



BLACKHAM
Resources Limited

BLACKHAM RESOURCES LIMITED

ACN 119 887 606

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9:30am (WST)
DATE: Friday, 30 November 2018
PLACE: Level 3
1 Altona Street
WEST PERTH WA 6005

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6418.

CONTENTS PAGE

Notice of Annual General Meeting (setting out the proposed Resolutions)	3
Explanatory Memorandum (explaining the proposed Resolutions)	12
Glossary	45
Proxy Form	

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders convened by this Notice of Meeting will be held at 9:30am (WST) on **Friday, 30 November 2018** at:

Level 3
1 Altona Street
WEST PERTH WA 6005

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your Shareholding and your vote is important.

ATTENDANCE AND VOTING ELIGIBILITY

For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5.00pm WST on 28 November 2018 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's share registry:
Blackham Resources Limited
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
Australia
- (b) send the Proxy Form by post to the Company's share registry:
Blackham Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia
- (c) send the Proxy Form by facsimile to the Company's share registry facsimile number +61 2 9287 0309; or
- (d) lodge online at www.linkmarketservices.com.au, instructions as follows:

Select 'Investor Login' and in the "Single Holding" section enter Blackham Resources Limited or the ASX code BLK in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

so that it is received not later than 9:30am (WST) on 28 November 2018. Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Blackham Resources Limited will be held at **Level 3, 1 Altona Street, West Perth, Western Australia at 9:30am WST on Friday 30 November 2018.**

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum (including the Annexures) are defined in the Glossary unless defined elsewhere in the Explanatory Memorandum.

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the 2018 Financial Report together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report thereon.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding ordinary resolution**:

“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report.”

Note: the vote on this Resolution is advisory only and does not bind the Board or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above (the “voter”) may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

RESOLUTION 2 – ELECTION OF DIRECTOR – MR GREG FITZGERALD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Greg Fitzgerald, a non-executive Director, who was appointed to fill a casual vacancy and who retires in accordance with the Constitution, and being willing and eligible for election, is elected as a Director.”

RESOLUTION 3 – ELECTION OF DIRECTOR – MR GEOFF JONES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Geoff Jones, a non-executive Director, who was appointed to fill a casual vacancy and who retires in accordance with the Constitution, and being willing and eligible for election, is elected as a Director.”

RESOLUTION 4 – ELECTION OF DIRECTOR – MR TONY JAMES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Tony James, a non-executive Director, who was appointed to fill a casual vacancy and who retires in accordance with the Constitution, and being willing and eligible for election, is elected as a Director.”

RESOLUTION 5 – RE-ELECTION OF DIRECTOR – MR MILAN JERKOVIC

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Milan Jerkovic, an executive Director, who retires by rotation in accordance with the Constitution, and being willing and eligible for re-election, is re-elected as a Director.”

RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by a person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 7 – RATIFICATION OF ISSUE OF SHARES TO ACUITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 25,000,000 Shares to Acuity Capital Investment Management Pty Ltd on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Acuity Capital

Investment Management Pty Ltd and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 8 – RATIFICATION OF ISSUE OF SHARES TO LIND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 50,000,000 Shares to Lind Asset Management XIV LLC on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 9 – RATIFICATION OF ISSUE TO LIND OF FIRST CONVERTIBLE SECURITY UP TO INITIAL MAXIMUM SHARE NUMBER, AND ISSUE OF SHARES UP TO INITIAL MAXIMUM SHARE NUMBER UNDER THE FIRST CONVERTIBLE SECURITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of the First Convertible Security to the extent up to the Initial Maximum Share Number of 114,000,000 Shares to Lind Asset Management XIV LLC under the Convertible Security Funding Agreement, and the issue of the Initial Maximum Share Number of 114,000,000 Shares under the First Convertible Security, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 10 – APPROVAL FOR THE ISSUE TO LIND OF FIRST CONVERTIBLE SECURITY IN EXCESS OF INITIAL MAXIMUM SHARE NUMBER AND ISSUE OF SHARES IN EXCESS OF INITIAL MAXIMUM SHARE NUMBER UNDER THE FIRST CONVERTIBLE SECURITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of the First Convertible Security to the extent beyond the Initial Maximum Share Number of 114,000,000 Shares under the Convertible Security Funding Agreement and the issue of Shares under the First Convertible Security in excess of the Initial Maximum Share Number of 114,000,000 Shares, being the balance of all the Shares to be issued under the First Convertible Security, to Lind Asset Management XIV LLC on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 11 – APPROVAL FOR THE ISSUE OF THE FIRST OPTIONS TO LIND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 72,000,000 First Options to Lind Asset Management XIV LLC pursuant to the Convertible Security Funding Agreement on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 12 – APPROVAL FOR THE ISSUE OF THE SECOND CONVERTIBLE SECURITY TO LIND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the Second Convertible Security to Lind Asset Management XIV LLC, and the issue of Shares under the Second Convertible Security, pursuant to the Convertible Security Funding Agreement on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 13 – APPROVAL FOR THE ISSUE OF THE SECOND OPTIONS TO LIND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 24,000,000 Second Options to Lind Asset Management XIV LLC pursuant to the Convertible Security Funding Agreement on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance

with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 14 – APPROVAL FOR THE ISSUE OF THE THIRD CONVERTIBLE SECURITY TO LIND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the Third Convertible Security to Lind Asset Management XIV LLC, and the issue of Shares under the Third Convertible Security, pursuant to the Convertible Security Funding Agreement on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 15 – APPROVAL FOR THE ISSUE OF THE THIRD OPTIONS TO LIND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the Third Options to Lind Asset Management XIV LLC pursuant to the Convertible Security Funding Agreement on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 16 – APPROVAL FOR THE ISSUE OF FOURTH CONVERTIBLE SECURITY TO LIND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the Fourth Convertible Security to Lind Asset Management XIV LLC, and the issue of Shares under the Fourth Convertible Security, pursuant to the Convertible Security Funding Agreement on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 17 – APPROVAL FOR THE ISSUE OF THE FOURTH OPTIONS TO LIND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the Fourth Options to Lind Asset Management XIV LLC pursuant to the Convertible Security Funding Agreement on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by Lind Asset Management XIV LLC and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 18 – RENEWAL OF THE COMPANY'S PROPORTIONAL TAKEOVER PROVISIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That the proportional takeover approval provisions contained in clause 26 of the Constitution, a copy of which is tabled at the Annual General Meeting, are renewed for a further period of three years commencing on the date of the Meeting for the purpose of section 648G of the Corporations Act."

RESOLUTION 19 (CONTINGENT RESOLUTION) – BOARD SPILL MEETING

Condition for Resolution 19 – Resolution 19 will be considered at the Meeting only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report.

If the condition (described above) is satisfied, to consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to and conditional on at least 25% of the votes cast on Resolution 1 being against the adoption of the Remuneration Report:

- (a) a general meeting of the Company to be held within 90 days of the date of this Meeting (the **Spill Meeting**);*
- (b) each of Messrs Fitzgerald, Jones, James and Jerkovic, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."*

*This assumes that these directors are either elected or re-elected (as applicable) at this Meeting pursuant to Resolutions 2 to 5.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (c) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*
- (d) a Closely Related Party of such a member.*

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

OTHER BUSINESS

To deal with any business that may be lawfully brought forward.

PROXIES

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- b) provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions of votes will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

If the proxy form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to the Share Registry.

If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

An appointment of corporate representative form may be obtained from Link Market Services by calling (+61) 1300 554 474 or online at <http://www.linkmarketservices.com.au/corporate/resources/forms.html>

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act; and
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Undirected and Directed Proxies

The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each resolution.

If you appoint a member of the Key Management Personnel as your proxy

If you elect to appoint a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, you must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be included in any vote on Resolution 1 or Resolution 19.

If you appoint the Chair as your proxy

If you elect to appoint the Chair as your proxy, you do not need to direct the Chair how you wish them to exercise your vote on Resolution 1 or Resolution 19, however if you do not direct the Chair how to vote, you acknowledge that the Chair may exercise his or her discretion in exercising your proxy even though Resolution 1 and Resolution 19 are connected directly or indirectly with the remuneration of Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for that entity.

The Chair intends to vote all undirected proxies in favour of Resolutions 1 to 18 inclusive. The Chair intends to vote all undirected proxies against Resolution 19 (if it is put to the Meeting).

If you appoint any other person as your proxy

You do not need to direct your proxy how to vote.

DATED: 29 OCTOBER 2018

BY ORDER OF THE BOARD

**ANTHONY RECHICHI
COMPANY SECRETARY**

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Blackham Resources Limited in connection with the business specified to be conducted in the Notice of Annual General Meeting at the annual general meeting of Shareholders to be held at Level 3, 1 Altona Street, West Perth, Western Australia 6005 at **9:30am WST on Friday 30 November 2018**.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the Annual General Meeting.

A Glossary of terms frequently used in this Notice of Meeting and Explanatory Memorandum can be found at the end of this Explanatory Memorandum.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the 2018 Financial Report together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report thereon.

The Company will not provide a hard copy of the 2018 Financial Report to Shareholders unless specifically requested to do so. The 2018 Financial Report is available on its website at www.blackhamresources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Board or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2.2 Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011 (known as the two strikes rule), if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report at the two consecutive annual general meetings, the company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the company's AGM where the second consecutive strike is received. All of the directors, other than the Managing Director, who were in office when the board approved the last directors' report, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

The Audited Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Audited Remuneration Report is part of the Directors' Report contained in the 2018 Financial Report.

At the Company's 2017 annual general meeting, more than 25% of votes were cast against the 2017

Remuneration Report at that meeting. Accordingly the Company failed to obtain 75% of votes in favour of adoption of the 2017 Remuneration Report and recorded a 'first strike' under the 'two strikes' rule.

If (and only if) at least 25% of the votes cast on Resolution 1 at this Meeting are against adopting the Remuneration Report, this will constitute a 'second strike' and Resolution 19 (the **Spill Resolution**) will be put to the Meeting and voted on.

The Spill Resolution will be considered as an ordinary resolution and will be passed if more than 50% of the eligible votes cast are in favour of the Spill Resolution. If the Spill Resolution is passed the Company will be required to convene a further general meeting of the Company (**Spill Meeting**) within 90 days of the Annual General Meeting in order to consider the composition of the Board.

If less than 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report at the Meeting, there will be no 'second strike' and Resolution 19 will not be put to the Meeting.

It is therefore important that Shareholders vote on Resolution 1.

3. RESOLUTION 2 – ELECTION OF DIRECTOR (MR GREG FITZGERALD)

3.1 Background

Clause 11.12 of the Constitution requires that any Director appointed by the Directors under clause 11.11 of the Constitution to fill a casual vacancy or as an addition to the existing Directors holds office until the next annual general meeting of the Company and is then eligible for re-election.

Mr Greg Fitzgerald, who is a non-executive Director, was appointed by the Directors under clause 11.11 of the Constitution on 19 February 2018, retires in accordance with the Constitution and, being willing and eligible for election, seeks election. The profile of Mr Greg Fitzgerald is set out in the 2018 Financial Report.

3.2 Directors' Recommendation

The Directors (other than Mr Greg Fitzgerald) recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR (MR GEOFFREY JONES)

4.1 Background

Clause 11.12 of the Constitution requires that any Director appointed by the Directors under clause 11.11 of the Constitution to fill a casual vacancy or as an addition to the existing Directors holds office until the next annual general meeting of the Company and is then eligible for re-election.

Mr Geoffrey Jones, who is a non-executive Director, was appointed by the Directors under clause 11.11 of the Constitution on 1 August 2018, retires in accordance with the Constitution and, being willing and eligible for election, seeks election. The profile of Mr Geoffrey Jones is set out in the 2018 Financial Report.

4.2 Directors' Recommendation

The Directors (other than Mr Geoffrey Jones) recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – ELECTION OF DIRECTOR (MR TONY JAMES)

5.1 Background

Clause 11.12 of the Constitution requires that any Director appointed by the Directors under clause 11.11 of the Constitution to fill a casual vacancy or as an addition to the existing Directors holds

office until the next annual general meeting of the Company and is then eligible for re-election.

Mr Tony James, who is a non-executive Director, was appointed by the Directors under clause 11.11 of the Constitution on 22 June 2018, retires in accordance with the Constitution and, being willing and eligible for election, seeks election. The profile of Mr Tony James is set out in the 2018 Financial Report.

5.2 Directors' Recommendation

The Directors (other than Mr Tony James) recommend that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – RE-ELECTION OF DIRECTOR (MR MILAN JERKOVIC)

6.1 Background

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three (3) years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re- election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election. The Company currently has five (5) Directors and accordingly ordinarily two (2) must retire by rotation. As three of the Directors, being Messrs Fitzgerald, Jones and James, are already seeking election at the Meeting pursuant to Resolutions 2, 3 and 4 respectively and as the Company's Managing Director Mr Bryan Dixon is exempt from the retirement by rotation in accordance with clause 11.6 of the Constitution, only one (1) Director, being Mr Milan Jerkovic, is required to retire by rotation at the Meeting.

Mr Milan Jerkovic, the Executive Chairman, retires by rotation in accordance with the Constitution and, being willing and eligible for re-election, seeks re-election. The profile of Mr Milan Jerkovic is set out in the 2018 Financial Report.

6.2 Directors' Recommendation

The Directors (other than Mr Milan Jerkovic) recommend that Shareholders vote in favour of Resolution 5.

7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

7.1 Purpose of resolution

The purpose of this special resolution is to authorise the Directors to seek Shareholder approval to allow it to issue a further 10% of the Company's issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company's 15% placement capacity under Listing Rule 7.1.

The additional 10% placement capacity under Listing Rule 7.1A is in addition to the existing 15% annual placement capacity available under Listing Rule 7.1.

7.2 General information

Listing Rule 7.1A came into effect on 1 August 2012 and enables "eligible entities" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the

annual general meeting if the Equity Securities are in an existing quoted class of the Company's securities ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement annual capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity and has a current market capitalisation of \$60 million (at 26 October 2018).

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility during the period up to 12 months after the Meeting. As Resolution 6 is a special resolution 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

If Shareholders approve Resolution 6 the exact number of Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to 7.3 (c) below).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities under the 10% Placement Facility.

7.3 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting, which is in addition to its 15% annual placement capacity.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of Equity Securities, namely Shares.

