

ADELONG GOLD MINE PROJECT

Challenger Mines Pty Ltd (CMPL) is developing and constructing a 200 tonne per day underground mining and milling operation on the Adelong minesite.

The project is scheduled to be in commercial operation in September 2015.

The projected mine life is six years but there is considerable potential to extend tis for another six years following the confirmation and development of additional orebodies.

The total area to be impacted by the mine infrastructure and development is approximately 34.0 hectares.



CHALLENGER MINES PTY LTD: CONSULTATIVE COMMITTEE MEETING JULY 2015

The following consents and approvals have been granted and approved for the mining project subject to prescriptive consents and conditions for compliance:

- Mining Lease 1435
- Development Consent D. 1021
- Environment Protection Authority License No. 10265
- DLWC Permit 40BL 187731.
- A registered Indigenous Land Use Agreement.
- Dangerous Goods License (Explosives Magazine) MAG 28-11-01.
- Dam Safety Committee Approval DSC Ref. 10.132.500

Employment Opportunities

The mine will employ 18 permanent regular staff when it is in full operation.

It is anticipated that there will be significant continuing contractual and casual work opportunities during the life of the mine.

Community and Sustainability

The project has currently invested over \$388,000 over the last three months on trade with local (Adelong/Tumut Shire) businesses, suppliers, contractors and labour.

The estimated annual spend into the local (Adelong/Tumut Shire) economy will be in excess of \$2.2M for labour, supplies and trades related requirements.

continued: Community and Sustainability

Community Response System

A 24 hour contact number has been set up for the mine

A local complaint in relation to increased traffic at Golden Gully Rd was raised and promptly addressed.

Suppliers, visitors and contractors were instructed to use Ryans Rd to access the mine.

Appropriate signage were installed along the Snowy Mountain Highway and Ryans Rd junction as well as at the Golden Gully Rd intersection providing notice and directions to the mine .

THE PROJECT PROGRESS

Activities commencing May 2015 consisted of:

Site Establishment and Preparation

- Road and drainage repairs
- Site and plant surveys
- Establishment of site office and ablution facilities
- Repair of Goodwin dam
- Establishment of environmental controls such as silt fences, drainage bunds,
 table drains and sediment traps

Mobilisation of contractors

- Civil Kell Contracting
- Electrical PHE, Rauters
- Equipment and Plant supply and fabrication
 — Roddy Engineering, Riverina
 Sheds
- Surveying TJ Hinchcliffe
- Plumbing Randall Irrigation, Bill McFawn Plumbing
- Environmental control -Walcott & Associates
- Equipment Maintenance DSTR, JG Bowerman

Existing Plant Refurbishment

- Refurbishment of the existing crushing plant
- Refurbishment of existing buildings and the ablution facility
- Refurbishment of the potable water supply line

Construction Activities

- Establishment of demountable buildings
- Construction of the mill shed
- Setting up laydown areas to receive plant and equipment prior to installation
- Installation of water storage tanks
- Receiving and storing of acquired plant and equipment

Engagement of Consultants

- Geotechnical Pells Sullivan and Menks Tailings impoundment facility design review and underground ground management design.
- Corkery Pty Ltd review of environmental controls
- McMahon Earth Science Soil Testing
- SEMF- David Bolitho (Designated Electrical Engineer)
- Brett Hampel Site Mining Engineer
- Structural Peter Kennard
- Metallurgy and Processing Design Phil Edney and Peter Kelliher
- OH&S Robert Patterson (Mi People and Safety)
- CSU Laboratories testing of water quality samples
- ALS Laboratories air sample analysis and ore assays

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Establishing and developing OH&S Systems

- Setting up OH&S management plans to comply with the new Mines Safety
 Regulations
- Installing signage directions and safety controls
- Developing an emergency response plan
- Electrical inspection and testing of plant
- The Mines Safety Inspector conducted a site inspection and assessed the mines safety management system and compliance to the new Act and Regulations. An OH&S consultant has been engaged and is uprgading the system to the new regulations
- Mine site safety rules and regulations are now in place
- The mine site is a no smoking site

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Environmental Management

- Setting up air sampling equipment for air monitoring
- Setting up water sampling points and establishing baseline water quality samples
- Setting up environmental controls systems such as silt fences, table drains, sediment dams, repairing drainage bunds
- An initial EPA inspection was conducted for the purpose of reviewing the existing EPL conditions and updating them to more recent legislation
- A second EPA inspection was conducted for the purpose of reviewing the amended Mine Operating Plan pending approval.

Environmental Management

- Baseline water quality samples taken over the eight (8) prescribed sampling points showed all elements were within license limits.
- Five (5) air quality sampling equipment have been installed and will be collected and tested as prescribed by the license
- The water management plan is designed as a no release facility with all water recovered from the processing and the underground mine de-watering to be stored and recycled for use at the plant wherever possible.
- No potable water shall be used for the processing plant
- Ground water levels and quality will be monitored through three pre-existing drill holes