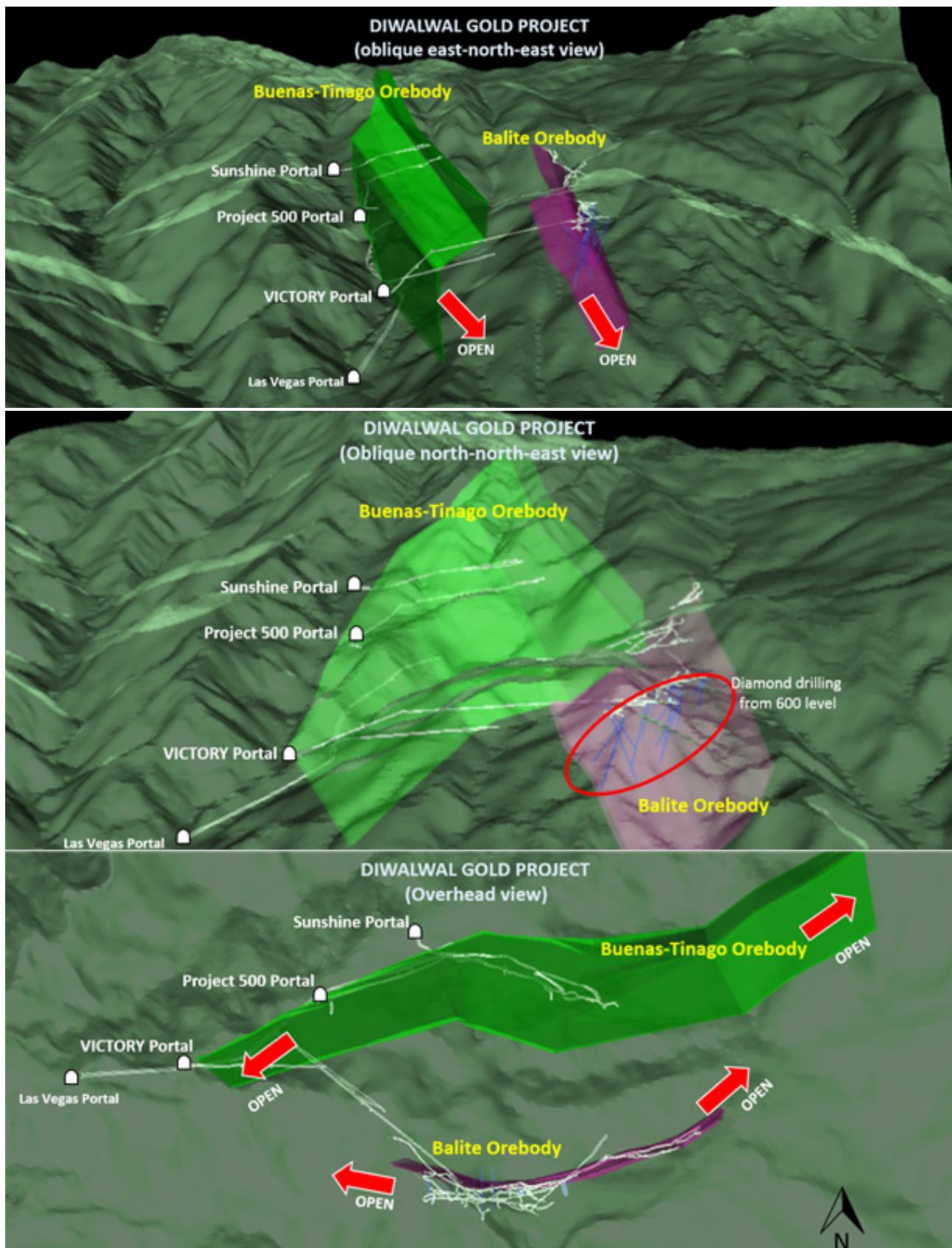


FIGURE 5: Gold orebodies at Diwalwal. Oblique and overhead views (IFSAR topographic DTM with surveyed historic and active workings, 2017)

TRANSACTION TERMS

- (a) **Mt Ridley Mines** has executed a Heads of Agreement (5th February 2018) to acquire 100% of the issued capital of Singapore based **Prometheus**. Guy Le Page is a director of the Company and is also shareholder in **Prometheus**.
- (b) Consideration will be the issue of approximately 1,506,180,000 ordinary fully paid shares (“Shares”) in the capital of **Mt Ridley** at a deemed issue price of \$0.00693/Share. In addition, the Company will issue 42,857,143 Shares to **RM Corporate Finance Pty Ltd (AFSL 315235)** as a combined introduction, consulting, deal-management and success fee. **RM Corporate Finance** is a company controlled by Mr Le Page.
- (c) Mining Engineer and **Prometheus** co-founder Mr Kabir Osman will join the Company as Managing Director. Mr Ashley Hood will retire as a director of the Company.
- (d) The acquisition of **Prometheus** is subject to **Mt Ridley** shareholder approval (at a General Meeting in April 2018), due diligence, a capital raising, satisfaction of all ASX, ASIC, Philippine Government and other regulatory approvals and other standard conditions for a transaction of this nature.
- (e) In accordance with the ASX Listing Rules and the Corporations Act 2001 (Cth), the Company will seek the following specific shareholder approvals for the acquisition of **Prometheus** (**Acquisition**):
- shareholder approval for the Acquisition for the purposes of ASX Listing Rules 10.1, 10.11 and 11.1.2 and item 7 of section 611 of the Corporations Act;
 - shareholder approval pursuant to listing rule 10.11 and section 208 of the Corporations Act for the issue of the consideration shares and Advisory Shares; and
 - shareholder approval pursuant to listing rule 7.1 for the issue of the Shares and Options issued pursuant to the Placement as mentioned in Table 5.
- (f) The share consideration to be issued to Orequest Pty Ltd, Sabre Power Systems Pty Ltd, Dina Leigh Le Page and BT Global Holdings Pty Ltd (as related parties of Guy Le Page, a substantial shareholder of the vendor and the Company) will be escrowed (ASX escrow) for a period of 12 months from the date that is the later of, the date the restricted securities are issued or the date that all the restriction agreements are entered into.
- (g) The share consideration to be issued to **Perentie Investments Pte Ltd** and Rachel Osman (as related parties of Kabir Osman, a Director of the vendor and the Company should the acquisition be approved by shareholders) will be escrowed (ASX escrow) for a period of 12 months from the date that is the later of, the date the restricted securities are issued or the date that all the restriction agreements are entered into.
- (h) The vendors not referred to in (f) and (g) above have agreed for 60% of their consideration shares to be subject to voluntary escrow for a period of 12 months.
- (i) On completion of the acquisition, the pro-forma capital structure of **Mt Ridley** will be approximately as follows in table 1. Appendix 4 – Transaction Comparison Table, shows the effect of the transaction on the Company.

TRANSACTION TERMS

Pro-Forma Post Acquisition	
# Shares	3,203,803,719
Options (ex 7c, exp 31/3/2018)	5,000,000
Options (ex 3c, exp 30/6/2019)	104,469,366
Options (ex 2.1c, exp 31/8/2019)	10,000,000
Options (ex 1.25c, exp 31/8/2019)	656,631,515
Options (ex 1.5c, exp 29/11/2019)	22,500,000
Options (ex 1.5c, exp 1/12/2020)	22,500,000
Pro-Forma Cash	\$2,200,000
Share Price (A\$)	\$0.013
Market Capitalisation-undiluted (A\$)	\$38,445,644
Enterprise Value (A\$)	\$36,245,644

TABLE 1: Mt Ridley Mines pro forma capital structure following the proposed acquisition of Prometheus.

- (j) Subject to the requirements of the ASX listing rules, the Company anticipates the completion of the Acquisition will be in accordance with table 2;

Acquisition Timetable	
Signing of heads of agreement with Prometheus	5 February 2018
Announcement of proposed acquisition	13 February 2018
Notice of meeting dispatched to shareholders	21 March 2018 (est.)
General meeting to approve acquisition	23 April 2018 (est.)
Completion of acquisition	23 April 2018 (est.)

TABLE 2: Mt Ridley Mines timetable of the proposed acquisition of Prometheus. (this is an indicative timetable, subject to change)

PROMETHEUS AGREEMENTS DIWALWAL GOLD PROJECT

Prometheus Developments has an Investment Agreement and a Joint Venture Agreement with **Pacomino** and **JB Management** respectively. The Investment structure is set out below in figure 6 and Annexures 1 and 2.