(c) Formula for calculating Additional 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(a x d) – e

a is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;*
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;*
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% annual placement capacity without shareholder approval;*
- (iv) less the number of fully paid shares cancelled in the 12 months.*

Note that **A** has the same meaning in Listing Rule 7.1 when calculating an entity's 15% annual placement capacity.

d is 10%

e is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 1,340,911,521 Shares and therefore has a capacity to issue:

- (i) 15% or 201,136,728 Equity Securities under Listing Rule 7.1; and
- (ii) 10% or 134,091,152 Equity Securities under Listing Rule 7.1A (subject to Shareholder approval being sought under this Resolution 6).

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to 7.3(c) above).

(e) Information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the below information is provided in relation to the approval of the 10% Placement Facility:

Minimum Price

The minimum price at which Equity Securities may be issued under the 10% Share Issue Capacity is 75% of the VWAP of securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if they are not issued within 5 Trading Days of the date above, the date on which the Equity Securities are issued.

Date of Issue

The Equity Securities may be issued under the 10% Placement Facility commencing on the date of the Meeting and expires on the earlier to occur of:

- the date that is 12 months after the date of this Meeting; or
- the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Risk of economic and voting dilution

If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below.

Shareholders should note that there is a risk that:

- the market price for the Equity Securities to be issued may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue. If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement

Facility, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice, assuming the full 10% dilution.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.022 50% decrease in Issue Price	\$0.044 Issue Price	\$0.066 50% increase in Issue Price
Current Variable A 1,340,911,521 Shares	Shares issued	134,091,152 Shares	134,091,152 Shares	134,091,152 Shares
	Funds raised	\$2,950,005	\$5,900,010	\$8,850,016
50% increase* in current Variable A 2,011,367,281 Shares	Shares issued	201,136,728 Shares	201,136,728 Shares	201,136,728 Shares
	Funds raised	\$4,425,008	\$8,850,016	\$16,275,024
100% increase* in current Variable A 2,681,823,042 Shares	Shares issued	268,182,304 Shares	268,182,304 Shares	268,182,304 Shares
	Funds raised	\$5,900,010	\$11,800,021	\$17,700,032

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- The current Shares on issue are the Shares on issue at 26 October 2018.
- The issue price set out above is the closing price of the Shares on the ASX on 18 October 2018.
- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility hence the voting dilution is shown in each example as 10%.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances, and if necessary seek advice from their professional advisers.
- No unlisted options of the Company are exercised into Shares before the date of issue of the Equity Securities.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares.

Purpose of issue under 10% Placement Facility

The Company may seek to issue the Equity Securities for the following purposes:

- as cash consideration, in which case the Company intends to use the funds raised towards continued exploration, development and expansion of the Company's Matilda/Wiluna Gold Project and its other projects, the evaluation and acquisition of new opportunities and general working capital; or
- as non-cash consideration towards continued exploration, development and expansion of the Company's Matilda/Wiluna Gold Project, the acquisition of new resource assets and other investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

Allocation under the 10% Placement Facility

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the persons to whom Equity Securities will be issued will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the purpose of the issue;
- the alternative methods of raising funds that are available to the Company, including but not limited to, an entitlement issue or other issue in which existing security holders can participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the circumstances of the Company, including but not limited to the financial situation and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

The persons to whom Equity Securities will be issued under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders, who are not related parties of the Company or their associates.

Previous Approval under ASX Listing Rule 7.1A

The Company last obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 24 November 2017.

Voting exclusion statement

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not invited any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

7.4 Listing Rule 7.3A.6 Details of Equity Securities issued during last 12 months

Date of Issue	19 Feb 2018	19 Feb 2018	19 Feb 2018	19 Feb 2018	19 Feb 2018	18 May 2018	18 May 2018
Number issued	897,670,586	448,835,183	11,902,270	8,750,000	31,250,000	29,750	44,096,895
Class/Type	Shares	Listed Options	Listed Options	Shares	Listed Options	Shares	Zero Exercise Price Options
Summary of Terms	Fully paid ordinary shares issued pursuant to pro rata entitlement offer	Free attaching listed options, exercisable at \$0.08 on or before 31 January 2019, issued pursuant to pro rata entitlement offer	Listed options, exercisable at \$0.08 on or before 31 January 2019, issued as consideration for lead manager fees	Fully paid ordinary shares issued as consideration for lead manager fees	Listed options, exercisable at \$0.08 on or before 31 January 2019 issued to Orion Fund JV Ltd as part of the refinancing of the Orion Project Financing Facility	Fully paid ordinary shares issued upon conversion of listed options	Zero Exercise Price Options (ZEPOs) issued to Directors, employees and consultants of the Company under the Blackham Employee Option Plan. The ZEPOs will be performance hurdle tested at the end of the three year period ending on 31 December 2020 and expire on 31 December 2021 with a nil exercise price.
Name of Persons Issued Securities	Existing Shareholders of the Company who subscribed for Shares under the entitlement offer	Existing Shareholders of the Company who subscribed for Shares under the entitlement offer	Zenix Nominees Pty Ltd, a subsidiary of Hartleys Ltd	Zenix Nominees Pty Ltd, a subsidiary of Hartleys Ltd	Orion Fund JV Ltd	Peter Davies & Louise Keetman, and JP Morgan	Directors, employees and consultants of the Company
Deemed Value/Issue Price	\$0.04 per Share	Nil	Nil	Nil	Nil	\$0.08	Nil
Discount to market	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CASH ISSUES							
Cash Received	\$35,906,823	N/A	N/A	N/A	N/A	\$2,380	N/A
Cash Spent	\$35,906,623	N/A	N/A	N/A	N/A	\$2,380	N/A
Use of Cash	Exploration and conversion of resources, debt repayment and normalisation of working capital	N/A	N/A	N/A	N/A	Additional working capital	N/A
Cash Unspent	Nil	N/A	N/A	N/A	N/A	Nil	N/A
NON-CASH ISSUES							
Non-cash consideration	N/A	N/A	\$68,177	\$350,000	\$179,002	N/A	\$2,833,225
Current value of non-cash consideration	N/A	\$897,670 valued at 17/10/18	\$23,805 valued at 17/10/18	\$411,250 valued at 17/10/18	\$62,500 valued at 17/10/18	N/A	\$1,778,869 valued at 17/10/18

Date of Issue	18 May 2018	18 May 2018	18 May 2018	26 September 2018	26 September 2018	26 September 2018	26 September 2018
Number issued	7,500,000	32,472,730	10,000,000	25,000,000	50,000,000	392,857	1
Class/Type	Zero Exercise Price Options	Listed Options	Listed Options	Shares	Shares	Shares	Convertible Note
Summary of Terms	Zero Exercise Price Options (ZEPOs) issued to a Director of the Company under the Blackham Employee Option Plan. The ZEPOs will be performance hurdle tested at 30 June 2018 and 31 December 2018 and expire on 31 December 2021 with a nil exercise price.	Listed options, exercisable at \$0.08 on or before 31 January 2019, issued as consideration for lead manager fees	Listed options, exercisable at \$0.08 on or before 31 January 2019, issued to a consultant lieu of payment in cash for past and future advisory services provided to the Company	Fully paid ordinary shares issued as collateral to Acuity Capital Investment Management Pty Ltd pursuant to Controlled Placement Agreement as disclosed in the Company's June 2018 Quarterly report dated 30 July 2018	Fully paid ordinary shares issued as collateral to Lind Asset Management XIV LLC pursuant to the Convertible Security Funding Agreement details of which were set out in the Company's ASX release of 25 September 2018	Fully paid ordinary shares issued to a consultant lieu of payment in cash for services provided to the Company	Convertible Note issued to Lind Asset Management XIV LLC pursuant to the Convertible Security Funding Agreement details of which were set out in the Company's ASX release of 25 September 2018
Name of Persons Issued Securities	Director	Zenix Nominees Pty Ltd, a subsidiary of Hartleys Ltd	Tectonic Advisory Partners	Acuity Capital Investment Management Pty Ltd	Lind Asset Management XIV LLC	BPDT & Co	Lind Asset Management XIV LLC
Deemed Value/Issue Price	Nil	Nil	Nil	Nil	Nil	\$0.042 per Share	\$7,500,000
Discount to market	N/A	N/A	N/A	N/A	N/A	N/A	As per agreement
CASH ISSUES							
Cash Received	N/A	N/A	N/A	N/A	N/A	N/A	\$6,000,000
Cash Spent	N/A	N/A	N/A	N/A	N/A	N/A	\$5,400,000
Use of Cash	N/A	N/A	N/A	N/A	N/A	N/A	Extinguish debt facility with Orion Fund JV Limited, with the balance of the funds to be used for general working capital purposes and general corporate purposes
Cash Unspent	N/A	N/A	N/A	N/A	N/A	N/A	\$600,000
NON-CASH ISSUES							
Non-cash consideration	\$576,000	\$725,765	\$223,500	As per agreement	As per agreement	\$16,500	N/A
Current value of non-cash consideration	\$352,500 valued at 17/10/18	\$64,945 valued at 17/10/18	\$20,000 valued at 17/10/18	\$1,175,000 valued at 17/10/18	\$2,350,000 valued at 17/10/18	\$18,464 valued at 17/10/18	N/A

Pursuant to and in accordance with Listing Rule 7.3A.6 (a), the total number of Equity Securities issued since the date of the last AGM held on 24 November 2017 are as follows:

Class/Type	On Issue 24 November 2017	Number Issued Since 24 November 2017	% Issued Since 24 November 2017
Ordinary Shares	359,068,328	981,843,193	273%
Listed Options	Nil	534,460,183	N/A
Unlisted Options	29,141,667	51,596,895	177%
Performance Rights	3,600,000	Nil	0%
Totals	391,809,995	1,567,900,271	400%

7.5 Directors' Recommendation

The Directors consider that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required and which will be in addition to, and without using, the Company's 15% annual placement capacity. At the date of the Notice, the Company has no plans to use the 10% Placement Facility should it be approved. Accordingly the Directors recommend that Shareholders vote in favour of Resolution 6.

8. RESOLUTION 7 – RATIFICATION OF ISSUE OF SHARES TO ACUITY

8.1 Background

Resolution 7 seeks Shareholder ratification for the issue of 25,000,000 Shares to Acuity Capital Investment Management Pty Ltd ("Acuity") pursuant to the Controlled Placement Deed, in accordance with ASX Listing Rule 7.4. The key terms and the Company's reasons for entering into the Controlled Placement Deed are set out in the Company's activities report for the June 2018 quarter dated 30 July 2018. The Shares are used as Collateral by Acuity for any financing undertaken by the Company under the terms of the Controlled Placement Deed.

8.2 ASX Listing Rule 7.4

If Shareholders approve Resolution 7, the issue of 25,000,000 Shares will be excluded from the calculations of the Company's 15% limit under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further shares up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

8.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.5:

(a) *Number of securities issued*

25,000,000 Shares

(b) *Price at which the securities were issued*

Nil

(c) *Terms of the securities*

The Shares are fully paid ordinary shares ranking equally in all respects with all other Shares on issue and are listed on the ASX.

(d) *The name of the persons to whom Blackham issued the securities or the basis on which those persons were determined*

Acuity, which is not a related party of the Company.

(e) *Use (or intended use) of the funds raised*

The Shares were issued in connection with the Controlled Placement Deed. No funds were raised from the issue of the Shares.

8.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 7 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

9. BACKGROUND INFORMATION IN RESPECT OF RESOLUTIONS 8 TO 17 (INCLUSIVE)

9.1 Terms of the CSFA

Lind has agreed to invest an amount of up to AUD\$23,000,000 in the Company, and the Company has agreed to issue Convertible Securities to the Investor in accordance with the terms of the Convertible Security Funding Agreement ("CSFA").

Annexure A contains a summary of the rights, obligations, privileges and restrictions attaching to the Convertible Securities. Capitalised terms referred to below are defined in the Glossary, **Annexure A** or in the text below.

The Directors consider that the CSFA and the Convertible Securities issued or to be issued under it is in the best interests of Shareholders as it provides funding to repay existing debt, for working capital and for the general corporate purposes of the Company.

CONVERTIBLE SECURITIES

Under the terms of the CSFA, up to four (4) Convertible Securities in the capital of the Company with an aggregate face value of up to AUD\$23,000,000 may be subscribed for by the Investor and issued by the Company, as follows:

- i. Without Shareholder approval, a first tranche of convertible notes for AUD\$7,500,000 (**First Convertible Security**) subject to the restriction that the maximum number of Shares that can be issued under it is 114,000,000. The balance of the First Convertible Security, to the extent it may convert into Shares exceeding this maximum number of Shares, is subject to prior Shareholder approval. The AUD\$7,500,000 will be issued in two (2) tranches – a first tranche of AUD\$6,000,000 and a second tranche of AUD\$1,500,000.
- ii. With prior Shareholder approval and at the option of the Company, a second tranche of convertible notes for up to AUD\$2,500,000 (subject to a market capitalisation requirement) (**Second Convertible Security**).
- iii. With prior Shareholder approval and at the option of Lind, a third tranche of convertible notes for up to AUD\$3,000,000 at the option of Lind, subject to a market capitalisation requirement as detailed below (**Third Convertible Security**).
- iv. With prior Shareholder approval and upon the mutual agreement of the parties, a fourth tranche of convertible notes having a face value for up to AUD\$10,000,000 (**Fourth Convertible Security**).