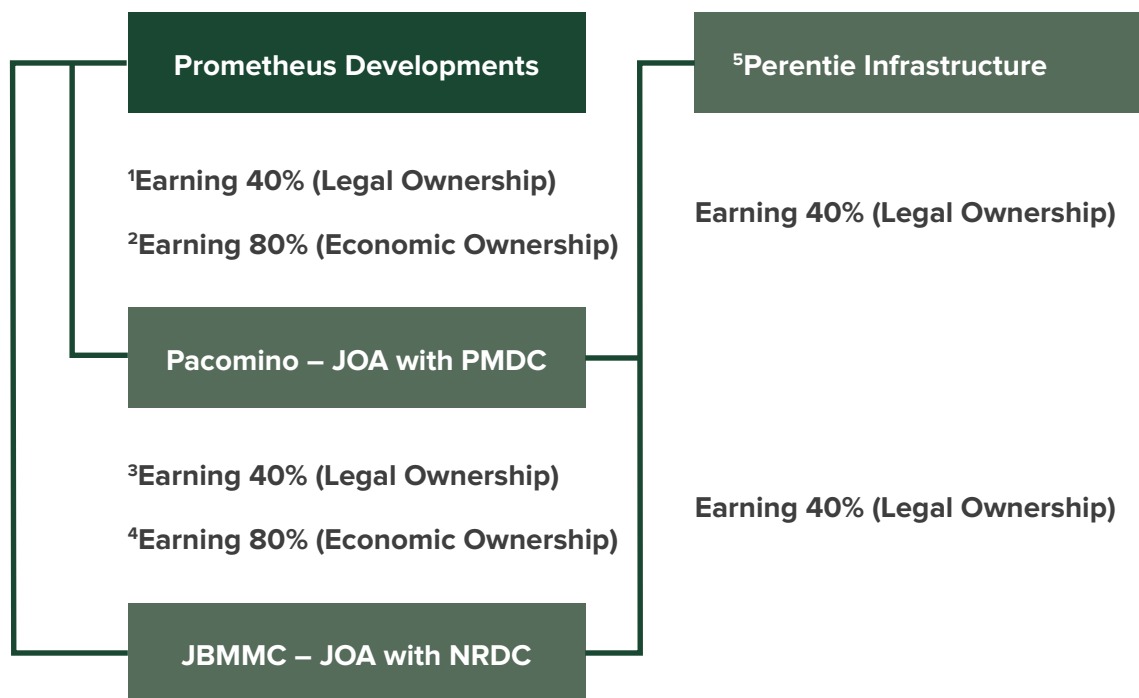


FIGURE 6: Prometheus joint venture and investment structures showing economic and legal interests.

In accordance with Philippine Law, foreign companies are permitted to hold a maximum of 40% legal interest in any mining tenement, therefore Perentie (a Philippine registered company) will hold a 40% legal interest for the benefit of Prometheus in both the Pacominco Investment Agreement and the JB Mining Joint Venture Agreement.

Further to the legal interest, the Pacominco Investment Agreement and the JB Mining Joint Venture Agreement allow Prometheus to acquire an 80% economic interest in the Pacominco Gold Project and the JB Management Contract Area.

NOTES

- 1 **Prometheus** will have a 40% direct (legal) interest in **Pacomino** on the completion of its obligations under the Investment Agreement.
- 2 **Prometheus** has an agreement with **Perentie** to receive all cash distributions received from its 40% interest in **Pacomino** (at the completion of **Prometheus's** obligations under the Investment Agreement).
- 3 **Prometheus** will have a 40% direct (legal) interest in the **JB Management JV** on the completion of its obligations under the **JB Management JV**.
- 4 **Prometheus** has an agreement with **Perentie** to receive all cash distributions received from its 40% interest in the **JB Management JV** (at the completion of **Prometheus's** obligations under the JV).
- 5 **Perentie** is a Philippine registered company whose role is to hold a 40% interest in **Pacomino** and a 40% interest in the **JBMMC JV**. All distributions from **Pacomino** and the **JBMMC JV** are to be held on trust for **Prometheus**.

PROMETHEUS AGREEMENTS DIWALWAL GOLD PROJECT

PACOMINCO INVESTMENT AGREEMENT

Stage	Timing	Incurred Expenses for Operations	Payments to Existing Shareholders		Prometheus % of Equity Interest	PIMC % of Equity Interest
			Expenses Associated with ¹ TVI Buyout & Expenses (US\$)	Payments to be Received (US\$)		
1	Upon completion of the ¹ Conditions Precedent in Section 3 of the Agreement	² 500,000.00	² 500,000.00		40%	0%
2	Within 1yr from signing of Agreement	2,500,000		500,000	40%	20%
3	From first anniversary of signing up to 2nd yr anniversary of Agreement	4,500,000		2,500,000	40%	30%
4	From 2nd Yr anniversary of signing up to the 3rd year anniversary of Agreement	4,500,000		2,500,000	40%	40%
Total		US\$12,000,000	US\$6,000,000		¹40%	¹40%

TABLE 3: Pacominco Investment Agreement, schedule of payments and expenditure commitments.

NOTES

- 1 The existing individual shareholders of Pacominco collectively will retain the remaining 20% equity interest.

PROMETHEUS AGREEMENTS DIWALWAL GOLD PROJECT

NOTES

- 1 Conditions Precedent** The relevant Existing Pacominco Shareholders shall execute the following, as conditions precedent to the Investment (defined below).
 - (a)** A Deed of Absolute Sale for the purchase of 2,000,000 common shares in the Company amounting to 5% of the issued and outstanding shares of the Company owned by TVI Resources Development Phils. Inc (“TVI”);
 - (b)** A Contract to Sell between the relevant Existing Shareholders for the purchase of the rest of TVI’s shareholdings in the Company amounting to 5% of the issued and outstanding shares of 2,000,000 common shares, which provides that full payment for the acquisition of such shares will be paid within 12 months from the signing of the Contract to Sell;
 - (c)** A proxy for such shares covered by the Contract to Sell referred to in Section 3(b) above;
 - (d)** A waiver of the termination of the effectivity of the Heads of Terms dated 17 February 2012 (the “Heads of Terms”) between the Company and TVI; and
 - (e)** The relevant corporate approvals for the amendment of the By-laws of the Company to reflect the termination of the effectivity of the Heads of Terms.

- 2** These payments have been satisfied by **Prometheus**.
 - (a)** On 20 October 2017, **Prometheus Developments** executed an Investment Agreement with **Pacominco** that will allow **Prometheus Developments** to earn an economic interest of up to 80% in the **Pacominco** Gold Project and a legal interest in **Pacominco** of up to 40% (“**Investment**”).
 - (b)** **Pacominco** in turn has a Joint Operating Agreement (“**JOA**”) with the PMDC that governs the tenure, reporting responsibilities, exploration, development, processing and utilization of resources on the project area.
 - (c)** In accordance with Philippines Law, a Philippine owned company Perentie Mining Infrastructure Corp (“**Perentie Infrastructure**”) will hold a 40% ownership on completion of the obligations of **Prometheus Developments** under this Investment Agreement.
 - (d)** Table 3 indicates the cash payments and expenditure commitments required for **Prometheus** to earn a 40% interest in **Pacominco** and 40% for **Perentie Infrastructure**. As outlined earlier, **Prometheus** has an agreement to receive all cash distributions from **Perentie Infrastructure** from its 40% interest in **Pacominco** (on the completion of **Prometheus** obligations).
 - (e)** Appendix 1 sets out the **Pacominco** Investment Agreement in more detail.

PROMETHEUS AGREEMENTS

DIWALWAL GOLD PROJECT

JB MANAGEMENT JOINT VENTURE AGREEMENT

Stage	Timing	JBBMC % in voting shares	Prometheus % in voting shares	PIMC % in voting shares	Incurred Expenses	Cash or shares at market price to JBBMC
0	After constitution of the JVC	85%	15%		¹ US \$1,000,000	US\$ 250,000
1	Upon commencement of mining and processing: est. 8-12 weeks	60%	40%	0%		US\$ 750,000
2	After one year of operating and indicated resource of 500,000 oz @ a minimum grade of 2g/t gold.	50%	40%	10%	US\$ 2,000,000	US\$ 1,500,000
3	After two years of operating and indicated resource of 1,000,000 oz @ a minimum grade of 2g/t gold.	30%	40%	30%	US\$ 2,000,000	US\$ 2,000,000/shares
4	After three years of operating and indicated resource of 1,500,000 oz @ a minimum grade of 2g/t gold.	20%	40%	40%	US\$ 2,000,000	US\$ 2,000,000/shares
Total		20%	40%	40%	US\$ 7,000,000	US \$6,500,000

TABLE 4: JB Management JV Agreement, schedule of payments and expenditure commitments.

NOTES

1 Completed

- (a) On 20 October 2017, **Prometheus** executed a Joint Venture Agreement with **JB Management** covering 452.29 hectares (Contract Area) on the Diwalwal Mineral Reservation that will allow **Prometheus** to earn an economic interest of up to 80% in the Contract Area and a legal interest of up to 40% in the joint venture company (to be incorporated).
- (b) **JB Management** also have a JOA with the National Resource Development Corporation (“**NRDC**”).
- (c) **Perentie** will hold a 40% ownership on completion of the joint venture obligations of **Prometheus**.
- (d) Table 4 indicates the cash payments and expenditure commitments required for **Prometheus** to earn a 40% interest in the **JB Management JV** and 40% for **Perentie**. As outlined earlier, **Prometheus** has an agreement to receive all cash distributions from **Perentie** from its 40% interest in the **JB Management JV** (on the completion of **Prometheus** obligations).
- (e) Appendix 2 sets out the **JB Management** Joint Venture Agreement in more detail.

PROMETHEUS DEAL – A MAJOR STEP IN PROJECT DEVELOPMENT

The agreements between **Prometheus Developments**, **Pacomenco** and **JB Management** represent a major step forward for the **PMDC** which has been seeking, for some time, to consolidate the jurisdiction on Diawalwal to a single government body (most likely the **PMDC**) in addition to having one mining company exploit the resources with a centralised processing facility.

Prometheus Developments has been active on site over the past six months with reconnaissance exploration activities underway together with the commencement of a community liaison program. Mining engineers, occupational health and safety staff, metallurgists and geologists have been on site with a view to recommencing mining activities in the near term.



FUNDING

(a) The future payments and exploration expenditure that are outlined in Tables 3 and 4 are proposed to be funded as follows in Table 5;

Item	Expenditure
Net cash position	
Current cash	\$1,200,000
Less 3-month operating expenses	\$(100,000)
Current cash Prometheus	\$100,000
Additional funds to be raised	
Placement	\$2,000,000
R & D Refund estimated	\$800,000
Option exercise	\$890,000
Additional Funds ¹	\$4,000,000
TOTAL	\$8,890,000
Expenditure over the next 12 months	
Estimated costs of the Acquisition	\$250,000
Estimated cash payable on Acquisition	\$1,883,000 ²
Expenditure on new projects	\$5,023,000 ³
Expenditure on existing projects	\$1,000,000
Working Capital and Corporate administration	\$300,000
TOTAL	\$8,456,000
TOTAL REMAINING WORKING CAPITAL	\$434,000

TABLE 5: Sources and application of funds for Mt Ridley Mines.



FUNDING

1. The Company intends to raise additional funds through a possible combination of future cashflows from operations, equity raisings, debt raisings and/or a sell down of the interest in the project areas (**Additional Funds**).
2. Consists of:
 - (a) \$1,254,000 payable to JB Management; and
 - (b) \$629,000 payable to the existing Pacominco Shareholders.
3. A total of US\$4.0m as set out in Appendix 1 including a contingent payment of \$1,000,000¹ as noted in Appendix 2.

JB MANAGEMENT JOINT VENTURE DISCUSSION

- (a) **Completed Payments and Expenditure:** The incurred expenditure under Stage 0 (US\$1.0 million) has already been satisfied.
- (b) **Future (Contingent)¹ Payments:** It should be noted that the future payments (cash/shares) totaling US\$6.5 million that form Stages 1, 2, 3 and 4 in Table 4 (above) of the **JB Management JV** Agreement are based on production and/or JORC resource targets being met that could potentially add significant value to the shareholders of **MRD**;
- (c) **Future Incurred Expenses:** It should be noted that the expenditure requirement totaling US\$6.0 million that form Stages 1, 2, 3 and 4 in Table 4 (above) are to be funded as set out in the heading titled “Funding” above.

PACOMINCO INVESTMENT AGREEMENT DISCUSSION

- (a) **Completed Payments and Expenditure:** The commitments on Stage 1 have already been satisfied (US\$500,000 expenses associated with the **TVI** Buyout and Expenses and Incurred Expenses of US\$500,000) have already been satisfied.
- (b) **Future Incurred Expenses and Payments:** The future payments and exploration expenditure that form Stages 2, 3 and 4 (US\$11.5 million in Incurred Expenses from operations and US\$5.5 million in cash payments) in Table 3 (above) of the Pacominco Investment Agreement are proposed to be funded as set out in the heading titled “Funding” above.

NOTES

- 1 Details of contingent payments are set out in Appendix 2, 3.0 JB Management Joint Venture Agreement.

PROJECT SUMMARY

HISTORY AND LOCATION

The Diwalwal Gold Project is situated approximately 20km to the east of the town of Monkayo in the eastern side of the island of Mindanao in the Philippines. The large epithermal gold system was discovered in 1983 which then precipitated a gold rush to the area with the local population swelling by over 125,000 persons.

Diwalwal has, to date, been operated by small-scale miners and various small companies. Due to conflict that arose from competing miners and environmental contamination, the Philippine Government became involved.

In November 2002, the National Government declared a state of emergency, proclaimed the 8,100 ha Diwalwal Mineral Reservation and ceded total control to the Department of Environment & Natural Resources (“**DENR**”).

In April 2003, the Natural Resources Mining Development Corporation (“**NRMDC**”) was incorporated as the corporate arm of the **DENR** to engage in mining activities. The name of the **NRMDC** was later changed to Philippine Mining Development Corporation.

Mining within the Diwalwal Mineral Reservation has focused largely on two large gold vein systems named Balite and Buenas-Tinago. Prior to declaration of the Reservation the **NRMDC** estimated gold production was approximately 2.7 million (untaxed) ounces predominantly from these two veins and associated eluvial and alluvial workings. (<http://PMDC.com.ph/mineralreservations.htm>).



PROJECT SUMMARY

GEOLOGICAL SETTING

The Diwalwal Mineral Reservation lies on the southern end of the NNW trending Eastern Mindanao volcanic arc. It is bordered by the Agusan-Davao Trough to the west, and by the Philippine Sea to the east. It is truncated by the Philippine Fault Zone, and subsidiary splay structures. The Diwalwal Gold Project is situated at a structurally significant intersection zone where numerous structures converge.

The mineral resources of the Philippines have been formed by convergence of the Pacific Plate and the Asian Plate resulting in a large number of subduction and orduction zones.

This has resulted in significant amounts of volcanic activity, largely during the Miocene Epoch, producing heat source in areas of structural weakness and thus given rise to the numerous porphyry and epithermal gold and copper-gold systems.

The Diwalwal Mineral Reservation is located within a deeply eroded northerly plunging asymmetrical anticlinal structure. The Diwata Range is underlain by a series of volcanic clastics, flows and plugs of andesite, andesite porphyries superimposed by tuffaceous sediments, arenites and limestones.

The andesite pyroclastic dominantly underlying the Compostela Valley were extruded from three main volcanic eruptive centres, Mount Ngan, Mount Mamunga, and Mount Ulip, which align along a north- south orientation. The underlying volcanics are hydrothermally altered and hosted the gold-copper mineralisation in the area.



PROJECT SUMMARY

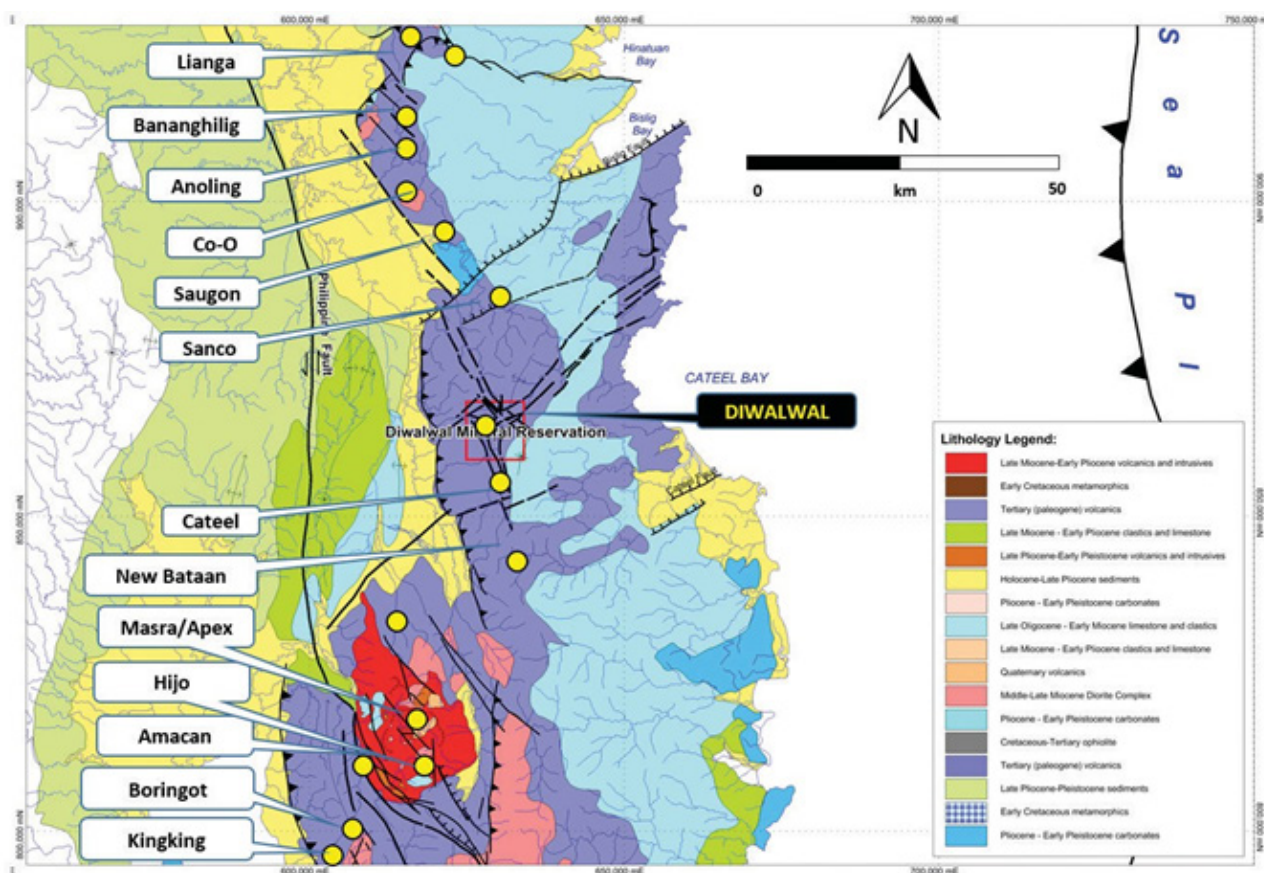


FIGURE 7: Gold deposits near Diwalwal, eastern Mindanao (PMDC Victory Tunnel Prospectus, 2007)

MINERALISATION

The Diwalwal Mineral Reservation is dissected by northeast-northwest lineaments which are loci of gold/ silver vein-type mineralization. The sub-parallel Northeast-trending fault patterns served as major pathways for the eastward lateral migration of ascending hot water, enriched with silica, gold and silver. Its silica and metal contents are deposited along open fractures as it penetrated the cooler margin of the hydrothermal system. This system gave rise to stock work, vein filling and hydrobreccia gold-silver mineralization.