Subject to the conditions precedent to Closing (as set out in the CSFA) having been fulfilled or waived:

- (a) (**First Convertible Security**) within seven (7) Business Days of the date of execution of the CSFA or such later date as may be determined in accordance with the provisions of the CSFA, the Investor will advance to the Company, the **First Tranche First Convertible Security Amount** of AUD\$6,000,000 (**First Closing**), in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the First Convertible Security on the terms set out in the CSFA (the **First Convertible Security**). Upon the Company complying with certain obligations regarding the granting of security, delivery of security documentation and discharge of security, the Investor will pay in immediately available funds to the Company the **Second Tranche First Convertible Security Amount** of AUD\$1,500,000;
- (b) (**Second Convertible Security**) subject to the Company's Market Capitalisation (meaning the total number of Shares on issue on the relevant date multiplied by the average of the twenty (20) daily VWAPs per Share (in Australian dollars) during the last twenty (20) Trading Days on which trading in Shares occurred on ASX, immediately prior to the relevant date) exceeding the **Market Capitalisation Threshold Amount** (which is AUD\$80,000,000) for twenty (20) consecutive Trading Days during the first twelve (12) month period of the Term of the First

Convertible Security (or the waiver of this condition Precedent by the Investor in writing in the Investor's discretion), at any time during the Term applicable to the First Convertible Security, and after the Company has obtained Shareholder approval for all purposes (including under Listing Rule 7.1) to issue the Second Convertible Security and the Second Options the Company may (but is not obliged to) give a written notice to the Investor providing a request that the Investor subscribe for a second convertible security in such amount as notified by the Company to Lind up to AUD\$2,500,000 (**Second Convertible Security Amount**) and Lind will advance to the Company the Second Convertible Security Amount in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the Second Convertible Security on the terms set out in the CSFA (the **Second Convertible Security**);

(c) (**Third Convertible Security**) provided that the Market Capitalisation of the Company is equal to or exceeds the Market Capitalisation Threshold Amount (means the Market Capitalisation calculated as at the Execution Date, where the execution date of the CSFA is the 'Relevant Date' (for the purpose of calculating the Market Capitalisation)), the Investor may (but is not obliged to) give a written notice to the Company (**Third Convertible Security Notice**) providing a request that the Company issue a third convertible security in such amount as notified by the Investor to the Company in the Third Convertible Security Notice up to AUD\$3,000,000 (**Third Convertible Security Amount**). If the Investor issues a Third Convertible Security Notice to the Company, then:

- (i) if at the date of the Third Convertible Security Notice, the Company has obtained Shareholder approval for all purposes (including under Listing Rule 7.1) to issue the Third Convertible Security and the Third Options (**Relevant Upfront Approval – Third Convertible Security**) the Investor will advance to the Company the Third Convertible Security Amount (**Third Closing**), in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the Third Convertible Security on the terms set out in this Agreement (the **Third Convertible Security**); or
- (ii) if at the date of the Third Convertible Security Notice, the Company does not have Relevant Upfront Approval – Third Convertible Security to issue the Third Convertible Security and the Third Options, then the Company must within sixty (60) calendar days of the date of the Third Convertible Security Notice call and convene (i.e., hold) an extraordinary general meeting for the purpose of putting a resolution to its Shareholders to obtain Relevant Upfront Approval – Third Convertible Security (**EGM (Third Convertible Security)**). If the Company holds the EGM (Third Convertible Security) in accordance with its obligations under this Agreement but Relevant Upfront Approval – Third Convertible Security is not achieved at the EGM (Third Convertible Security), then the failure to achieve such approval at the EGM (Third Convertible Security) will not be a breach or Event of Default. If at the EGM (Third Convertible Security), the Company has complied with its obligations under the Agreement to seek to obtain the Relevant Upfront Approval – Third Convertible Security, but the Relevant Upfront Approval – Third Convertible Security is not obtained, then the Collateral Shareholding Number will automatically reduce by 16,000,000 (and if such reduction results in the Collateral Shareholding Number being reduced below zero, the Collateral Shareholding Number will be reduced to zero). The Third Convertible Security may only be issued by the Company provided that the Company has obtained Relevant Upfront Approval – Third Convertible Security.

(d) (**Fourth Convertible Security**) provided that:

- (i) the Company has obtained Shareholders' approval for all purposes (including under Listing Rule 7.1) to issue the Fourth Convertible Security and the Fourth Options (**Fourth Convertible Security Upfront Shareholders Approval**) at any time, the parties mutually agree in writing that the Investor will subscribe for and the Company will issue a fourth convertible security in an amount up to AUD\$10,000,000;

(such an agreement will constitute the **Fourth Convertible Security Notice**) then the Investor will subscribe for and the Company will issue a fourth convertible security in the relevant amount specified in the Fourth Convertible Security Notice up to AUD\$10,000,000 (**Fourth Convertible Security Amount**). If a Fourth Convertible Security Notice is issued or agreed in writing between the Parties (as applicable), then within ten (10) Business Days of the date of the Fourth Convertible Security

Notice or such later date as may be determined in accordance with the provisions of this Agreement, the Investor will advance to the Company the Fourth Convertible Security Amount (**Fourth Closing**), in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the Fourth Convertible Security on the terms set out in the Agreement (the **Fourth Convertible Security**).

The First Convertible Security has been issued to the extent that Shares up to the Initial Maximum Share Number can be issued under it. The Initial maximum Share Number is 114,000,000 Shares, which was within the Company's existing Listing Rule 7.1 capacity at the time of issue of the First Convertible Security. Shareholder approval is being sought under Resolution 9 to ratify the issue. Shareholder approval is being sought under Resolution 10 to issue the First Convertible Security to the extent that Shares in excess of the Initial Maximum Share Number can be issued under it.

The Company has received the First Convertible Security Amount of AUD\$6,000,000.

Prior Shareholder approval is required for the issue of the Second Convertible Security, Third Convertible Security and Fourth Convertible Security and the First Options, Second Options and Third Options.

The Company and the Investor may wish to seek to ensure that during the term of the Convertible Securities the Investor and its associates do not have voting power in more than 9.99% of the Company. If an issue of Shares to the Investor would cause this result either Party may by written notice to the other require the Company to pay a Cash Substitution Amount to the Investor (see **Annexure A**).

Lind cannot convert into Shares or require repayments under the Convertible Securities prior to 14 February 2019 unless an Event of Default or Market Capitalisation Event occurs prior.

If the Company receives any proceeds in cleared funds from option holders exercising options in the Shares of the Company prior to 14 February 2019, the Company must use those proceeds to pay the Investor the Amount Outstanding on the First Convertible Security.

FACE VALUE

The **Face Value** for each of the four (4) Convertible Securities is as follows:

- (a) in respect of the First Convertible Security:
 - (i) AUD\$9,000,000; or
 - (ii) if the Company complies with its obligations under the CSFA and the Investor does not pay the Second Tranche First Convertible Security Amount of AUD\$1,500,000 to the Company, AUD\$7,200,000;
 - (iii) if the Company completes an Early Buy Back (as that term is defined in the CSFA) (and only if such Early Buy Back is completed), the applicable Modified Face Value for the First Convertible Security for the time of completion of the Early Buy Back; and
- (b) in respect of the Second Convertible Security:
 - (i) the AUD amount equal to the Second Convertible Security Amount, multiplied by 120%; or
 - (ii) if the Company completes an Early Buy Back of the Second Convertible Security (and only if such Early Buy Back is completed), the applicable Modified Face Value for the Second Convertible Security for the time of completion of the Early Buy Back; and
- (c) in respect of the Third Convertible Security:
 - (i) the AUD amount equal to the Third Convertible Security Amount, multiplied by 120%; or

- (ii) if the Company completes an Early Buy Back of the Third Convertible Security (and only if such Early Buy Back is completed), the applicable Modified Face Value for the Third Convertible Security for the time of completion of the Early Buy Back; and
- (d) in respect of the Fourth Convertible Security:
- (i) the AUD amount equal to the Fourth Convertible Security Amount, multiplied by 120%; or
 - (ii) if the Company completes an Early Buy Back of the Fourth Convertible Security (and only if such Early Buy Back is completed), the applicable Modified Face Value for the Fourth Convertible Security for the time of completion of the Early Buy Back.

The **Modified Face Value** for each of the Convertible Securities is as follows:

- (a) in respect of the First Convertible Security:
- (i) if the Company issues a Buy-Back Notice and completes the buy-back of the First Convertible Security specified in that Buy-Back Notice within six (6) months of the First Closing Date:
 - (1) if the original Face Value is AUD\$9,000,000, then the Modified Face Value is AUD\$8,250,000; or
 - (2) if the original Face Value is AUD\$7,200,000, then the Modified Face Value is AUD\$6,600,000
 - (ii) if the Company issues a Buy-Back Notice and completes the buy-back of the First Convertible Security specified in that Buy-Back Notice within twelve (12) months of the First Closing Date:
 - (1) if the original Face Value is AUD\$9,000,000, then the Modified Face Value is AUD\$8,625,000; or
 - (2) if the original Face Value is AUD\$7,200,000 then the Modified Face Value is AUD\$6,900,000;
- (b) in respect of the Second Convertible Security:
- (i) if the Company issues a Buy-Back Notice and completes the buy-back of the Second Convertible Security specified in that Buy-Back Notice within six (6) months of the Second Closing Date, an amount equal to 110% of the Second Convertible Security Amount; or
 - (ii) if the Company issues a Buy-Back Notice and completes the buy-back of the Second Convertible Security specified in that Buy-Back Notice within twelve (12) months of the Second Closing Date, an amount equal to 115% of the Second Convertible Security Amount;
- (c) in respect of the Third Convertible Security:
- (i) if the Company issues a Buy-Back Notice and completes the buy-back of the Third Convertible Security specified in that Buy-Back Notice within six (6) months of the Third Closing Date, an amount equal to 110% of the Third Convertible Security Amount; or
 - (ii) if the Company issues a Buy-Back Notice and completes the buy-back of the Third Convertible Security specified in that Buy-Back Notice within twelve (12) months of the Third Closing Date, an amount equal to 115% of the Third Convertible Security Amount; and

- (d) in respect of the Fourth Convertible Security:
- (i) if the Company issues a Buy-Back Notice and completes the buy-back of the Fourth Convertible Security specified in that Buy-Back Notice within six (6) months of the Fourth Closing Date, an amount equal to 110% of the Fourth Convertible Security Amount; or
 - (ii) if the Company issues a Buy-Back Notice and completes the buy-back of the Fourth Convertible Security specified in that Buy-Back Notice within twelve (12) months of the Fourth Closing Date, an amount equal to 115% of the Fourth Convertible Security Amount.

TERM

The term of each of the four Convertible Securities is as follows:

- (a) **in respect of the First Convertible Security**, the period commencing from the First Closing Date and ending on the date that is the later of: (i) twenty four (24) months from the Lock-Up Date or if there is an Event of Default or Market Capitalisation Event, twenty four (24) months from the First Closing Date; or (ii) thirty (30) calendar days after the date on which all of the Company's obligations in respect of the First Convertible Security have been fulfilled;
- (b) **in respect of the Second, Third and Fourth Convertible Securities** the period commencing from the closing date for that Convertible Security and ending on the date that is the later of: (i) twenty four (24) months from the closing date; or (ii) thirty (30) calendar days after the date on which all of the Company's in respect of the Convertible Security have been fulfilled;

SECURITY

The Company grants first ranking security in favour of the Investor over the Company's assets.

OPTIONS

The Company must obtain Shareholder approval under Listing Rule 7.1 to grant to the Investor the First Options by no later than 15 December 2018. At the Second Closing, Third Closing and Fourth Closing the Company must grant and deliver to the Investor or the Second Options, Third Options and Fourth Options respectively. Prior Shareholder approval is required to be sought for these Option grants and are the subject of Resolutions 11, 13, 15 and 17.

COLLATERAL SHARES and COLLATERALISATION CAPITALISATION ELECTION

At, or prior to, First Closing, the Company shall issue to the Investor or its nominee 50,000,000 Shares (**Collateral Shares**). The number of Collateral Shares issued during the Term may be increased upon the written agreement of the Investor and the Company. At various times when Shares are required to be issued under the Convertible Securities, the investor has the option to require a Collateral Share Offset reduction in the number of Collateral Shares in place of the issue of new Shares. The Investor also has the option to purchase the Collateral Shares. A **Collateral Share Offset** is the offset of a reduction in the number of Collateral Shares issued under a Conversion Notice.

Furthermore, if Shareholder approval for Third Convertible Security is not obtained, then the number of Collateral Shares will automatically reduce by 16,000,000 (and if such reduction results in the number being reduced below zero, the number of Collateral Shares will be reduced to zero). In addition if the Company is unable to grant the First Options to the Investor; or grant the First Options to the Investor such that the Investor may exercise those Options and acquire freely tradable Shares; or obtain Shareholder approval in connection with the First Convertible Security, then any of those events or occurrences will constitute an Event of Default and the number of Collateral Shares will automatically reduce by 32,000,000 (and if such reduction results in the number being reduced below zero, the number of Collateral Shares will be reduced to zero).

ADJUSTMENTS

Each time when a Security Structure Event occurs, the Conversion Price, the Option Exercise Price and the Collateral Shareholding Number shall be reduced or, as the case may be, increased, in the

same proportion as the issued capital of the Company is, as the case may be, consolidated, subdivided or cancelled subject to compliance with the Listing Rules. The Company must use its best endeavours to procure such compliance with the Listing Rules including obtaining any Company shareholders' approval necessary. **Security Structure Event** means any consolidation, subdivision or pro-rata cancellation of the Company's issued capital, or any payment of a dividend in ordinary shares of the Company or distribution of ordinary shares of the Company to holders of its outstanding ordinary shares; which for the avoidance of doubt, does not include a rights offering or a bonus issue.

CONVERSION

At any time during the Term on or after the First Conversion Date (as defined in the CSFA), the Investor may provide the Company a written notice requiring the Company to effect a conversion of each Convertible Security (**Required Conversion**) by the Conversion Date. The Conversion Notice must, amongst other things, specify the Conversion amount, which will be specified by the Investor in its discretion, subject to the Conversion amount being:

- (a) a minimum of AUD\$50,000; or if the Amount Outstanding for a Convertible Security is less than AUD\$50,000, the total amount of the Amount Outstanding for that Convertible Security; and a maximum of the Amount Outstanding of the relevant Convertible Security and/or Convertible Securities (**Conversion Amount**); and
- (b) the Conversion Price applicable to the Required Conversion due to be effected on the Conversion Date, setting out the manner in which such Conversion Price was calculated by the Investor.

Upon receipt of a Conversion Notice, the Company must effect the required Conversion. The number of Conversion Shares that the Company must issue in a Required Conversion shall be determined by dividing the relevant Conversion Amount by the Conversion Price.