This is exemplified by the Balite and Buenas-Tinago vein system with traceable strike lengths of several kilometres. The collapsed structure represents the upwelling/boiling zone of ascending fluids where rich epithermal gold has been deposited. Balite and Buenas-Tinago are the two most productive gold bearing vein systems at Diwalwal. They are parallel to sub-parallel and trend in an ENE-SWS orientation.

PROJECT SUMMARY

Buenas-Tinago is approximately 900m north of the Balite Vein. The low sulphidation, brecciated quartz-calcite vein systems average 2-3m in width and occasionally swell to 15m.

Buenas-Tinago has a strike length of 925m with a vertical extent of 240m. The vertical extent is determined by the upper most to lowest levels mined. Open along strike, and down dip/plunge this system has never been drilled.

Balite vein has a measured strike length of over 1.2km from vertical extent of over 450m from elevation 970m asl down to 525m asl. According to **PMDC** website a total of 21 diamond drill holes were drilled in 2005 into the Balite vein system with a number of high-grade gold intersections recorded. This drilling is not situated within the current agreement area at this time.

The eastern extent of the Balite vein system extends onto the JBMMC agreement area, see below for details. This provides a highly prospective target which is likely to bear extensions to the high-grade veins historically mined at Balite. The main component of the historic artisanal workings in the Balite vein, including the 21-hole diamond drilling program, are immediately south and below (in elevation) of the agreement area.



FIGURE 8: Gold-bearing hydro brecciated, quartz-calcite vein at Buenas-Tinago.

PACOMINCO AGREEMENT

TENEMENTS AND PERMITTING

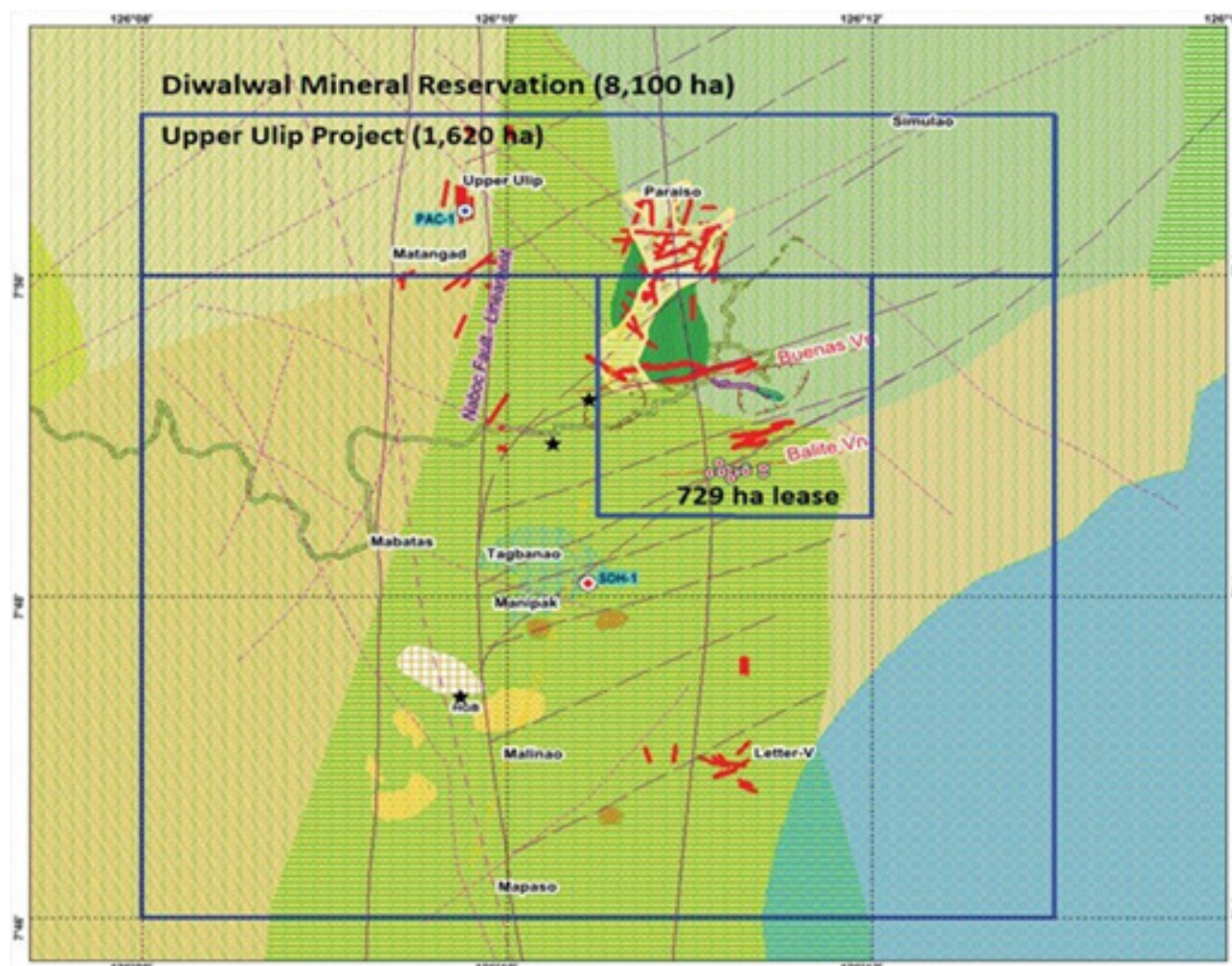


FIGURE 9: Geology and project Locations within Diwalwal Mineral Reservation (Veins and Geology from PMDC, 2017)

The Diwalwal Mineral Reservation is situated within geographic latitude 7°46'00" to 7°51'00", and longitude 126°08'00" to 126°13'00" (Figure 9). The tenement is located at the northern most block of the Diwalwal Mineral Reservation Area and covers an area of 1,620 ha. The tenement includes the Upper Ulip and Upper Paraiso areas.

The tenement was issued by the **PMDC** in 2008, a body incorporated by the Philippines national government through the **DENR**. The Pacominco Contract Area tenement provides the right to explore, develop, utilise, and process the mineral resources of the Diwalwal Mineral Reservation for a period of 25 years and renewable up to 50 years. Exploration of the area can take up to five years with development to follow.

PACOMINCO AGREEMENT

UPPER ULIP PROJECT

Prometheus entered into a joint venture agreement with **PACOMINCO** covering the Upper Ulip-Paraiso block of the Diwalwal Mineral Reservation. The Upper Ulip Project parcel is the northernmost block of the covering an area of 1,620 ha.

The contract to develop the parcel under a JOA was awarded to **PACOMINCO** under a public bidding on June 29, 2009 by the **PMDC**. The JOA gave **PACOMINCO** the exclusive right to explore, develop, utilize and process the mineral resources in the contract area for a period of 25 years and renewable up to 50 years.

The Upper Ulip Project is immediately adjacent to the 729 ha Diwalwal Mining Centre with its southern border in close proximity to the Buenas-Tinago orebody. The underexplored eastern part of the Upper Ulip project, known as the Simulao Prospect, likely covers the north-east strike extension of the Buenas-Tinago Vein system. The two other prospects at the Upper Ulip Project are the Upper Ulip Prospect and the Upper Paraiso Prospect. Both areas have numerous small scale artisanal gold workings.

Historic exploration activity at the Upper Ulip Project has consisted of structural mapping, rock-chip sampling, soil and stream sediment sampling.

Upper Ulip Rock Chip Samples							
Sample	Northing	Easting	RL	Prospect	Location	Au g/t	Ag g/t
PS-011868	866,369	630,613	970	Paraiso	Tunnel	6.94	1.87
PS-011869	866,372	630,619	969	Paraiso	Stockpile	11.15	1.89
PS-011700	866,811	629,972	1011	Paraiso	Access Road	26.57	6.99
PS-011705	866,702	629,832	1040	Paraiso	Access Road	9.5	5.58
PS-011711	866,703	629,800	1054	Paraiso	Access Road	12.55	17.74
PS-041991	866,359	629,696	952	Paraiso (Rockstar)	Bonjing Portal	9.75	9.49

TABLE 6: Significant rock-chip sample assays from TVI Ltd.

PACOMINCO AGREEMENT

The block has been previously explored for epithermal gold and porphyry copper style targets. A number of geochemical surveys and mapping surveys have been carried out, while a single vertical diamond drill hole represents the only hole ever drilled in the project, which targeted a copper bearing porphyry.

Mapping of artisanal workings, stream erosions and other exposures has confirmed the presence of areas of advanced argillic alteration, quartz-calcite stockwork veins, particularly at the Upper-Paraiso Prospect. Host lithologies and the character of mineralised veins in this locality bear strong similarity to those encountered at Buenas-Tinago and Balite except for size.