Conversion Price means:

- (a) in respect of the First Convertible Security and Second Convertible Security:
 - (i) AUD\$0.08; or
 - (ii) upon a Modified Conversion Price Event, the lower of AUD\$0.08 or the **Modified Conversion Price** (which means the price per Share equal to 90% of the average of three (3) daily VWAPs per Share as selected by the Investor in its sole discretion during the twenty (20) Trading Days immediately prior to the Conversion Notice Date to three decimal places);
- (b) in respect of the Third Convertible Security and Fourth Convertible Security:
 - (i) the price per Share equal to 130% of the average of three (3) daily VWAPs per Share (in Australian dollars) as chosen by the Investor in its sole discretion during the last twenty (20) Trading Days on which trading in the Company's shares occurred on ASX, immediately prior to the Third Closing Date or Fourth Closing Date respectively, to three decimal places AUD\$; or
 - (ii) upon a Modified Conversion Price, the lower of the price calculated under paragraph (b)(i) of this definition and the Modified Conversion Price; and

First Conversion Date means:

- (a) the Lock-Up Date (14 February 2019); or
- (b) if there is an Event of Default prior to the Lock-Up Date, the date of such Event of Default; or
- (c) if there is a Market Capitalisation Event prior to the Lock-Up Date, the date of such Market Capitalisation Event,

whichever is earliest.

Modified Conversion Price Event means, at any time, where there is:

- (a) an Event of Default with its secured creditors; or
- (b) a Market Capitalisation Event, except where subsequent to that event the Company's Market Capitalisation is more than AUD\$32,500,000 for twenty (20) consecutive Trading Days; or
- (c) a failure by the Company to fully pay:
 - (i) 100% of a MACA Mining Pty Limited and/or MACA Limited invoice (but excluding a Disputed MACA Invoice) within 45 days of the date of the invoice; or
 - (ii) 80% of a disputed MACA Mining Pty Limited and/or MACA Limited Invoice within 45 days of the date of the invoice.

REPAYMENT

Repayment Holiday Date means:

- (a) the Lock-Up Date of 14 February 2019; or
- (b) if there is an Event of Default prior to the Lock-Up Date, the date of such Event of Default; or
- (c) if there is a Market Capitalisation Event prior to the Lock-Up Date, the date of such Market Capitalisation Event,

whichever is earliest.

Repayment Date means either:

- (a) the date Repayment Shares are required to be issued by the Company under the CSFA; or
- (b) the date the Company is required to pay a Repayment Amount in cash under the CSFA.

On and after the Repayment Holiday Date, the Company is required, after receiving a Repayment Notice from the Investor, to repay the Amount Outstanding for a Convertible Security in separate monthly instalments equal to the Repayment Amount. The parties acknowledge and agree that while each Repayment Amount is expressed as a monthly instalment, the timing for each Repayment Amount will be determined in accordance with the CSFA (and may be delayed or postponed) and the number of monthly instalments required to be paid will be subject to any Conversion or repayment on a Convertible Security under this Agreement. Further, the parties acknowledge that where the monthly instalment amount required to repay the relevant Convertible Security in full (**Final Outstanding Amount**) is less the monthly instalment amount as defined in 'Repayment Amount', then the Repayment Amount for that monthly instalment will be equal to the Final Outstanding Amount.

Repayment Amount means, in respect of a Convertible Security:

- (a) an amount equal to 1/12th of the original Face Value of the applicable Convertible Security (as adjusted under the CSFA – see **Annexure A**); or
- (b) for a particular monthly instalment, any other amount above the amount calculated in paragraph (a) for a particular month as agreed in writing by the parties.

On any day during the Term on and after the Repayment Holiday Date (but at a frequency of no more than once a month for each Convertible Security), the Investor may provide the Company a written notice (the date such notice is given is a **Repayment Notice Date**) giving no less than two (2) Business Days' prior notice (**Repayment Notice**) requiring the Company to effect a repayment of the Repayment Amount (**Repayment**). The Repayment Notice must set out amongst other things the Repayment Amount; the Repayment Price applicable to the Repayment Amount; the manner in which such Repayment Price was calculated by the Investor; the number of Repayment Shares to be issued by the Company for the Repayment Amount.

The Company must:

- (i) effect the Repayment by, issuing Shares to the Investor or its nominee (**Repayment Shares**); or
- (ii) if the Company elects not to effect the Repayment in Repayment Shares then the Company must:
 - (A) in respect of the first Repayment, provide the Investor with written notice electing to make the Repayment by way of a cash equivalent amount instead of by the issuance of Repayment Shares; and
 - (B) in respect of each subsequent Repayment, effect the Repayment by way of cash in accordance with any notification in writing by the Company to the Investor under the CSFA,

(Cash Election Notice).

Where the Company has elected to effect the Repayment pursuant to a Repayment Notice by way of:

- (i) issuing Repayment Shares, the number of Repayment Shares that the Company must issue in a Repayment shall be determined by dividing the relevant Repayment Amount by the Repayment Price, or
- (ii) paying cash, pay to the Investor in immediately available funds the cash equivalent amount of the Repayment Amount (instead of the Repayment Shares that would have been issued), plus the Cash Election Premium (means an additional amount equal to 2.5% of the Repayment Amount required to be paid by the Company in cash under a Cash Election Notice) (**Cash Repayment Amount**); or

Repayment Price means:

- (a) in respect of a Repayment, the price per Share equal to 90% of the average of five (5) daily VWAPs per Share as selected by the Investor in its sole discretion during the twenty (20) Trading Days immediately prior to the Repayment Notice Date to three decimal places; or
- (b) in respect of the Investor's Conversion Option, the price per Share equal to 90% of the average of five (5) daily VWAPs per Share as selected by the Investor in its sole discretion during the twenty (20) Trading Days immediately prior to the date of the Buy-Back Conversion Notice issued by the Investor in respect of the Conversion Option to three decimal places (.

BUY BACK RIGHTS and BUY BACK CONVERSION

As set out in the CSFA, provided that:

- (1) there has been no Event of Default (as defined in the CSFA); and
- (2) the Company has sufficient placement capacity or a relevant Shareholder approval under the Listing Rules to issue the maximum number of **Buy-Back Conversion Shares** which may be the subject of a **Buy-Back Conversion Notice**,

the Company may in its sole discretion buy-back the outstanding balance of a Convertible Security at any time during the term of a Convertible Security subject to paying the Amount Outstanding in immediately available funds to Lind. In this event Lind will have the option by notice (**Buy-Back Conversion Notice**) to convert up to 30% of the Face Value of the Convertible Security into shares (**Buy-Back Conversion Shares**) at Lind's discretion, at the Conversion Price or Repayment Price (as defined in the CSFA) as selected by Lind.

9.2 Effect of the issue on the Company

The principal effect of the facility provided by Lind under the CSFA (**Facility**) on the Company will

be to:

- (a) Increase the Company's cash reserves by the aggregate of the funding amounts of the Convertible Securities (AUD\$23,000,000) (before costs associated with the issue of Convertible Securities), assuming full draw down under the Facility.
- (b) Give rise to the Company having a liability for the amount of the face value of the Facility draw down (\$AUD27,600,000) assuming full draw down under the Facility.
- (c) If the Convertible Securities are converted or repaid, either wholly or in part to Shares, increase the number of Shares on issue as a consequence of the issue of Shares on such conversion.
- (d) Increase the number of Options on issue as a consequence of the requirement to issue Options with each tranche of the Convertible Securities i.e the First Options, Second Options, Third Options and Fourth Options.

Potential effect on capital structure

- (a) As at the date of this Notice, the total number of issued Shares is 1,340,911,521.
- (b) The capital structure of the Company will be affected by the conversion or repayment of the Convertible Notes by the Noteholder, and/or the exercise of the Options by the Noteholder, which will result in additional Shares being issued.
- (c) If the full amount of the Facility is drawn down and the Investor converts the entire Facility, then based on a conversion price of \$0.08 per Share in respect of the First Convertible Security and the Second Convertible Security in accordance with the CSFA, and assuming a conversion price of \$0.08 per Share in respect of the Third Convertible Security and the Fourth Convertible Security and assuming that no Modified Conversion Price Event occurs, that no Early Buy Back has occurred, that the full face value of AUD\$27,600,000 is converted or repaid in Shares and assuming a conversion or repayment price of \$0.08 per Share (**Convertible Note Assumptions**), 345,000,000 Shares would be issued. The actual effect on the Share capital of the Company will depend on what percentage of the Convertible Notes are actually converted and/or repaid and the price at which the conversion and/or repayment occurs.
- (d) 96,000,000 Options will be issued, subject to Shareholder approval (sought under Resolutions 11 and 13) in relation to the First Convertible Security and the Second Convertible Security.
- (e) Options will also be issued for each of the Third Convertible Security and the Fourth Convertible Security. The quantity will be equal to 50% of the principal amount of the tranche corresponding convertible security divided by the average of the daily VWAPs per Share for the 20 Trading Days immediately prior to the relevant closing date, assuming that the average of the daily VWAPs for that period is \$0.08 (**Option Assumptions**). On the basis of the Option Assumptions a total of 81,250,000 Options may be issued in relation to the Third Convertible Security and the Fourth Convertible Security.

The effect on the issued Share capital of the Company on conversion and/or repayment of all the Convertible Notes and the issue and exercise of all Options to be issued under the CSFA is set out below, based on the Convertible Note Assumptions and the Option Assumptions and assuming no other Shares are issued (e.g. from the exercise, conversion or vesting of existing or new convertible securities or the issue of new Shares).

The actual effect on the share capital of the Company will depend on what percentage of the Convertible Securities are actually converted and/or repaid, the price at which the conversion or repayment occurs and the VWAP at the time of issue of the Options.

The table below also sets out the effect on the Company's issued capital assuming the Facility is fully drawn down using an assumed conversion price and 20 Trading Day VWAP of \$0.08, and an adjusted conversion price and 20 Trading Day VWAP of \$0.046 (being the closing price for Shares traded on ASX on the date preceding this Notice).

Shares	Convertible Note Assumptions (\$0.08)	Adjusted Conversion Price (\$0.046) and Adjusted Exercise Price (\$0.046) (in respect of Third Options and Fourth Options only)
Shares on issue at the date of this Notice	1,340,911,521	1,340,911,521
Shares issued upon conversion of the entire Facility	345,000,000	600,000,000
Shares issued assuming the exercise of all Options issued under CSFA	177,250,000	237,304,348
Total Shares on issue following conversion of entire Facility and exercise of all Options issued under CSFA	1,863,161,521	2,178,215,869

Options	Options Assumption (\$0.08)	Adjusted Exercise Price (\$0.046) (in respect of Third Options and Fourth Options only)
Options on issue prior to entry into CSFA	587,545,134	587,545,134
Options issued under CSFA	177,250,000	237,304,348
Total Options on issue following conversion of the entire Facility	764,795,134	824,849,482

Notes:

1. The Company and the Investor may wish to seek to ensure that during the Term the Investor and its associates do not have voting power in more than 9.99% of the Company). Assuming this is the case, based on the Shares on issue at the date of this Notice the maximum number of Shares the Investor can have a relevant interest in is 148,769,736 Shares.
2. Details of the exercise prices and expiry dates of the Options are set out in the Company's 2018 Annual Report lodged with ASX.

10. RESOLUTION 8 – RATIFICATION OF ISSUE OF SHARES TO LIND

10.1 Background

Resolution 8 seeks Shareholder ratification for the issue of 50,000,000 Shares to Lind pursuant to the Convertible Security Funding Agreement (**CSFA**), being the Collateral Shares, in accordance with ASX Listing Rule 7.4. The key terms and the Company's reasons for entering into the CSFA are set out in Section 9.1 of this Explanatory Memorandum. The Shares are used as collateral for any financing undertaken by the Company under the terms of the CSFA.

10.2 ASX Listing Rule 7.4

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further shares up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If Shareholders approve Resolution 8, the issue of 50,000,000 Shares will be excluded from the calculations of the Company's 15% limit under ASX Listing Rule 7.1.

10.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.5:

(a) *Number of securities issued*

50,000,000 Shares

(b) *Price at which the securities were issued*

Nil

(c) *Terms of the securities*

The Shares are fully paid ordinary shares ranking equally in all respects with all other Shares on issue and are listed on the ASX.

(d) *The name of the persons to whom Blackham issued the securities or the basis on which those persons were determined*

Lind, which is not a related party of the Company.

(e) *Use (or intended use) of the funds raised*

The Shares were issued as part of the terms of the CSFA. No funds were raised from the issue of the Shares.

10.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 8 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

11. RESOLUTION 9 – RATIFICATION OF ISSUE TO LIND OF FIRST CONVERTIBLE SECURITY UP TO INITIAL MAXIMUM SHARE NUMBER AND ISSUE OF SHARES UP TO INITIAL MAXIMUM SHARE NUMBER UNDER THE FIRST CONVERTIBLE SECURITY

11.1 Background

As set out in Section 9.1, the Company has entered into the CSFA with Lind under which it has agreed to issue the First Convertible Security to Lind, on the terms and conditions summarised in Section 9.1 and **Annexure A**.

Resolution 9 seeks Shareholder ratification for the issue of the First Convertible Security, to the extent up to the Initial Maximum Share Number (114,000,000 Shares) to Lind Asset Management XIV LLC under the CSFA, and the issue of the Initial Maximum Share Number under the First Convertible Security, to Lind in accordance with ASX Listing Rule 7.4. The Initial Maximum Share Number was within the Company's capacity under ASX Listing Rule 7.1 as at the date the Company entered into the CSFA, and the Company was therefore able to issue this number of Shares without seeking prior Shareholder approval. The key terms and the Company's reasons for entering into the CSFA are set out in the Company's announcement to the ASX dated 25 September 2018.

11.2 ASX Listing Rule 7.4

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further shares up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If Shareholders approve Resolution 9, the issue of the First Convertible Security to the extent up to the Initial Maximum Share Number (114,000,000 Shares) and 114,000,000 Shares issued under the First Convertible Security will be excluded from the calculations of the Company's 15% limit under ASX Listing Rule 7.1.

11.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.5:

(a) *Number of securities issued*

One convertible security, being the First Convertible Security, was issued to the extent of the Initial Maximum Share Number.

(b) *Price at which the securities were issued*

The First Convertible Security to the extent of the Initial Maximum Share Number was issued for \$7,500,000 with a face value of \$9,000,000 and otherwise on the terms and conditions set out in **Annexure A** (see in particular sections 1.2 and 2.1 (a) of **Annexure A**).

(c) *Terms of the securities*

The terms and conditions of the First Convertible Security are summarised in **Annexure A** (see in particular sections 1.2 and 2.1 (a) of **Annexure A**).