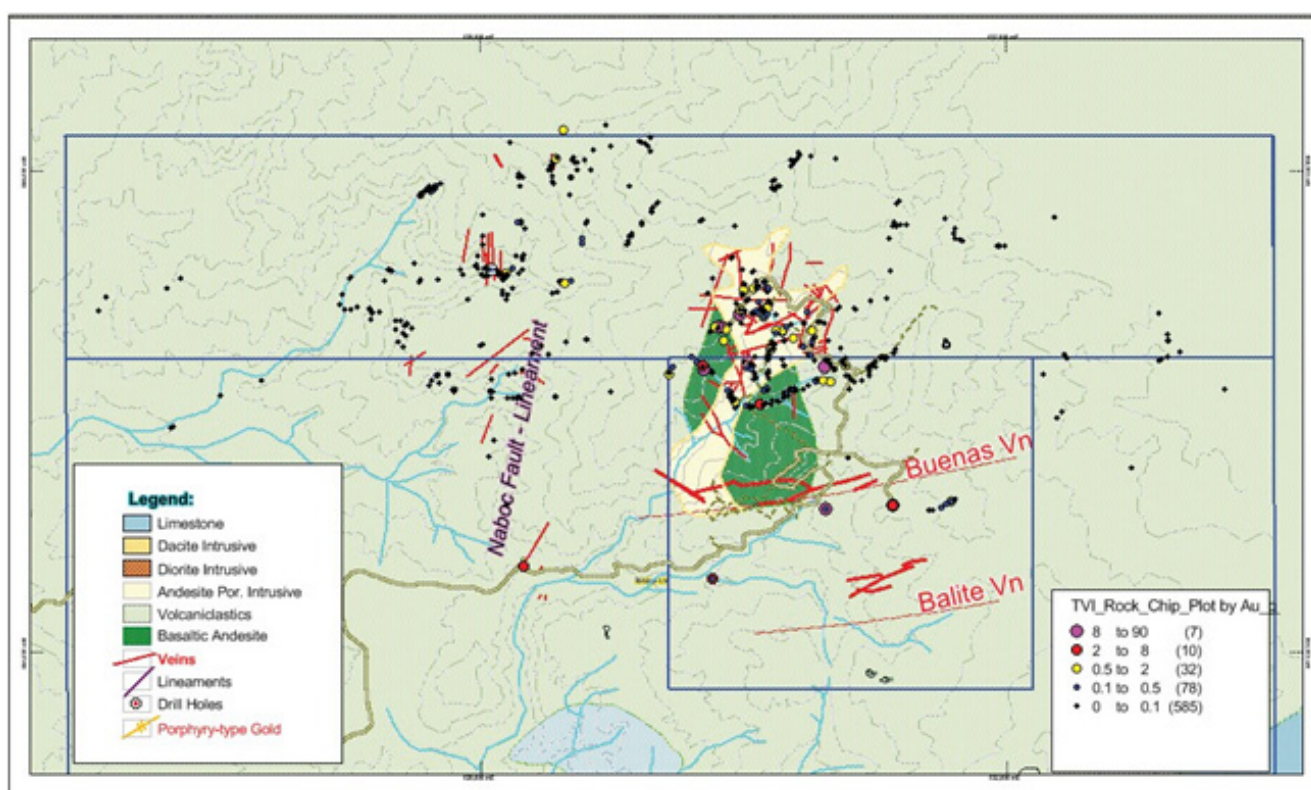


FIGURE 10: Upper Ulip Project rock-chip sampling (TVI mapping and sampling 2012)

JB MANAGEMENT JOINT VENTURE (JB MINING PROJECT)

The **JBMMC** Area forms the northern two thirds of the 729 Ha reserve created by Order 66. The **JBMMC** area encompasses mineral reserves above the 600m asl within a 452ha tenement.

The tenement was held under a JOA between the **DENR-NRDC** and **JBMMC**. The Project area is predominantly focused on the mining of the Buenas-Tinago ore body, one of the two major operations at the Diwalwal Mining Centre. The Buenas-Tinago Vein system in the eastern/central portion of the tenement is currently being operated by **JBMMC** for gold production.

The **JBMMC** Project covers a sub-section within the 729-ha lease, referred to as the 452-ha lease, or the JB Project Area. This area is essentially the northern two thirds of the 729 lease and the agreement includes access to mining and development of the Buenas-Tinago deposit between elevations **750m ASL** and **600m ASL**.

The area was previously accessed via the (now collapsed) Project 500 tunnel at the 750m ASL elevation, and via extending the Victory tunnel (600m ASL). The Victory Tunnel requires a further 500m of development to access the western extent of the Buenas-Tinago veins.

JBMMC are presently carrying out small scale mining via the Sunshine Tunnel, in the upper reaches of the ore body, above the 800m ASL. While parts of the upper Buenas-Tinago mine are collapsed, **Prometheus** has carried out check sampling and observations of the vein from within the Sunshine tunnel. A number of underground stations were observed and sampled with the results shown in Table 7 on page 26.



JB MANAGEMENT JOINT VENTURE (JB MINING PROJECT)

The exploration target, in its present form, is the down dip and down plunge extension of the high-grade Buenas-Tinago vein system across a strike length of greater than 1km and a vertical extent of 150m. This vertical extent is expected to be larger, however the area below 600m asl falls under the PacoMinco Investment Agreement mentioned above.

Advanced preparations are already underway to execute the first ever diamond drilling program targeting this the Buenas-Tinago orebody. Following rehabilitation of the Project 500 Tunnel, and the Victory Tunnel, diamond drilling will imminently commence with the aim of proving up a mineral resource beneath Buenas-Tinago.

Buenas-Tinago Sunshine Tunnel - Underground Check Samples						
Sample	Northing	Easting	RL	Prospect	Location	Au g/t
PP-050	865650	189798	832	Buenas-Tinago	8E (winze)	9.36
PP-051	865650	189798	832	Buenas-Tinago	8E (winze)	5
PP-056	865553	190182	860	Buenas-Tinago	28E N-split (Raise, L+850)	2.43
PP-057	865553	190181	855	Buenas-Tinago	28E N-split (Sublevel West)	2.57
PP-059	865553	190183	850	Buenas-Tinago	28E N-split (FW opening raise)	12.15
PP-060	865553	190183	850	Buenas-Tinago	28E N-split (FW opening raise)	13.73
PP-062	865586	190053	834	Buenas-Tinago	23E	8.03
PP-063	865576	190072	837	Buenas-Tinago	24E	0.51
PP-064	865576	190072	837	Buenas-Tinago	24E	8.92
PP-065	865576	190072	837	Buenas-Tinago	24E	3.26
PP-066	865567	190089	837	Buenas-Tinago	25E	6.15
PP-067	865567	190089	837	Buenas-Tinago	25E	5.04
PP-068	865567	190089	837	Buenas-Tinago	25E	8.4
PP-069	865551	190114	837	Buenas-Tinago	26E	6.25
PP-070	865551	190114	837	Buenas-Tinago	26E	7.69
PP-071	865537	190129	838	Buenas-Tinago	27E	6.15
PP-072	865531	190146	838	Buenas-Tinago	28E (Mainline)	16.5
PP-076	865500	190237	830	Buenas-Tinago	33E (Decline)	6.79
PP-077	865505	190215	828	Buenas-Tinago	31E (Decline)	43.02

TABLE 7: Significant rock-chip assays from Sunshine Tunnel – Buenas-Tinago (Prometheus Sampling, 2017)

JB MANAGEMENT JOINT VENTURE (JB MINING PROJECT)

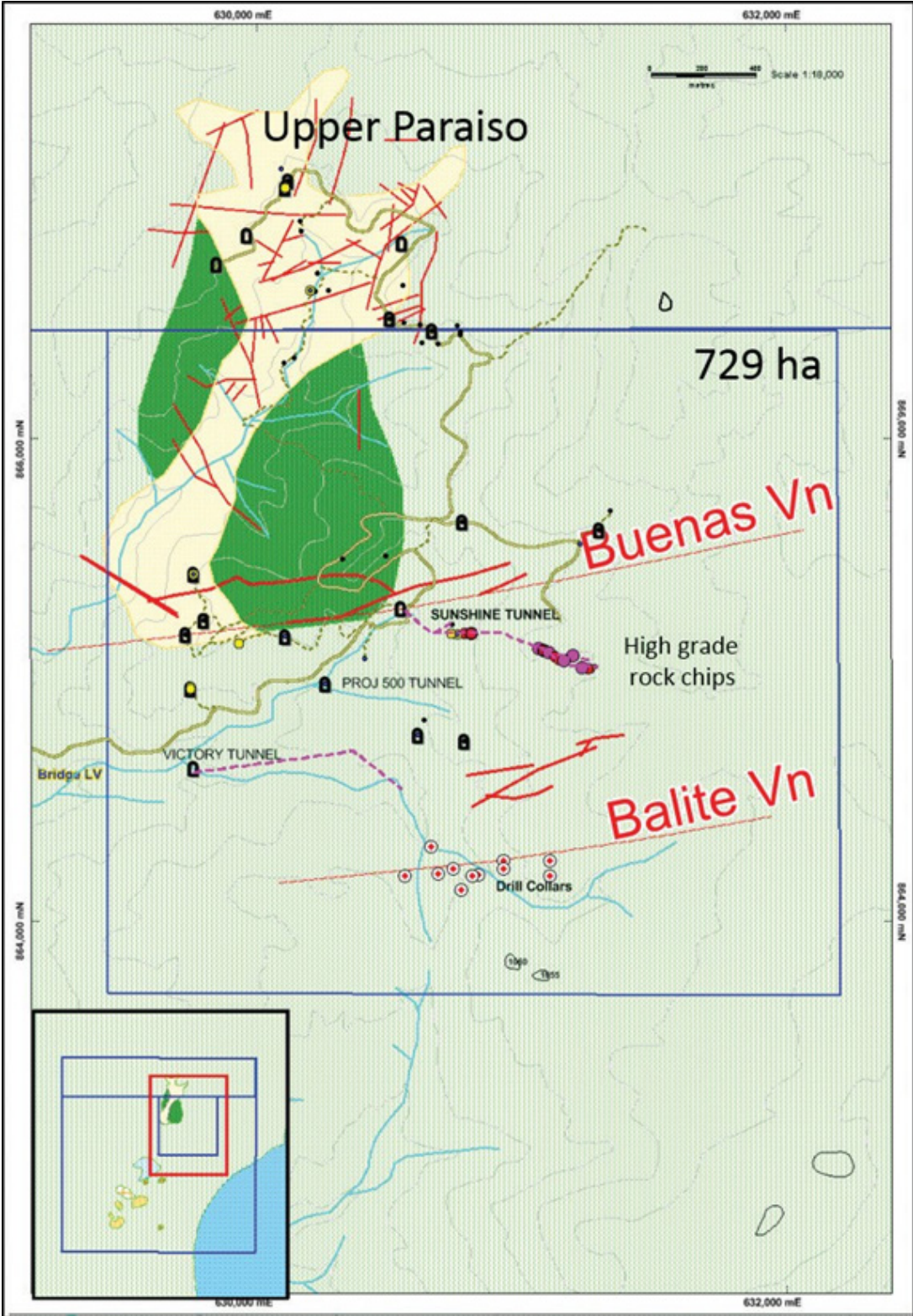


FIGURE 11: Diwalwal Mining Centre Prometheus mapping and Rock-chip sampling 2017)

JB MANAGEMENT JOINT VENTURE (JB MINING PROJECT)

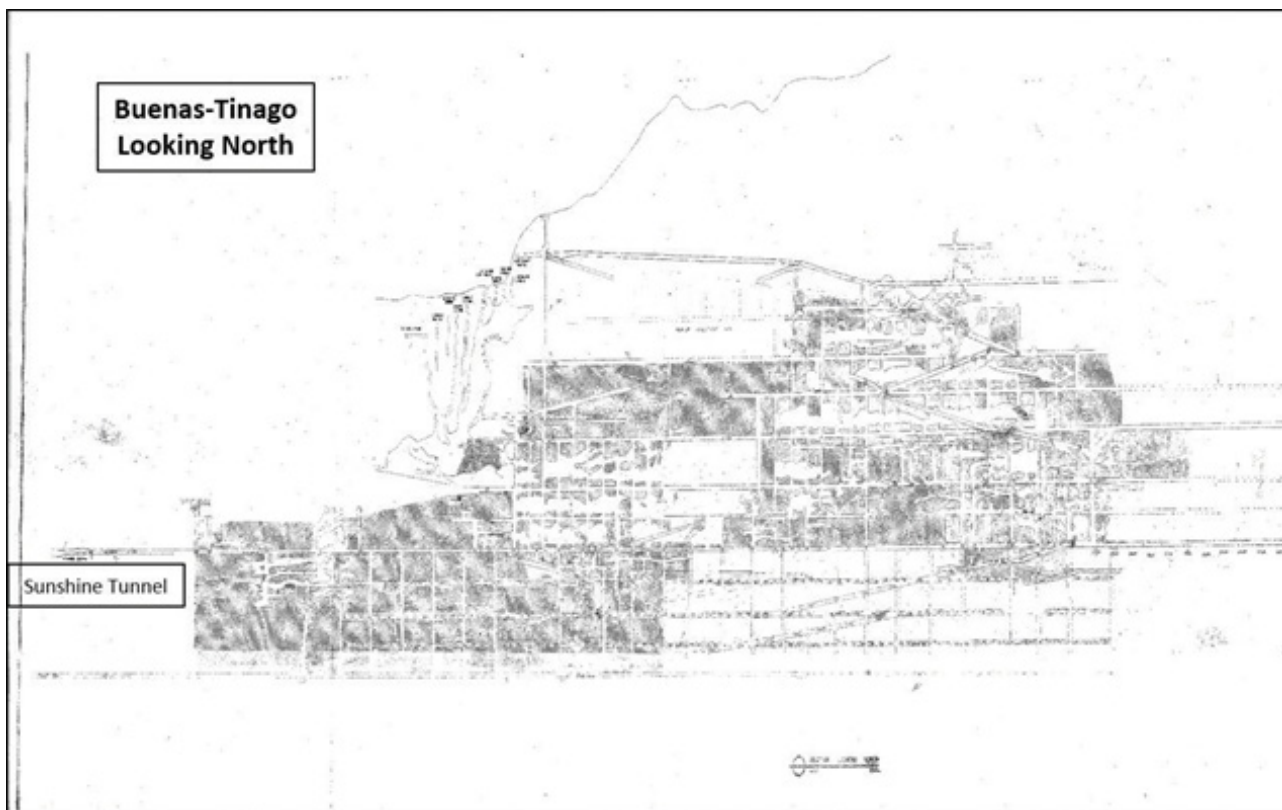


FIGURE 12: Historic long section of Buenas-Tinago with Sunshine Tunnel, 830m ASL (Image scanned from JBMMC working Section)

COMMUNITY INTERACTION AND DEVELOPMENT PROGRAM

Prometheus has a high priority of not only being successful gold miners and explorers in the new project area at Diwalwal, but also recognises the importance of having strong connections with the local community. Although in the early-stages of development at Diwalwal, some important meetings have already been held with local leaders, dignitaries and elders to discuss ways for **Prometheus** to assist in the improvement in the local community through the benefits of gold mining.

Social development programs are implemented from the outset of exploration to establish the Company's credentials, build sound working relationships with local communities and accumulate political and social capital in anticipation of project development. **Prometheus** has a stated policy commitment to committing 10% of its exploration budget to each year to social development initiatives within the communities in which it operates. Earlier in 2017, meetings were held by **Prometheus** personnel with members Barangay Tribal Council of Leaders Officials to discuss the road forward and build what will be a firm relationship.

JB MANAGEMENT JOINT VENTURE (JB MINING PROJECT)



FIGURE 13: Prometheus geologists Martin Dormer and Cliff Querubin meet with the Upper Ulip Council of Elders



FIGURE 14: Prometheus geologist Cliff Querubin attends Knot tying ceremony held at Mabatás

JB MANAGEMENT JOINT VENTURE (JB MINING PROJECT)

For and on behalf of the board,



Mr Ashley Hood
Managing Director

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Guy Le Page who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Le Page is a non-executive of the Company. Mr Le Page has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Le Page consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS DISCLAIMER

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

GLOSSARY

PACOMINCO is a consortium company composed of Construction & Drilling Specialists Inc. (CDSI) - a 25-year old drilling company, PARAMINA - a mining contractor and **JB Management** and Mining Corporation (JBMMC) - a Monkayo based mining company.

The **PMDC** is a government-owned mining corporation tasked to administer, manage and undertake the development of the Diwalwal Mineral Reservation. It is also mandated to enter into contracts with mining companies and individuals within mineral reservations all over the Philippines.

JB Management is party to a joint operating agreement with the National Resources Development Corporation (NRDC) for the joint exploration, development, operation and utilisation of mineral resources located within the Diwalwal Mineral Reservation, Municipality of Monkayo, Province of Monkayo, Province of Compostela Valley in the Philippines (JB Project Area) dated 15 March 2010 (JB Joint Operating Agreement).

APPENDIX 1 PACOMINCO INVESTMENT AGREEMENT

1.0 PACOMINCO INVESTMENT AGREEMENT SUMMARY

On 20 October 2017, **PACOMINCO**, **PIMC** and **PML** executed a Joint Venture Agreement with the commercial terms summarised as follows:

Stage	Timing	Incurred Expenses for Operations	Payments to Existing Shareholders		Prometheus % of Equity Interest	PIMC % of Equity Interest
			Expenses Associated with ¹ TVI Buyout & Expenses (US\$)	Payments to be Received (US\$)		
1	Upon completion of the ¹ Conditions Precedent in Section 3 of the Agreement	500,000.00	500,000.00		40%	0%
2	Within 1yr from signing of Agreement	2,500,000.00		500,000.00	40%	20%
3	From first anniversary of signing up to 2nd yr anniversary of Agreement	4,500,000.00		2,500,000.00	40%	30%
4	From 2nd Yr anniversary of signing up to the 3rd year anniversary of Agreement	4,500,000.00		2,500,000.00	40%	40%
Total		US\$12,000,000	US\$6,000,000		140%	140%

NOTES

- The existing individual shareholders of Pacominco collectively will retain the remaining 20% equity interest.

2.0 CONDITION PRECEDENT TO INVESTMENT

The relevant Existing Shareholders shall execute the following, as conditions precedent to the Investment;

- (a) A Deed of Absolute Sale for the purchase of 2,000,000 common shares in the Company amounting to 5% of the issued and outstanding shares of the Company owned by **TVI Resources Development Phils. Inc** (“TVI”);
- (b) A Contract to Sell between the relevant Existing Shareholders for the purchase of the rest of **TVI’s** shareholdings in the Company amounting to 5% of the issued and outstanding shares of 2,000,000 common shares, which provides that full payment for the acquisition of such shares will be paid within 12 months from the signing of the Contract to Sell;
- (c) A proxy for such shares covered by the Contract to Sell referred to in Section 2 (b) above;
- (d) A waiver of the termination of the effectivity of the Heads of Terms dated 17 February 2012 (the “Heads of Terms”) between the Company and **TVI**; and
- (e) The relevant corporate approvals for the amendment of the By-laws of the Company to reflect the termination of the effectivity of the Heads of Terms.

The Schedule of Investments provided below in this Agreement shall commence upon the completion of the conditions precedent in this Section of the Agreement.

3.0 PAYMENT/INVESTMENTS

The parties agree that the execution of this Agreement is subject to the terms of the Memorandum of Agreement between the Parties dated 24 August 2017.

4.0 SCHEDULE OF INVESTMENTS

The parties agree to the following schedule of investments, including the purchase by the Investors of the shares held by the Existing Shareholders, as well as the expenses that may be incurred in order to carry out the Projects.