(d) *The name of the persons to whom Blackham issued the securities or the basis on which those persons were determined*

Lind, which is not a related party of the Company.

(e) *Use (or intended use) of the funds raised*

Funds raised from the issue of the First Convertible Security will be used to repay a short term secured debt facility owed by the Company to Orion Fund JV Limited.

11.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 9 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

12. RESOLUTION 10 – APPROVAL FOR THE ISSUE TO LIND OF THE FIRST CONVERTIBLE SECURITY IN EXCESS OF INITIAL MAXIMUM SHARE NUMBER AND ISSUE OF SHARES IN EXCESS OF INITIAL MAXIMUM SHARE NUMBER UNDER THE FIRST CONVERTIBLE SECURITY

12.1 Background

As summarised in Section 9.1 and **Annexure A**, the Company has issued the First Convertible Security to Lind pursuant to the CSFA. Under the terms of the CSFA, the parties agreed that until such time as Shareholder approval was obtained, the Company would only be required to issue 114,000,000 under the First Convertible Security, which represented the Company's available capacity under ASX Listing Rule 7.1 as at the date of the CSFA.

The maximum number of Shares that may be issued by the Company to the Investor under for the First Convertible Security, without obtaining Company shareholder approval under Listing Rule 7.1, is 114,000,000 Shares (**Initial Maximum Share Number**). The Initial Maximum Share Number was within the Company's capacity under ASX Listing Rule 7.1 as at the date the Company entered into the CSFA, and the Company was therefore able to issue this number of Shares without seeking prior Shareholder approval.

The Company must convene a Company shareholders' meeting (which is the AGM) to be held no later than 15 December 2018, at which the Company must ask its shareholders to consider and approve resolutions to fully refresh the Company's placement capacity; and to approve, under Listing Rule 7.1 and for all other purposes, the issue of the First Options and the issue of the First Convertible Security to the extent it requires the issue of Shares above the Initial Maximum Share Number for all Shares remaining to be issued under the First Convertible Security.

Under Resolution 10 the Company is seeking Shareholder approval for the issue of the First Convertible Security to the extent it requires the issue of Shares above the Initial Maximum Share Number (114,000,000 Shares) that may be issued pursuant to the First Convertible Security.

12.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

The effect of Resolution 10 will be to allow the Company to issue the First Convertible Security to the extent it requires the issue of Shares above the Initial Maximum Share Number (114,000,000 Shares) that may be issued pursuant to the First Convertible Security, and which will be automatically issued upon Shareholder approval.

12.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue*

One convertible security being the First Convertible Security to the extent it is in excess of the Initial Maximum Share Number.

- (b) *The date by which the entity will issue the securities*

The First Convertible Security to the extent it requires the issue of Shares above the Initial Maximum Share Number (114,000,000 Shares) will be issued automatically upon Shareholder approval).

- (c) *The issue price of the securities*

The terms and conditions of the First Convertible Security are summarised in **Annexure A**.

- (d) *The name of the persons to whom the entity will issue the securities (if known) or the basis upon which those persons will be identified or selected*

The First Convertible Security will be issued to Lind, which is not a related party of the Company.

- (e) *The terms of the securities*

The Shares will upon their issue rank pari passu in all respects with the Company's then issued Shares.

- (f) *Use (or intended use) of the funds raised*

Funds raised from the issue of the First Convertible Security will be used to repay a short term secured debt facility owed by the Company to Orion Fund JV Limited.

12.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 10 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

13. RESOLUTION 11 – APPROVAL FOR THE ISSUE OF THE FIRST OPTIONS TO LIND

13.1 Background

As noted in Section 9.1, the Company has entered into the CSFA under which it has agreed to issue 72,000,000 First Options to Lind, subject to Shareholder approval. That Shareholder approval is the subject of Resolution 11.

The terms and conditions of the First Options are set out in **Annexure B**.

13.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

The effect of Resolution 11 will be to allow the Company to issue the 72,000,000 First Options within the period of three (3) months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

13.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue*
- 72,000,000 First Options.
- (b) *The date by which the entity will issue the securities*
- The First Options will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (c) *The issue price of the securities*
- Nil. The First Options are to be issued to Lind as part of the consideration for the entry into the CSFA.
- (d) *The name of the persons to whom the entity will issue the securities (if known) or the basis upon which those persons will be identified or selected*
- The First Options will be issued to Lind, which is not a related party of the Company.
- (e) *The terms of the securities*
- The terms and conditions of the First Options are set out in **Annexure B**.
- (f) *Use (or intended use) of the funds raised*
- No funds will be raised by the issue of the First Options. Funds raised upon exercise of the First Options will be used for growth opportunities and working capital purposes.

13.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 11 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

14. RESOLUTION 12 – APPROVAL FOR THE ISSUE OF THE SECOND CONVERTIBLE SECURITY TO LIND

14.1 Background

As noted in Section 9.1, the Company has entered into the CSFA under which it has agreed to issue the Second Convertible Security to Lind, subject to Shareholder approval and on the terms and conditions summarised in Section 9.1 and **Annexure A**. That Shareholder approval is the subject of Resolution 12.

14.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

The effect of Resolution 12 will be to allow the Company to issue the Second Convertible Security within the period of three (3) months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

14.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue*

One convertible security, being the Second Convertible Security.

- (b) *The date by which the entity will issue the securities*

The Second Convertible Security will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) in accordance with the terms of the CSFA.

- (c) *The issue price of the securities*

The Second Convertible Security will be issued for \$2,500,000 with a face value of \$3,000,000 and otherwise on the terms and conditions summarised in **Annexure A** (see in particular sections 1.2 and 2.1 (b) of **Annexure A**).

- (d) *The name of the persons to whom the entity will issue the securities (if known) or the basis upon which those persons will be identified or selected*

The Second Convertible Security will be issued to Lind, which is not a related party of the Company.

- (e) *The terms of the securities*

The terms and conditions of the Second Convertible Security are summarised in **Annexure A** (see in particular sections 1.2 and 2.1 (b) of **Annexure A**).

- (f) *Use (or intended use) of the funds raised*

Funds raised from the issue of the Second Convertible Security will be used to repay a short term secured debt facility owed by the Company to Orion Fund JV Limited.

14.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 12 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

15. RESOLUTION 13 – APPROVAL FOR THE ISSUE OF THE SECOND OPTIONS TO LIND

15.1 Background

As noted in Section 9.1, the Company has entered into the CSFA under which it has agreed to issue 24,000,000 Second Options to Lind, subject to Shareholder approval. That Shareholder approval is the subject of Resolution 13.

The terms and conditions of the Second Options are set out in **Annexure C**.

15.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

The effect of Resolution 13 will be to allow the Company to issue 24,000,000 Second Options within the period of three (3) months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

15.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue*

24,000,000 Second Options.

- (b) *The date by which the entity will issue the securities*

The Second Options will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) in accordance with the terms of the CSFA, which are summarised in **Annexure A**.

- (c) *The issue price of the securities*

Nil. The Second Options are to be issued to Lind as part of the consideration for the entry into the CSFA.

- (d) *The name of the persons to whom the entity will issue the securities (if known) or the basis upon which those persons will be identified or selected*

The Second Options will be issued to Lind, which is not a related party of the Company.

- (e) *The terms of the securities*

The terms and conditions of the Second Options are set out in **Annexure C**.

- (f) *Use (or intended use) of the funds raised*

No funds will be raised by the issue of the Second Options. Funds raised upon exercise of the Second Options will be used for growth opportunities and working capital purposes.

15.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 13 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

16. RESOLUTION 14 – APPROVAL FOR THE ISSUE OF THE THIRD CONVERTIBLE SECURITY TO LIND

16.1 Background

As noted in Section 9.1, the Company has entered into the CSFA under which it has agreed to issue the Third Convertible Security to Lind, subject to Shareholder approval and on the terms and conditions summarised in Section 9.1 and **Annexure A**. That Shareholder approval is the subject of Resolution 14.

16.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

The effect of Resolution 14 will be to allow the Company to issue up the Third Convertible Security within the period of three (3) months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

16.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue*

One convertible security, being the Third Convertible Security.

- (b) *The date by which the entity will issue the securities*

The Third Convertible Security will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) in accordance with the terms of the CSFA.

- (c) *The issue price of the securities*

The Third Convertible Security will be issued for \$3,000,000 with a face value of \$3,600,000 and otherwise on the terms and conditions set out in **Annexure A**.

- (d) *The name of the persons to whom the entity will issue the securities (if known) or the basis upon which those persons will be identified or selected*

The Third Convertible Security will be issued to Lind, which is not a related party of the Company.

- (e) *The terms of the securities*

The terms and conditions of the Third Convertible Security are summarised in **Annexure A**.

- (f) *Use (or intended use) of the funds raised*

Funds raised from the issue of the Third Convertible Security will be used to repay a short term secured debt facility owed by the Company to Orion Fund JV Limited.

16.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 14 as it allows the Company

greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

17. RESOLUTION 15 – APPROVAL FOR THE ISSUE OF THE THIRD OPTIONS TO LIND

17.1 Background

As noted in Section 9.1, the Company has entered into the CSFA under which it has agreed to issue the Third Options to Lind, subject to Shareholder approval. That Shareholder approval is the subject of Resolution 15.

The number of Third Options to be issued is therefore unable to be ascertained but assuming the Third Convertible Security is fully drawn down and the average of the 20 Trading Day VWAP is \$0.046, the number of Options to be issued is 32,608,696 based on the closing price for Shares traded on ASX on the day preceding this Notice.

The terms and conditions of the Third Options are set out in **Annexure D**.

17.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

The effect of Resolution 15 will be to allow the Company to issue the Third Options within the period of three (3) months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

17.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue*

The exact number of Third Options that may be issued is not yet known however it will be calculated on the basis of the formula set out in **Annexure A** (see the definition of the term 'Third Options' within section 1.1 of **Annexure A**). Assuming the Third Convertible Security is fully drawn down and the average of the 20 Trading Day VWAP is \$0.046, the number of Third Options to be issued is 32,608,696.

- (b) *The date by which the entity will issue the securities*

The Third Options will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) in accordance with the terms of the CSFA, which are summarised in **Annexure A** (see in particular sections 2.1(c), 3.4 and 3.7(c) of **Annexure A**).

- (c) *The issue price of the securities*

Nil. The Third Options are to be issued to Lind as part of the consideration for the entry into the CSFA.

- (d) *The name of the persons to whom the entity will issue the securities (if known) or the basis upon which those persons will be identified or selected*

The Third Options will be issued to Lind, which is not a related party of the Company.

- (e) *The terms of the securities*

The terms and conditions of the Third Options are set out in **Annexure D**.

- (f) *Use (or intended use) of the funds raised*

No funds will be raised by the issue of the Third Options. Funds raised upon exercise of the Third Options will be used for growth opportunities and working capital purposes.

17.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 15 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

18. RESOLUTION 16 – APPROVAL FOR THE ISSUE OF THE FOURTH CONVERTIBLE SECURITY TO LIND

18.1 Background

As noted in Section 9.1, the Company has entered into the CSFA under which it has agreed, on certain terms and conditions and upon the agreement of the parties, to issue the Fourth Convertible Security to Lind, subject to Shareholder approval and on the terms and conditions summarised in Section 9.1 and **Annexure A**. That Shareholder approval is the subject of Resolution 16.

18.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

The effect of Resolution 14 will be to allow the Company to issue up the Fourth Convertible Security within the period of three (3) months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

18.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue*

One convertible security, being the Fourth Convertible Security.

- (b) *The date by which the entity will issue the securities*

The Fourth Convertible Security will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) in accordance with the terms of the CSFA.

- (c) *The issue price of the securities*

The Fourth Convertible Security will be issued for \$10,000,000 with a face value of \$12,000,000 and otherwise on the terms and conditions summarised in **Annexure A** (see in particular sections 1.2 and 2.1(d) of **Annexure A**).

- (d) *The name of the persons to whom the entity will issue the securities (if known) or the basis upon which those persons will be identified or selected*

The Fourth Convertible Security will be issued to Lind, which is not a related party of the Company.

- (e) *The terms of the securities*

The terms and conditions of the Fourth Convertible Security are summarised in **Annexure A** (see in particular sections 1.2 and 2.1(d) of **Annexure A**).

- (f) *Use (or intended use) of the funds raised*

Funds raised from the issue of the Fourth Convertible Security will be used to repay a short

term secured debt facility owed by the Company to Orion Fund JV Limited, for general working capital purposes and general corporate purposes.

18.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 16 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

19. RESOLUTION 17 – APPROVAL FOR THE ISSUE OF THE FOURTH OPTIONS TO LIND

19.1 Background

As noted in Section 9.1, the Company has entered into the CSFA under which it has agreed to issue the Fourth Options to Lind, subject to Shareholder approval. That Shareholder approval is the subject of Resolution 17.

The number of Fourth Options to be issued is therefore unable to be ascertained but assuming the Fourth Convertible Security is fully drawn down and the average of the 20 Trading Day VWAP is \$0.046, the number of Fourth Options to be issued is 108,695,652.

The terms and conditions of the Fourth Options are set out in **Annexure E**.

19.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

The effect of Resolution 17 will be to allow the Company to issue the Fourth Options within the period of three (3) months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

19.3 ASX Listing Rule disclosure requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue*

The exact number of Fourth Options that may be issued is not yet known however it will be calculated on the basis of the formula set out in **Annexure A** (see the definition of the term 'Fourth Options' within section 1.1 of **Annexure A**). Assuming the Fourth Convertible Security is fully drawn down and the average of the 20 Trading Day VWAP is \$0.046, the number of Fourth Options to be issued is 108,695,652.

- (b) *The date by which the entity will issue the securities*

The Fourth Options will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) in accordance with the terms of the CSFA, which are summarised in **Annexure A**.

- (c) *The issue price of the securities*

Nil. The Fourth Options are to be issued to Lind as part of the consideration for the entry into the CSFA.

- (d) *The name of the persons to whom the entity will issue the securities (if known) or the basis upon which those persons will be identified or selected*

The Fourth Options will be issued to Lind, which is not a related party of the Company.

(e) *The terms of the securities*

The terms and conditions of the Fourth Options are set out in **Annexure E**.

(f) *Use (or intended use) of the funds raised*

No funds will be raised by the issue of the Fourth Options. Funds raised upon exercise of the Fourth Options will be used for growth opportunities and working capital purposes.