(a) STAGE 0

Upon the execution of this Agreement, the Existing Shareholders shall sell, assign, transfer and deliver to Prometheus, and Prometheus shall accept and purchase from the Existing Shareholders, all the Existing Shareholders’ right, title and interest in and to Sixteen Million (16,000,000) issued and outstanding shares of common stock in the Company, constituting forty percent (40%) of the issued and outstanding shares of common stock in the Company, the terms and conditions of which will be contained in the relevant Deed of Absolute Sale of Shares of Stock.

APPENDIX 1 PACOMINCO INVESTMENT AGREEMENT

The purchase price for the shares to be acquired under Stage 0 shall be US\$ 500,000.00 or the equivalent amount in Philippine Pesos.

For the avoidance of doubt, upon the signing of this Agreement and after Stage 0, the shareholdings in the Company shall be:

Shareholder	Number of Shares	Percentage of Ownership / Voting Interests
Existing Shareholders	24,000,000	60%
Prometheus	16,000,000	40%
Total:	40,000,000	100%

(b) STAGE 1

Upon the execution of this Agreement, the Existing Shareholders shall sell, assign, transfer and deliver to Prometheus, and Prometheus shall accept and purchase from the Existing Shareholders, all the Existing Shareholders' right, title and interest in and to Sixteen Million (16,000,000) issued and outstanding shares of common stock in the Company, constituting forty percent (40%) of the issued and outstanding shares of common stock in the Company, the terms and conditions of which will be contained in the relevant Deed of Absolute Sale of Shares of Stock.

For the avoidance of doubt, after Stage 1, the shareholdings in the Company shall be:

Shareholder	Number of Shares	Percentage of Ownership / Voting Interests
Existing Shareholders	16,000,000	40%
Prometheus	16,000,000	40%
PIMC	8,000,000	20%
Total:	40,000,000	100%

APPENDIX 1 PACOMINCO INVESTMENT AGREEMENT

(c) STAGE 2

Within one (1) year from the signing of the Agreement, the Investors will have incurred an additional amount of US\$2,500,000 in expenses for the exploration, feasibility study, development, production, and operations for and on behalf of the Company to conduct the Projects.

Furthermore, the Existing Shareholders shall have completed the acquisition of the additional 5% shares from **TVI** under Section 2, and acquired full legal and beneficial ownership of such shares. In order to complete such acquisition of shares from **TVI**, **PIMC** shall advance the amount of US\$500,000.00, which may be applied to the acquisition of additional shares in the Company from the existing shareholders under Stage 3.

For the avoidance of doubt, after Stage 2, the shareholdings in the Company shall be maintained as follows:

Shareholder	Number of Shares	Percentage of Ownership/ Voting Interests
Existing Shareholders	16,000,000	40%
Prometheus	16,000,000	40%
PIMC	8,000,000	20%
Total:	40,000,000	100%

APPENDIX 1 PACOMINCO INVESTMENT AGREEMENT

(c) STAGE 3

Upon: (i) the Investors collectively incurring an additional amount of US\$4,500,000 in expenses for the exploration, feasibility study, development, production, and operations for and on behalf of the Company to conduct the Projects, and/or (ii) within the period from after the first anniversary of the execution of this Agreement to the second anniversary of the execution of this Agreement, **PIMC** may be entitled to purchase an additional Four Million (4,000,000) issued and outstanding shares of common stock in the Company, constituting ten percent (10%) of the outstanding shares, to be transferred from and sold by the Existing Shareholders, the terms and conditions of which will be contained in the relevant Deed of Absolute Sale of Shares of Stock.

The purchase price for the shares to be acquired under Stage 3 shall be US\$ 2,500,000.00 or the equivalent amount in Philippine Pesos. The amount advanced to the Existing Shareholders under Stage 2 to complete the purchase of the shares from **TVI** may be applied by **PIMC** to the purchase price and the acquisition of such additional shares under Stage 3.

For the avoidance of doubt, after Stage 3, the shareholdings in the Company shall be:

Shareholder	Number of Shares	Percentage of Ownership
Existing Shareholders	12,000,000	30%
Prometheus	16,000,000	40%
PIMC	12,000,000	30%
Total:	40,000,000	100%

APPENDIX 1 PACOMINCO INVESTMENT AGREEMENT

(d) STAGE 4

Upon: (i) the Investors collectively incurring an additional amount of US\$4,500,000 in expenses for the exploration, feasibility study, development, production, and operations for and on behalf of the Company to conduct the Projects, and/or (ii) within the period from after the second anniversary of the execution of this Agreement to the third anniversary of the execution of this Agreement, **PIMC** may be entitled to purchase an additional ten percent (10%) of the outstanding shares in the Company, to be transferred from and sold by the Existing Shareholders, the terms and conditions of which will be contained in the relevant Deed of Absolute Sale of Shares of Stock.

The purchase price for the shares to be acquired under Stage 4 shall be US\$ 2,500,000.00 or the equivalent amount in Philippine Pesos.

For the avoidance of doubt, after Stage 4, the shareholdings in the Company shall be:

Shareholder	Number of Shares	Percentage of Ownership
Existing Shareholders	8,000,000	20%
Prometheus	16,000,000	40%
PIMC	16,000,000	40%
Total:	40,000,000	100%

The Parties agree to maintain the above shareholdings through the term of this Agreement.

5.0 ACCELERATION OF INVESTMENTS

Prometheus shall have the sole option to accelerate any of its investments outlined above prior to the above-mentioned periods. In the event that Prometheus shall exercise its right to accelerate any of its investments under Stages 1 to 4, it will notify the Existing Shareholders of the acceleration of its investment, which will be exercisable immediately from such notice.

6.0 WITHDRAWAL BY PROMETHEUS AND PIMC

Pursuant to the Memorandum of Agreement between the Parties dated 24 August 2017, **Prometheus** and **PIMC**, at their sole and exclusive option, may terminate or cancel this Agreement, if it determines that the Projects cannot be developed and operated profitably, or further exploration, development and operation of the Projects are not warranted, or the results obtained do not justify continuing mining operations; provided, that written notice of termination and/or cancellation shall be served on the Existing Shareholders thirty (30) days in advance of the date of termination and/or cancellation.

However, in the event of such termination and/ or cancellation, **Prometheus** and **PIMC** shall be deemed to have forfeited their participating interest and all interests, including all incurred expenses and funding extended to **JBMMC** and the JVC as contemplated under Section 2 of this Agreement, without recourse. Further, in the event of such forfeiture, the Parties will take all necessary steps in good faith to execute the necessary agreements in order to give effect to such forfeiture.

J1.0 JBMMC JOINT VENTURE AGREEMENT

On 20 October 2017, **JB MANAGEMENT MINING, PIMC** and **PML** executed a Joint Venture Agreement on 20 October 2017.

JBMMC has executed a Joint Operating Agreement (the “JOA”) dated 15 March 2010 with the **NRDC** for the joint exploration, development, operation, and utilisation of the mineral resources located at a contract area of 452.29 hectares (“the “Contract Area”) located within the Diwalwal Mineral Reservation, Republic of the Philippines.

2.0 CONSTITUTION OF THE JOINT VENTURE CORPORATION

- (a) Upon signing of this Agreement and the non-refundable payment by the Investors of US\$ 500,000 to **JBMMC**, the Investors shall conduct a legal and technical due diligence over **JBMMC** and the Project (including the Project Area, assets, and all operations) for a due diligence period of sixty (60) days (the “Due Diligence Period”) unless terminated earlier at the Investor’s sole option. The Parties agree that throughout the Due Diligence Period, **JBMMC** shall exclusively deal with the Investors with respect to the Project and shall not entertain any prospective bidder, operator or third party within such period; and,
- (b) The Parties shall secure the written consent of the **NRDC** approving the assignment of the JOA from **JBMMC** to the JVC which will be incorporated by the Parties, and which shall then assume all of **JBMMC**’s obligations under the JOA; notwithstanding the assignment of the JOA to the JVC, the Parties have agreed that the mining area to be developed by the JVC shall be limited to the Project Area (as defined in the Whereas clauses) which excludes the areas above L+750 in the 108 hectare active area of the Contract Area.
- (c) **JBMMC** wishes to enter into a joint venture with financial and technical partners for the development and operation of the Contract Area (the “Project”), excluding the areas above L+750 in the 108-hectare area of the Contract Area where **JBMMC** is currently operating (the “Project Area”).

APPENDIX 2 JBMMC JOINT VENTURE

3.0 JB MANAGEMENT JOINT VENTURE AGREEMENT

Stage	Timing	JBBMC % in voting shares	Prometheus % in voting shares	PIMC % in voting shares	Incurred Expenses	Cash or shares at market price to JBMMC
0	After constitution of the JVC	85%	15%		US\$ \$1,000,000 ¹	US\$ 250,000.00
1	Upon commencement of mining and processing: est. 8-12 weeks	60%	40%	0%		US\$ 750,000.00
2	After one year of operating and indicated resource of 500,000 oz @ a minimum grade of 2g/t of gold.	50%	40%	10%	US\$ 2,000,000.00	US\$ 1,500,000.00
3	After two years of operating and indicated resource of 1,000,000 oz @ a minimum grade of 2g/t of gold.	30%	40%	30%	US\$ 2,000,000.00	US\$ 2,000,000.00/shares
4	After three years of operating and indicated resource of 1,500,000 oz @ a minimum grade of 2g/t of gold.	20%	40%	40%	US\$ 2,000,000.00	US\$ 2,000,000.00/shares
Total		20%	40%	40%	US\$ 7,000,000	US \$6,500,000

¹Already incurred by Prometheus

Stage 0 Shall begin upon the due incorporation of the JVC.

Stage 1 Shall begin upon the commencement of mining and processing operations by the JVC.