19.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 17 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

20. RESOLUTION 18 – RENEWAL OF THE COMPANY'S PROPORTIONAL TAKEOVER PROVISIONS

Previously, the Constitution contained proportional takeover approval provisions requiring Shareholders to approve any takeover offer for only a proportion of each Shareholder's Shares (clause 26). These provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.

In accordance with the Corporations Act and the Constitution, the proportional takeover approval provisions expire three years from their adoption, or if renewed, from the date of renewal.

The Company has not renewed its proportional takeover provisions since 27 November 2015, accordingly clause 26 of the Constitution will cease to apply on 27 November 2018.

If renewed, the proportional takeover provisions will continue to apply on the same terms as the provisions which currently exist in the Constitution immediately prior to the date of the Meeting and will have effect for a period of three years, commencing on 30 November 2018.

The proportional takeover provisions are set out in full in Annexure F to this Notice.

Effect

If a proportional takeover bid is made, the Directors must:

- convene a general meeting no less than 14 days before the end of the bid period; and
- allow Shareholders to vote on a resolution to approve the proportional takeover bid.

The bidder and its associates are not allowed to vote on the resolution.

If the resolution is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

If the bid is approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the Corporations Act and the Constitution.

If no resolution is voted on by the above deadline, a resolution approving the bid is taken to have been passed.

The proportional takeover provisions do not apply to full takeover bids and will only apply until 30 November 2021, unless again renewed by Shareholders.

Reasons for renewing proportional takeover provisions

As a proportional takeover bid involves an offer for only a proportion of each Shareholder's Shares, a bidder may acquire control of the Company:

- without Shareholders having the chance to sell all their Shares, leaving them as part of a minority interest in the Company; and
- without payment of an adequate control premium.

The Board considers that the proportional takeover provisions should be renewed as they lessen the risk of a bidder obtaining control without adequately compensating existing Shareholders as they allow Shareholders to decide collectively whether a proportional takeover bid is acceptable and appropriately priced.

Advantages and disadvantages

Advantages

Renewal of the proportional takeover provisions provide Shareholders:

- the right to decide whether a proportional takeover bid should proceed;
- protection from being locked in as a minority Shareholder;
- increased bargaining power; and
- the view of majority of Shareholders which may assist individual Shareholders to decide whether to accept or reject an offer under proportional takeover bid.

Disadvantages

Renewal of the proportional takeover provisions may:

- discourage proportional takeover bids;
- reduce Shareholders' opportunities to sell Shares at a premium;
- restrict the ability of individual Shareholders to deal with their Shares as they see fit; and

The Board considers that the potential advantages for Shareholders of the proportional takeover approval provisions outweigh the potential disadvantages.

Knowledge of acquisition proposals

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

The Directors unanimously recommend the Shareholders vote in favour of Resolution 18.

21. RESOLUTION 19 – CONTINGENT RESOLUTION – BOARD SPILL MEETING RESOLUTION

At the 2017 annual general meeting of the Company, more than 25% of votes validly cast on the resolution concerning the adoption of the 2017 Remuneration Report were cast against that resolution, constituting a first strike for the Company under the executive remuneration laws. Resolution 19 will only be considered and put to a vote at the Meeting if at least 25% of the votes cast on the resolution to adopt the 2018 Remuneration Report (Resolution 1) are cast against the resolution, with such a vote constituting a second strike for the Company.

If more than 25% of votes validly cast on Resolution 1 are cast in favour of that resolution, Resolution 19 will not be put to the Meeting.

If put to the Meeting, the Spill Resolution in Resolution 19 will be considered as an ordinary resolution and will be passed if more than 50% of the eligible votes cast are in favour of the Spill Resolution. Shareholders not attending the Meeting but who wish to vote by a proxy will need to vote on Resolution 19 using the attached Proxy Form, prior to the consideration of Resolution 1 at the Meeting, notwithstanding that Resolution 19 will not be put to Shareholders if less than 25% of votes at the Meeting are cast against Resolution 1.

If Resolution 19 is put to Shareholders and passed, the Company will be required to convene a further general meeting of the Company (**Spill Meeting**) within ninety (90) days of the Annual General Meeting in order to consider the composition of the Board.

If a Spill Meeting is held, immediately before the end of the Spill Meeting, each of the following Directors (**Relevant Directors**), assuming they are either elected or re-elected (as applicable) at this Meeting will cease to hold office:

- Mr Milan Jerkovic
- Mr Greg Fitzgerald
- Mr Geoff Jones
- Mr Tony James

The Company notes all four of the above Relevant Directors were seeking election or re-election in Resolutions 2 to 5 of this Notice of Meeting. However if Resolution 19 is passed then a further Spill Meeting will have to be held to vote on the Relevant Directors' re-election again at further cost to the Company.

Each of the Relevant Directors is eligible to seek re-election as a Director at the Spill Meeting. Under the Corporations Act, the Company is required to have a minimum of three directors. The Corporations Act contains a mechanism to ensure that the Company will have at least three directors after the Spill Meeting. If, at the Spill Meeting, a minimum of three directors are not appointed by ordinary resolution, the persons taken to be appointed will be those with the highest percentage of votes favouring their appointment, cast at the Spill Meeting on the resolution for their appointment (even if less than half the votes cast on the resolution were in favour of their appointment).

The provisions of the Corporations Act, ASX Listing Rules and the Constitution relating to meetings of the Company will apply to the Spill Meeting, including the requirement for the Company to provide a notice of meeting setting out the business to be considered at the Spill Meeting.

Shareholders should be aware that the total cost to the Company of holding a Spill Meeting is significant (including printing, mail-out and share registry costs) and that holding a Spill meeting would cause disruption to the Company and may impact its Share price.

The Directors unanimously recommend that Shareholders vote AGAINST Resolution 19.

The Chairman of the Company intends to vote all undirected proxies against this item of business.

GLOSSARY

In the Notice of Meeting (including the Annexures thereto) and the Proxy Form, the following terms have the following meanings unless they are otherwise defined or the context otherwise requires:

\$ means Australian dollars.

2017 Financial Report means the Company's financial report for the financial year ended 30 June 2017, which can be downloaded from the Company's website at www.blackhamresources.com.au.

2017 Remuneration Report means the remuneration report set out in the Directors' Report section of the 2017 Financial Report.

2018 Financial Report means the Company's financial report for the financial year ended 30 June 2018, which can be downloaded from the Company's website at www.blackhamresources.com.au.

Acuity means Acuity Capital Investment Management Pty Ltd.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Annexure means an annexure to this Explanatory Memorandum.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair or **Chairman** means the chairman of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) that may be made for this purpose.

Company or **Blackham** means Blackham Resources Limited ACN 119 887 606.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth) and the regulations promulgated under it, each as amended from time to time.

CSFA means the Convertible Security Funding Agreement dated 24 September 2018 between the Company and Lind, the terms and conditions of which are summarised in **Annexure A**.

Director means a director of the Company.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying and forming part of the Notice.

First Convertible Security is defined in Section 9.

Fourth Convertible Note Security is defined in Section 9.

First Option means an option to acquire a Share on the terms and conditions set out in **Annexure B**.

Fourth Options means an option to acquire a Share on the terms and conditions set out in **Annexure E**.

Initial Maximum Share Number means 114,000,000 Shares.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Lind or the Investor means Lind Asset Management XIV LLC, a Delaware limited liability company.

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting including the Explanatory Memorandum and the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying and forming part of the Notice.

Remuneration Report means the remuneration report set out in the Directors' Report section of the 2018 Financial Report.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Second Convertible Security is defined in Section 9.

Second Option means an option to acquire a Share on the terms and conditions set out in **Annexure C**.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Third Convertible Security is defined in Section 9.

Third Option means an option to acquire a Share on the terms and conditions set out in **Annexure D**.

Trading Day means a day determined by ASX to be a trading day and notified to market participants being:

(a) a day other than:

- (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
 - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

VWAP means the volume weighted average price of Shares traded on ASX.

WST means Western Standard Time as observed in Perth, Western Australia.

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

ANNEXURE A

Convertible Security Funding Agreement (“CSFA” or “the Agreement”) Terms

Lind Asset Management XIV LLC a Delaware limited liability company (**the Investor**) has agreed to invest an amount of up to AUD\$23,000,000 in Blackham Resources Ltd (**the Company**) under a Convertible Security Funding Agreement entered into between them dated 24 September 2018 (**CSFA** or the **Agreement**), and the Investor has agreed to subscribe for and the Company has agreed to issue up to four (4) Convertible Securities to the Investor in accordance with the terms of the Agreement.

The following is a broad summary of the rights, privileges, obligations and restrictions attaching to the Convertible Securities under the Convertible Securities Funding Agreement. The summary is not exhaustive and does not constitute a definitive statement of the rights, obligations and liabilities of the Company and the Investor

1. Definitions and Nature of Convertible Securities

1.1 Definitions

Unless otherwise specified, references to clauses and sub-clauses in this Annexure A are references to clauses and sub-clauses of this Annexure A.

In this Explanatory Memorandum the following definitions apply unless the context requires otherwise.

Amount Outstanding means the outstanding Face Value (taking into account whether the Modified Face Value applies upon an Early Buy Back) of the Convertible Security, after:

- (a) Conversion of that Convertible Security of any Conversion Amounts into Conversion Shares (including by the offset of the Collateral Shareholding Number) under clause 6.1 or buy-back conversion under clause 6.3;
- (b) Repayment of Repayment Amounts of that Convertible Security (including whether by Repayment Shares, the offset of the Collateral Shareholding Number or by Repayment Amounts paid in cash) under clause 6.2; and
- (c) any other amounts have been repaid by the Company to the Investor in respect of repaying the Face Value of the Convertible Security, provided any such repayment is made in accordance with the terms of the CSFA,

(Outstanding Face Value) plus all amounts owing by the Company to the Investor under the CSFA above and in addition to the Outstanding Face Value, including without limitation in respect of amounts of interest under the Agreement, any amounts owing by way of any payment obligation, premium or indemnity amount owing by the Company to the Investor under the CSFA.

ASX means ASX Limited and the market operated by it, the Australian Securities Exchange, as applicable Business Day has the meaning given to that term in the Listing Rules

Buy Back Notice means the notice under the Agreement where the Company may buy-back the outstanding balance of a Convertible Security (being the **Amount Outstanding** for the Convertible Security) at any time during the Term of a Convertible Security.

Change of Control means, in respect of the Company, a change in:

- (a) from the Execution Date and during the Term, the appointment of directors of the Company having 50% or more of the votes at board meetings;
- (b) control, directly or indirectly, of more than 50% of the Voting Power in the Company; or
- (c) control, directly or indirectly, of the determination of the conduct of the Company's business affairs or decisions regarding its Shares; or
- (d) if both Bryan Dixon and Milan Jerkovic cease to serve in a senior management role for the Company Group and after the date of this occurring and following a 14 calendar day consultation period

between the Parties, the Investor notifies the Company in writing that this constitutes a Change of Control.

Cleansing Prospectus means a disclosure document issued by the Company to ASIC pursuant to section 708A(11) of the Corporations Act which complies with Chapter 6D of the Corporations Act (and which is accepted by ASIC as a complying prospectus under the Corporations Act), so as to ensure that an offer for sale of Shares after the date of this disclosure document does not require disclosure to investors under Part 6D.2 of the Corporations Act.

Cleansing Statement means a written notice issued by the Company to ASX pursuant to section 708A(5)(e) of the Corporations Act at a time when the Company and the Shares comply with the matters set out in sections 708A(5)(a) to (d) of the Corporations Act, which notice meets the requirements of section 708A(6) of the Corporations Act, and is in a form, and contains the required information, that is sufficient to permit secondary trading on the ASX of the Shares to which it relates.

Closing means the First Closing, Second Closing, Third Closing or the Fourth Closing, as applicable.

Closing Date means the First Closing Date, Second Closing Date, Third Closing Date or the Fourth Closing Date, as applicable.

Collateral Share Holding Number means 50,000,000 (unless it is agreed in writing between the Parties to increase this number in accordance with the Agreement), as may be adjusted pursuant to a Collateralisation Purchase, Conversion Collateral Capitalisation Election, Buy-Back Collateral Share Offset, Collateral Capitalisation Election, any adjustment under clause 7(e), any adjustment under clause 16.2 and any other relevant provision of the Agreement.

Collateral Share Offset means the offset of a reduction in the Collateral Shareholding Number:

- (a) with a number (being some or all) of:
 - (i) the Conversion Shares issuable to the Investor on a Conversion Collateral Capitalisation Election in accordance with clause 6.1; or
 - (ii) the Repayment Shares issuable to the Investor on a Collateral Capitalisation Election in accordance with clause 6.2; or
- (b) by a Buy-Back Conversion Collateral Share Offset; or
- (c) by a Collateralisation Purchase.

Collateralisation Price means any of (at the election of the Investor, in its discretion and notified in writing by the Investor to the Company):

- (a) the price per Share equal to 90% of the average of five (5) daily VWAPs per Share during the Collateralisation Pricing Period as selected by the Investor in its sole discretion, to three decimal places (provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places); or
- (b) for the purpose of clause 7(d), where the circumstances in clause 7(d)(ii) apply, the Investor may elect to apply the "fair value" (as described and determined under clause 7(d)(ii)) instead of the Collateralisation Price defined in paragraph (a) of this definition.

Collateralisation Pricing Period means:

- (a) for determining the Collateralisation Price following the Investor issuing a Collateralisation Election Notice, twenty (20) consecutive Trading Days immediately prior to the date of the Collateralisation Election Notice; or
- (b) for determining the Collateralisation Price otherwise under clause 7(d), the period:
 - (i) commencing on the date that is twenty (20) Trading Days prior to the date that is immediately prior to the date on which such payment is made by the Investor; and

ending on the date that is immediately prior to the date on which such payment is made by the Investor.

Conversion means the Company fulfilling its obligations under the CSFA in respect of a Required Conversion, a buy-back conversion under clause 6.3 and/ or any other conversion permitted under the CSFA, as the context requires.

Conversion Shares has the meaning given to that term in the CSFA and as applicable, also means the Buy-Back Conversion Shares.

Convertible Securities means the First Convertible Security, the Second Convertible Security, the Third Convertible Security and the Fourth Convertible Security, and Convertible Security means each and any of these Convertible Securities which may be issued and outstanding at the relevant time.