Stage 2 Shall begin after one (1) year of operations and upon achievement of an indicated resource of 500,000 ounces (oz) at a minimum grade of 2g/t of gold.

Stage 3 Shall begin after two (2) years of operations and upon achievement of an indicated resource of 1,000,000 ounces (oz) at a minimum grade of 2g/t of gold.

Stage 4 Shall begin after three (3) years of operations and upon achievement of an indicated resource of 1,500,000 ounces (oz) at a minimum grade of 2g/t of gold.

APPENDIX 2 JBMMC JOINT VENTURE

In **Stages 1 to 4**, the increase in **Prometheus**' and/or **PIMC**'s shareholdings in the JVC shall be through the sale by **JBMMC** of issued and outstanding shares of common stock in the JVC, the terms and conditions of which will be contained in a Deed of Absolute Sale of Shares of Stock, and with the amounts indicated above as consideration; provided, in **Stages 3 and 4**, **JBMMC** shall have the option to acquire shares in lieu of payments in US dollars, subject to any further agreement between the parties.

The Parties understand that the above-mentioned periods are for the benefit of the Investors and that the Investors shall have the sole option to accelerate any of their investments under the above-mentioned periods, regardless of the length of operations or indicated resource amounts achieved. In the event that the Investors shall exercise their right to accelerate any of its investments under Stages 1 to 4, they will notify **JBMMC** of the acceleration of investment, which will be exercisable immediately from such notice.

4.0 COMPOSITION OF THE BOARD OF DIRECTORS

All corporate powers of the JVC shall be exercised, and all business conducted, by the Board of Directors consisting of five (5) directors, a majority of whom shall be residents of the Philippines. The Parties shall be entitled to elect representatives in the Board of Directors in relative proportion, and to the extent, of their respective shareholdings.

5.0 WITHDRAWAL BY PROMETHEUS AND PIMC

Pursuant to the Memorandum of Agreement between the parties dated 24 August 2017 ("**Agreement**"), **Prometheus** and **PIMC**, at their sole and exclusive option, may terminate or cancel this Agreement, if it determines that the Projects cannot be developed and operated profitably, or further exploration, development and operation of the Projects are not warranted, or the results obtained do not justify continuing mining operations; provided, that written notice of termination and/ or cancellation shall be served on **JBMMC** thirty (30) days in advance of the date of termination and/ or cancellation.

However, in the event of such termination and/ or cancellation, **Prometheus** and **PIMC** shall be deemed to have forfeited their participating interest and all interests, including all incurred expenses and funding extended to **JBMMC** and the JVC as contemplated under Section 3 of this Agreement, without recourse. Further, in the event of such forfeiture, the parties will take all necessary steps in good faith to execute the necessary agreements in order to give effect to such forfeiture.

6.0 TERM AND TERMINATION

This Agreement shall commence from the date of its execution and shall continue in effect for the life of and until the completion of the Projects, unless (a) earlier terminated by mutual agreement of the Parties or by (b) the non-defaulting Party by written notice to the defaulting Party.

APPENDIX 3

Mt Ridley Mining Limited – Diwalwal Gold Project – JORC CODE 2012

SECTION 1 – SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling technique	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used Aspects of the determination of mineralisation that are material to the Public report. In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Rock chip samples were selected from outcrop or along channels perpendicular to veins on surface or from underground position. Samples were sent to Intertek Laboratories in Manila for Fire Assay. Duplicate samples were taken and reference material standards inserted every 50 samples for quality control
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method etc). 	<ul style="list-style-type: none"> No drilling to report

APPENDIX 3

SECTION 1 – SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed Measurements taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	Not applicable, no drilling results reported
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography. The total length and percentage of the relevant intersections logged 	<ul style="list-style-type: none"> All samples are geologically logged. Logging is both qualitative and quantitative Qualitative descriptions of colour, grain size, texture and lithology are recorded for each sample. Thin sections of significant samples have been made for detailed petrological analysis.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffles, tube sampled, rotary split, etc. and whether sampled wet or dry. For all sample types, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/ second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Duplicates, blanks and standard reference materials were submitted for analysis for quality assurance and control.

APPENDIX 3

SECTION 1 – SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Samples were placed in an oven for drying (as required up to 8hrs) 3mm boyd crush where required and split down to around 2.4kg Samples were pulverise to 90% passing 75um. 40g of sample was then taken from the pulverized material and samples were analysed for gold, copper, silver using fire assay. Duplicates, blanks and standard reference materials were inserted and analysed for quality assurance and control. No bias was detected in the results obtained.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes Documentation of primary data, data entry procedures, data verification, data storage (physically and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Not applicable at this early stage of exploration Not applicable at this early stage of exploration
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resources estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Sample positions were recorded with handheld GPS system with expected accuracy of +/- 5m horizontal. Underground check samples were referred to the nearest survey control point. The grid system for the Diwalwal Gold Project is WGS84 northern zone 52 or PRS 92. Topographic control is based on the GPS heights and IFSAR data.

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SECTION 1 – SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Reserve and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Samples were sent for laboratory analysis using standard industry techniques. Not applicable at this early stage of exploration activity.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Where potentially mineralized structures and veins were present, channel sampling techniques were applied and run perpendicular to the orientation of the vein.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples are logged and transferred to locked storage before being transported by road Intertek.
Audits or reviews	<ul style="list-style-type: none"> The results of and audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Each sample is witnessed by MRD geologists or field technicians. No audits have been undertaken, a data review is currently underway.

APPENDIX 3

SECTION 2 – REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenements and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interest, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Diwalwal Mining Reservation covers 8,100 ha centered on Barangay Mount Diwata. This reservation was issued by Presidential Proclamation 297. Agreements into various portions of this Reservation are outlined in the main body of this announcement. The tenure is secure and in good standing at the time of writing
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgement and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Previous exploration has primarily targeted epithermal gold and porphyry copper
Geology	<ul style="list-style-type: none"> Deposit type, geological settings and style of mineralisation. 	<ul style="list-style-type: none"> Mt Ridley Mining is exploring primarily for magmatic hosted Epithermal gold.
Drill hole information	<ul style="list-style-type: none"> A summary of all information material for the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> Easting and northing of the drill hole collar Elevation or RL (Reduced level-elevation above sea level in metres) and the drill hole collar Dip and azimuth of the hole Down hole length and interception depth Hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> No drilling reported

APPENDIX 3

SECTION 2 – REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration results, weighing averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No weighting, averaging, min-max grade truncations and/or cutoff grades were used. No aggregation has been used No metal equivalent values have been reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known') 	<ul style="list-style-type: none"> The Buenas-Tinago geometry has been described in detail in the main body of this report. The vein system is essentially striking ENE over 1km and dips -60 to -50 degrees south.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts would be included for any significant discovery being reported. These should include, but not be limited to plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Appropriate plans have been included in the body of the report
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Not applicable at this early stage of exploration

APPENDIX 3

SECTION 2 – REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	<ul style="list-style-type: none">Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations, geophysical survey results, geochemical survey results, bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or containing substances.	<ul style="list-style-type: none">Initial field investigations are ongoing, along with geological mapping programs of veins and structures that occur locally.Some mapping and sampling in local artisanal workings has been carried out, however no assay results are available at this stage.
Further work	<ul style="list-style-type: none">The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, providing this information is not commercially sensitive.	<ul style="list-style-type: none">The bulk of future work will involve exploratory diamond drilling.Within the main body of the report are diagrams showing the open extensions and potential of the Buenas-Tinago ore deposit.

APPENDIX 4

TRANSACTION COMPARISON TABLE

Assets + Equity ¹	Prior to Acquisition (audited 30/6/17)	Projected increase	Pro forma	Percentage change
Consolidated Assets	\$11,170,507 ²	\$12,338,279	\$23,508,786	110%
Consolidated Total Equity	\$9,250,887 ³	\$12,338,279 ⁴	\$21,589,166 ⁵	133%
Total No of Shares	1,521,433,243	1,682,370,476	3,203,803,719 ⁶	111%
Total No of Options	496,350,881	66,666,667 ⁷	563,017,548	8%

Particulars	Existing Projects	Working capital and other corporate costs	New Project	Proportion on New Project
Annual expenditure	\$1,000,000	\$300,000	\$8,456,000 ⁹	650%

	Prior to Acquisition	Following Acquisition ⁹	Percentage change
Market Capitalisation	\$18,257,199	\$38,445,644	210%

	Prior to Acquisition	Following Acquisition	Percentage change
Consolidated Assets	\$11,170,507 ¹	\$12,338,279	111%

NOTES

- Doesn't include the effect of raising any Additional Funds.
- As at 30 June 2017 as per audited annual report. This includes an addback of exploration assets of \$7,507,405 that have been written down since 1 July 2014 (per audited annual accounts).
- Takes into account reduced retained earnings (losses) based on the write off of exploration expense being added back when capitalised as asset in note 2.
- Includes the increase in assets of \$10,438,279 as consideration for acquisition and the change in cash position of \$1,900,000 (being the Placement proceeds less associated costs of the Placement and the Acquisition).
- Includes an increase to contributed equity of \$12,338,279 due to increase of assets (per Note 3 above).
- Includes the effect of 1,506,180,000 Consideration Shares, 133,333,333 Placement Shares and 42,857,143 Advisory Shares being issued.
- Includes the effect of 66,666,667 Placement options being issued.
- Based on the ASX trading price of \$0.012 and current Shares on issue of 1,521,433,243 as at 30 October 2017.
- Based on estimated price of \$0.012 following the Acquisition and the Placement and number of Shares to be on issue of 3,177,566,576.



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