Cumulative Face Value means, at any time and in respect of:

- (a) a Convertible Security, the Amount Outstanding of that Convertible Security at that time; and
- (b) Convertible Securities, the Amount Outstanding of the Convertible Securities at that time.

Designated Option Holder means, unless otherwise notified by the Investor to the Company in writing, Lind Asset Management XIV LLC 370 Lexington Avenue, Suite 1900 New York, New York, 10017 USA) the First Options.

Early Buy Back means, where the Company exercises its buy-back right under the Agreement by issuing a Buy-Back Notice and completes the buy-back of the Amount Outstanding of the Convertible Security by no later than twelve (12) months from the relevant Closing Date when the Investor advanced the funding for the Convertible Security being issued.

Note: The timing of an Early Buy Back will impact upon the Modified Face Value applicable to the Early Buy Back. For example, if the Early Buy Back of a Convertible Security is completed within six (6) months from the relevant Closing Date when the Investor advanced the funding for that Convertible Security, the Modified Face Value will be different compared to is the Early Buy-Back is completed after the date falling six (6) months from the relevant Closing Date but within twelve (12) months from the relevant Closing Date.

Event of Default means an event of default as set out in clause 13.1.

Face Value is defined as:

(a) in respect of the First Convertible Security:

- (i) AUD\$9,000,000; or
- (ii) if the Company complies with its obligations under the Agreement and the Investor does not pay the Second Tranche First Convertible Security Amount (being the amount of AUD\$1,500,000) to the Company as provided for in clause 11.3(i) of the CSFA, AUD\$7,200,000;
- (iii) if the Company completes an Early Buy Back (and only if such Early Buy Back is completed), the applicable Modified Face Value for the First Convertible Security for the time of completion of the Early Buy Back; and

(b) in respect of the Second Convertible Security:

- (i) the AUD amount equal to the Second Convertible Security Amount, multiplied by 120%; or
- (ii) if the Company completes an Early Buy Back of the Second Convertible Security (and only if such Early Buy Back is completed), the applicable Modified Face Value for the Second Convertible Security for the time of completion of the Early Buy Back; and

(c) in respect of the Third Convertible Security:

- (i) the AUD amount equal to the Third Convertible Security Amount, multiplied by 120%; or
- (ii) if the Company completes an Early Buy Back of the Third Convertible Security (and only if such Early Buy Back is completed), the applicable Modified Face Value for the Third Convertible Security for the time of completion of the Early Buy Back; and

(d) in respect of the Fourth Convertible Security:

- (i) the AUD amount equal to the Fourth Convertible Security Amount, multiplied by 120%; or
- (ii) if the Company completes an Early Buy Back of the Fourth Convertible Security (and only if such Early Buy Back is completed), the applicable Modified Face Value for the Fourth Convertible Security for the time of completion of the Early Buy Back

Modified Face Value means:

(a) in respect of the First Convertible Security:

- (i) if the Company issues a Buy-Back Notice and completes the buy-back of the First Convertible Security specified in that Buy-Back Notice within six (6) months of the First Closing Date:
 - (1) if the original Face Value is AUD\$9,000,000, then the Modified Face Value is AUD\$8,250,000; or
 - (2) if the original Face Value is AUD\$7,200,000, then the Modified Face Value is AUD\$6,600,000
- (ii) if the Company issues a Buy-Back Notice and completes the buy-back of the First Convertible Security specified in that Buy-Back Notice within twelve (12) months of the First Closing Date:
 - (1) if the original Face Value is AUD\$9,000,000, then the Modified Face Value is AUD\$8,625,000; or
 - (2) if the original Face Value is AUD\$7,200,000 then the Modified Face Value is AUD\$6,900,000;

(b) in respect of the Second Convertible Security:

- (i) if the Company issues a Buy-Back Notice and completes the buy-back of the Second Convertible Security specified in that Buy-Back Notice within six (6) months of the Second Closing Date, an amount equal to 110% of the Second Convertible Security Amount; or
- (ii) if the Company issues a Buy-Back Notice and completes the buy-back of the Second Convertible Security specified in that Buy-Back Notice within twelve (12) months of the Second Closing Date, an amount equal to 115% of the Second Convertible Security Amount;

(c) in respect of the Third Convertible Security:

- (i) if the Company issues a Buy-Back Notice and completes the buy-back of the Third Convertible Security specified in that Buy-Back Notice within six (6) months of the Third Closing Date, an amount equal to 110% of the Third Convertible Security Amount; or
- (ii) if the Company issues a Buy-Back Notice and completes the buy-back of the Third Convertible Security specified in that Buy-Back Notice within twelve (12) months of the Third Closing Date, an amount equal to 115% of the Third Convertible Security Amount; and

(d) in respect of the Fourth Convertible Security:

- (i) if the Company issues a Buy-Back Notice and completes the buy-back of the Fourth Convertible Security specified in that Buy-Back Notice within six (6) months of the Fourth Closing Date, an amount equal to 110% of the Fourth Convertible Security Amount; or
- (ii) if the Company issues a Buy-Back Notice and completes the buy-back of the Fourth Convertible Security specified in that Buy-Back Notice within twelve (12) months of the Fourth Closing Date, an amount equal to 115% of the Fourth Convertible Security Amount.

First Closing means the closing of the First Convertible Security as defined in clause 2.1 (a).

First Closing Date means the date of the First Closing.

First Convertible Security has the meaning given to that term in clause 2.1 (a).

First Conversion Date means:

- (a) the Lock-Up Date; or
- (b) if there is an Event of Default prior to the Lock-Up Date, the date of such Event of Default; or
- (c) if there is a Market Capitalisation Event prior to the Lock-Up Date, the date of such Market Capitalisation Event,

whichever is earliest.

First Options means 72,000,000 options to purchase Shares exercisable at the Options Exercise Price on or before the Options Expiration Date, granted in accordance with the terms of the Agreement. Within 5 Business Days after the Company has obtained Shareholder approval for the issue of the First Options the Company shall grant to the Investor or Designated Option Holder.

Fourth Closing means the closing of the Fourth Convertible Security as defined in clause 2.1 (d).

Fourth Closing Date means the date of the Fourth Closing.

Fourth Convertible Security has the meaning given to that term in clause 2.1(d).

Fourth Options means that number of options to purchase Shares equal to the Fourth Convertible Security Amount divided by the price per Share equal to average of the daily VWAPs per Share (in Australian dollars) during the twenty (20) Trading Days on which trading in the Company's shares occurred on the ASX immediately prior to the Fourth Closing Date to three decimal places (provided that if the resultant average VWAP number contains four or more decimal places, such number will be rounded down to the next lowest number containing three decimal places), and multiplied by 50%, exercisable at the Options Exercise Price on or before the Options Expiration Date, granted in accordance with the terms of the Agreement.

Listing Rules or ASX Listing Rules means the listing rules of the ASX, as amended from time to time.

Lock-Up Date means 14 February 2019.

Market Capitalisation means the total number of Shares on issue on the Relevant Date multiplied by the average of the twenty (20) daily VWAPs per Share (in Australian dollars) during the last twenty (20) Trading Days on which trading in the Company's shares occurred on ASX, immediately prior to the Relevant Date, to three decimal places (provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places).

Market Capitalisation Event means on any day (such day being the 'Relevant Date'), the Market Capitalisation is less than \$AUD32,500,000.

Option means any of the First Options, Second Options, Third Options, Fourth Options or Additional Options.

Relevant Date means, for the purpose of the definition of Market Capitalisation, the date on which the Company's Market Capitalisation is being calculated.

Share means a fully paid ordinary share in the capital of the Company.

Relevant Placement Capacity Threshold means the Company's placement capacity under the Listing Rules at the time of issue of the relevant Convertible Security.

Second Closing means the closing of the Second Convertible Security as defined in clause 2.1 (b).

Second Closing Date means the date of the Second Closing.

Second Convertible Security has the meaning given to that term in clause 2.1 (b).

Second Options means 24,000,000 options to purchase Shares exercisable at the Options Exercise Price on or before the Options Expiration Date, granted in accordance with the terms of this Agreement.

Security Structure Event means any consolidation, subdivision or pro-rata cancellation of the Company's issued capital, or any payment of a dividend in ordinary shares of the Company or distribution of ordinary

shares of the Company to holders of its outstanding ordinary shares; which for the avoidance of doubt, does not include a rights offering or a bonus issue.

Shares means fully paid ordinary shares in the capital of the Company.

Third Closing means the closing of the Third Convertible Security as defined in clause 2.1 (c).

Third Closing Date means the date of the Third Closing.

Third Convertible Security has the meaning given to that term in clause 2.1 (c).

Third Options means that number of options to purchase Shares equal to the Third Convertible Security Amount divided by the price per Share equal to average of the daily VWAPs per Share (in Australian dollars) during the twenty (20) Trading Days on which trading in the Company's shares occurred on the ASX immediately prior to the Third Closing Date to three decimal places, and multiplied by 50%, exercisable at the Options Exercise Price on or before the Options Expiration Date, granted in accordance with the terms of the CSFA.

Trading Day has the meaning given to that term in the Listing Rules.

VWAP means in relation to a Trading Day, the volume weighted average price (in Australian dollars, rounded to four decimal places) of the Shares traded in the ordinary course of business on the ASX, reported on that Trading Day by Bloomberg LP, excluding crossings executed outside the open session state, special crossings, overseas trades and trades pursuant to exercise of options over Shares, subject to all adjustments set out in the CSFA provided that:

- (a) if on that Trading Day, Shares were quoted on the ASX as cum dividend if on that Trading Day, Shares were quoted on the ASX as cum dividend or cum any other distribution or entitlement, and the issue of Shares for the purpose of which the VWAP is being determined will occur after that date, and those Shares no longer carry that dividend or other distribution or entitlement, then the VWAP on that Trading Day shall be reduced by an amount (Cum Value) equal to:
 - (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution;
 - (ii) in the case of any other entitlement which is traded on the ASX on that Trading Day, the VWAP of such entitlements sold on the ASX on that Trading Day; or
 - (iii) in the case of an entitlement not traded on the ASX on that Trading Day, the value of the entitlement as reasonably determined by the Investor; and
- (b) if on that Trading Day, Shares were quoted on the ASX as ex-dividend or ex any other distribution or entitlement, and the Shares for the purpose of which the VWAP is being determined would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on that Trading Day shall be increased by the Cum Value.

1.2 Term of each Convertible Security

The term of each of the four Convertible Securities is as follows:

- (a) **in respect of the First Convertible Security**, the period commencing from the First Closing Date and ending on the date that is the later of: (i) twenty four (24) months from the Lock-Up Date or if there is an Event of Default or Market Capitalisation Event, twenty four (24) months from the First Closing Date; or (ii) thirty (30) calendar days after the date on which all of the Company's obligations in respect of the First Convertible Security have been fulfilled;
- (b) **in respect of the Second Convertible Security**, the period commencing from the Second Closing Date and ending on the date that is the later of: (i) twenty four (24) months from the Second Closing Date; or (ii) thirty (30) calendar days after the date on which all of the Company's in respect of the Second Convertible Security have been fulfilled;
- (c) **in respect of the Third Convertible Security**, the period commencing from the Third Closing Date and ending on the date that is the later of: (i) twenty four (24) months from the Third Closing Date; or (ii) thirty (30) calendar days after the date on which all of the Company's in respect of the Third Convertible Security have been fulfilled;

- (d) **in respect of the Fourth Convertible Security**, the period commencing from the Fourth Closing Date and ending on the date that is the later of: (i) twenty four (24) months from the Fourth Closing Date; or (ii) thirty (30) calendar days after the date on which all of the Company's in respect of the Fourth Convertible Security have been fulfilled.

1.3 Security

The Company grants first ranking security in favour of the Investor over the Company's assets and to perfect that security within twenty (20) Business Days of the First Closing Date (**Security**).

1.4 Use of Proceeds

The Company must use the funds received from the Investor under the Agreement for repaying the secured loan to Orion Fund JV Limited and Osisko Bermuda Limited (**Orion Secured Loan**), general working capital purposes and general corporate purposes, and must not, among other things, use the funds for making any pledge payments to any third party, for dividend payments, or the repayment or redemption of any indebtedness or obligations or interests held by any other security holders (or similar payments). The Company undertakes that upon receiving the funding for the First Convertible Security under clause 1.1 (a), the Company must use all of that amount received by it in conjunction with its cash reserves to repay all amounts owing by the Company and its Subsidiaries under the Orion Secured Loan in full within three (3) Business Days of the First Closing Date. If the Company fails to fully repay the Orion Secured Loan within this timeframe, this will be an Event of Default

2. Convertible Securities

2.1 Convertible Securities

Subject to the conditions precedent to Closing having been fulfilled or waived:

- (a) (**First Convertible Security**) within seven (7) Business Days of the Execution Date or such later date as may be determined in accordance with the provisions of the Agreement, the Investor will advance to the Company, the **First Tranche First Convertible Security Amount** of AUD\$6,000,000 (**First Closing**), in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the First Convertible Security on the terms set out in the Agreement (the **First Convertible Security**). Upon the Company complying with certain obligations regarding the granting of security, delivery of security documentation and discharge of security, the Investor will pay in immediately available funds to the Company the **Second Tranche First Convertible Security Amount** of AUD\$1,500,000;
- (b) (**Second Convertible Security**) subject to the Company's Market Capitalisation (means the total number of Shares on issue on the Relevant Date multiplied by the average of the twenty (20) daily VWAPs per Share (in Australian dollars) during the last twenty (20) Trading Days on which trading in the Company's shares occurred on ASX, immediately prior to the Relevant Date) exceeding the **Market Capitalisation Threshold Amount** (which is AUD\$80,000,000) for twenty (20) consecutive Trading Days during the first twelve (12) month period of the Term of the First Convertible Security (or the waiver of this condition Precedent by the Investor in writing in the Investor's discretion), at any time during the Term applicable to the First Convertible Security, and after the Company has obtained Company shareholder approval for all purposes (including under Listing Rule 7.1) to issue the Second Convertible Security and the Second Options the Company may (but is not obliged to) give a written notice to the Investor providing a request that the Investor subscribe for a second convertible security in such amount as notified by the Company to the Investor up to AUD\$2,500,000 (**Second Convertible Security Amount**) and the Investor will advance to the Company the Second Convertible Security Amount in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the Second Convertible Security on the terms set out in the Agreement (the **Second Convertible Security**);
- (c) (**Third Convertible Security**) provided that the Market Capitalisation of the Company is equal to or exceeds the Market Capitalisation Threshold Amount (means the Market Capitalisation calculated as at the Execution Date, where the Execution Date is the 'Relevant Date' (for the purpose of calculating the Market Capitalisation)), the Investor may (but is not obliged to) give a written notice to the Company (**Third Convertible Security Notice**) providing a request that the Company issue a third convertible security in such amount as notified by the Investor to the

Company in the Third Convertible Security Notice up to AUD\$3,000,000 (**Third Convertible Security Amount**). If the Investor issues a Third Convertible Security Notice to the Company, then:

- (i) if at the date of the Third Convertible Security Notice, the Company has obtained Company shareholder approval for all purposes (including under Listing Rule 7.1) to issue the Third Convertible Security and the Third Options (**Relevant Upfront Approval – Third Convertible Security**):
 - (A) the Company must notify the Investor in writing of the Relevant Upfront Approval – Third Convertible Security within one (1) Business Day; and
 - (B) within ten (10) Business Days of the date of the Third Convertible Security Notice or such later date as may be determined in accordance with the provisions of the CSFA, the Investor will advance to the Company the Third Convertible Security Amount (**Third Closing**), in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the Third Convertible Security on the terms set out in the CSFA (the **Third Convertible Security**);
or
- (ii) if at the date of the Third Convertible Security Notice, the Company does not have Relevant Upfront Approval – Third Convertible Security to issue the Third Convertible Security and the Third Options, then the Company must within sixty (60) calendar days of the date of the Third Convertible Security Notice call and convene (i.e., hold) an extraordinary general meeting for the purpose of putting a resolution to its shareholders to obtain Relevant Upfront Approval – Third Convertible Security (**EGM (Third Convertible Security)**) and:
 - (A) if Relevant Upfront Approval – Third Convertible Security is achieved at the EGM (Third Convertible Security), the Company must notify the Investor in writing of such approval **having been obtained within one (1) Business Day of the date of such approval; and**
 - (B) within ten (10) Business Days of the date of the EGM (Third Convertible Security) at which Relevant Upfront Approval – Third Convertible Security is obtained, provided that the Investor has not revoked the Third Convertible Security Notice (which it is entitled to do in its sole discretion), the Investor will advance to the Company the Third Convertible Security Amount (**Third Closing**), in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the Third Convertible Security on the terms set out in the Agreement (the **Third Convertible Security**); **or**
 - (C) if the Company holds the EGM (Third Convertible Security) in accordance with its obligations under the CSFA but Relevant Upfront Approval – Third Convertible Security is not achieved at the EGM (Third Convertible Security), then the failure to achieve such approval at the EGM (Third Convertible Security) will not be a breach or Event of Default but clause 7(e) will apply;. Under clause 7(e) if at the EGM (Third Convertible Security), the Company has complied with its obligations under the Agreement to seek to obtain the Relevant Upfront Approval – Third Convertible Security, but the Relevant Upfront Approval – Third Convertible Security is not obtained, then the Collateral Shareholding Number will automatically reduce by 16,000,000 (and if such reduction results in the Collateral Shareholding Number being reduced below zero, the Collateral Shareholding Number will be reduced to zero). The Third Convertible Security may only be issued by the Company provided that the Company has obtained Relevant Upfront Approval – Third Convertible Security.
- (d) (**Fourth Convertible Security**) provided that:
 - (i) the Company has obtained Company shareholders' approval for all purposes (including under Listing Rule 7.1) to issue the Fourth Convertible Security and the Fourth Options (**Fourth CS Upfront Shareholders Approval**); **and**
 - (ii) the outstanding Face Value of the First Convertible Security is equal to or less than 20% of the Face Value of the First Convertible Security and the Parties mutually agree in writing that the Investor will subscribe for and the Company will issue a fourth convertible security in an amount up to AUD\$10,000,000; **or**

- (iii) at any time, the Parties mutually agree in writing that the Investor will subscribe for and the Company will issue a fourth convertible security in an amount up to AUD\$10,000,000;

(such an agreement will constitute the **Fourth Convertible Security Notice**) then the Investor will subscribe for and the Company will issue a fourth convertible security in the relevant amount specified in the Fourth Convertible Security Notice up to AUD\$10,000,000 (**Fourth Convertible Security Amount**). If a Fourth Convertible Security Notice is issued or agreed in writing between the Parties (as applicable), then within ten (10) Business Days of the date of the Fourth Convertible Security Notice or such later date as may be determined in accordance with the provisions of the CSFA, the Investor will advance to the Company the Fourth Convertible Security Amount (**Fourth Closing**), in consideration of which the Company will issue to the Investor an uncertificated convertible security for the Face Value applicable to the Fourth Convertible Security on the terms set out in the Agreement (the **Fourth Convertible Security**).

2.2 Face Value

See definition of Face Value in clause 1.1 above.

3. Commitment Fees, Options and Collateral Shares

3.1 Commitment Fees

- (a) The Company must pay the Investor the **First Commitment Fee** at, or prior to, the First Closing, being a fee in AUD in cash equal to 3.5% of the First Convertible Security Amount.
- (b) The Company must pay the Investor the **Second Commitment Fee** at, or prior to, the Second Closing, being a fee in AUD equal to 3.5% of the Second Convertible Security Amount.
- (c) The Company must pay the Investor the **Third Commitment Fee** at, or prior to, the Third Closing, being a fee in AUD in cash equal to 3.5% of the Third Convertible Security Amount.
- (d) The Company must pay the Investor the **Fourth Commitment Fee** at, or prior to, the Fourth Closing, being a fee in AUD in cash equal to 3.0% of the Fourth Convertible Security Amount.

3.2 First Options to be issued by 15 December 2018

The Company must obtain Company shareholder approval under Listing Rule 7.1 to grant to the Investor the First Options by no later than 15 December 2018.

3.3 Second Options to be issued at Second Closing

At the Second Closing, the Company shall grant and deliver to the Investor or Designated Option Holder the Second Options.

3.4 Third Options to be issued at Third Closing

At the Third Closing, the Company shall grant to the Investor or Designated Option Holder the Third Options.

3.5 Fourth Options to be issued at Fourth Closing

At the Fourth Closing, the Company shall grant and deliver to the Investor or Designated Option Holder the Fourth Options.

3.6 Collateral Shares to be issued at First Closing

At, or prior to, First Closing, the Company shall issue to the Investor or its nominee the 50,000,000 Shares (**Collateral Shares**). The number of Collateral Shares issued during the Term may be increased upon the written agreement of the Investor and the Company.

3.7 Options Exercise Price and Options Expiration Date

Options Exercise Price means:

- (a) in respect of the First Options, AUD\$0.08 per Option;
- (b) in respect of the Second Options, a per Option exercise price equal to 130% multiplied by a price per Share equal to the average of the daily VWAPs per Share (in Australian dollars) during the twenty (20) Trading Days on which trading in the Company's shares occurred on the ASX immediately prior to the Second Closing Date, to three decimal places;
- (c) in respect of the Third Options, a per Option exercise price equal to 130% multiplied by a price per Share equal to the average of the daily VWAPs per Share (in Australian dollars) during the twenty (20) Trading Days on which trading in the Company's shares occurred on the ASX immediately prior to the Third Closing Date, to three decimal places; and
- (d) in respect of the Fourth Options, a per Option exercise price equal to 130% multiplied by a price per Share equal to the average of the daily VWAPs per Share (in Australian dollars) during the twenty (20) Trading Days on which trading in the Company's shares occurred on the ASX immediately prior to the Fourth Closing Date, to three decimal places.

Options Expiration Date means:

- (a) in respect of the First Options, at any time on or after 14 February 2019, and prior to the date that is sixty (60) calendar months after the Lock-Up Date; or
- (b) in respect of each other Option, at any time after the time of its grant, and prior to the date that is forty-eight (48) calendar months after the date granted to the Investor.

4. Placement Capacity and Maximum Number of Shares

4.1 Placement Capacity

The Company warrants, represents and undertakes that

- (a) at First Closing, it will have sufficient placement capacity under ASX Listing Rule 7.1 to comply with its obligations on First Closing to issue the Collateral Shares and the First Convertible Security but in respect of the First Convertible Security, only to the extent of the Initial Maximum Share Number (and as provided in clause 4.2);
- (b) at Second Closing, it will have Company shareholders' approval under Listing Rule 7.1 and/or sufficient placement capacity under ASX Listing Rule 7.1 to comply with its obligations on Second Closing to issue the Second Convertible Security and the Second Options to be issued in respect of the Second Convertible Security; or sufficient placement capacity under Listing Rule 7.1 to comply with its obligations on Second Closing to issue the Second Options and the Second Convertible Security but only to the extent of the **Relevant Placement Capacity Threshold** at Second Closing.
- (c) at Third Closing, subject to the Company achieving Relevant Upfront Approval – Third Convertible Security, it will have Company shareholders' approval and/or sufficient placement capacity under ASX Listing Rule 7.1 to comply with its obligations on Third Closing to issue the Third Convertible Security and the Third Options to be issued in respect of the Third Convertible Security; and
- (d) at Fourth Closing, it will have Company shareholders' approval under Listing Rule 7.1 and/or sufficient placement capacity under ASX Listing Rule 7.1 to comply with its obligations on Fourth Closing to issue the Fourth Convertible Security and the Fourth Options to be issued in respect of the Fourth Convertible Security; or sufficient placement capacity under Listing Rule 7.1 to comply with its obligations on Fourth Closing to issue the Fourth Options and the Fourth Convertible Security but only to the extent of the **Relevant Placement Capacity Threshold** at Fourth Closing.

4.2 Maximum Number of Shares

- (a) The maximum number of Shares that may be issued by the Company to the Investor under for the First Convertible Security, without obtaining Company shareholder approval under Listing Rule 7.1, is 114,000,000 Shares (**Initial Maximum Share Number**).

- (b) The Company must convene a Company shareholders' meeting (which may be the AGM) to be held no later than 15 December 2018, at which meeting:
- (i) the Company must ask its shareholders to consider and approve resolutions to fully refresh the Company's placement capacity at that meeting; and
 - (ii) the Company must ask its shareholders to approve, under Listing Rule 7.1 and for all other purposes, the issue of the First Options and the issue of the First Convertible Security to the extent it requires the issue of Shares above the Initial Maximum Share Number for all Shares remaining to be issued under the First Convertible Security (**Relevant Subsequent Approval – First Convertible Security**).
- (c) If the calculation of the relevant number of Shares that would be required to be issued by the Company to the Investor under the First Convertible Security in respect of a Conversion or a Repayment in accordance with the Company's obligations under the CSFA exceeds the Initial Maximum Share Number, the Company must:
- (i) issue to the Investor the relevant Shares up to the Initial Maximum Share Number in accordance with its obligations under the CSFA; and
 - (ii) subject to the Investor's rights to be issued Shares above the Initial Maximum Share Number where Company shareholders' approval is obtained, pay to the Investor in immediately available funds within thirty (30) calendar days of being given written notice by the Investor to make such payment, an amount equal to Y multiplied by \$A, where:
 - (A) Y = the number of Shares which would have been issued under the relevant Repayment Notice or Conversion Notice (subject to any Collateral Share Offset at the election of the Investor) that exceed the Initial Maximum Share Number for that Conversion or Repayment; and
 - (B) \$A = the VWAP per Shares (in Australian dollars) on the date of issuance of the relevant Repayment Notice or Conversion Notice (as applicable).
- (d) The Company is obliged to convene Company shareholders' meetings to obtain Company shareholders' approval to ensure that it has relevant Company shareholders' approval and/or sufficient capacity under the Listing Rules at all times to issue the Shares and any other Securities required to be issued to the Investor under the CSFA at the times required under the CSFA and including where the number of Shares required to be issued would exceed the Initial Maximum Share Number (in respect of the First Convertible Security) or the Relevant Placement Capacity Threshold (in respect of the Second Convertible Security or the Fourth Convertible Security, if applicable). In this respect, the parties agree that:
- (i) the Investor is entitled to rely on a Repayment Notice or Conversion Notice to require the Company to issue Shares:
 - (A) up to the Initial Maximum Share Number in respect of the First Convertible Security if Company shareholders' approval to issue Shares the subject of that notice above the Initial Maximum Share Number has not been obtained;
 - (B) up to the Relevant Placement Capacity Threshold in respect of the Second Convertible Security or the Fourth Convertible Security (if applicable), if Company shareholders' approval to issue Shares the subject of that notice in respect of the Second Convertible Security or the Fourth Convertible Security above the Relevant Placement Capacity Threshold (as applicable) has not been obtained; and
 - (ii) despite any other term of the Agreement, the Investor and the Company agree that the maximum number of Shares that may be issued by the Company to the Investor under each of the Second Convertible Security or the Fourth Convertible Security, without obtaining Company shareholders' approval under Listing Rule 7.1, is the Relevant Placement Capacity Threshold at the time of issue of each of such Convertible Security;
 - (iii) the Investor may require (by providing a written notice to the Company) (**Request for Shareholders' Meeting Notice**) that the Company convene a Company shareholders'

meeting for the purpose of obtaining Company shareholders' approval to issue the remaining Shares the subject of a Repayment Notice or Conversion Notice:

- (A) in respect of the First Convertible Security, above the Initial Maximum Share Number rather than being paid cash; or
- (B) in respect of the Second Convertible Security and the Fourth Convertible Security, above the Relevant Placement Capacity Threshold rather than being paid cash,

and in either case, the Company must promptly do everything in its power to convene a Company shareholders' meeting to obtain such shareholders' approval;

(iv) if the Company obtains the necessary Company shareholders' approval to issue Shares the subject of Request for Shareholders Meeting Notice (relevant to the relevant Repayment Notice or Conversion Notice referred to in clause 4.2(d)(i)):

- (A) in respect of the First Convertible Security, above the Initial Maximum Share Number for all Shares remaining to be issued under the First Convertible Security, the Company must issue those Shares to the Investor and the Initial Maximum Share Number will not apply in respect of the issue of those Shares; and
- (B) in respect of the Second Convertible Security or the Fourth Convertible Security (as applicable), above the Relevant Placement Capacity Threshold for all Shares remaining to be issued under that Convertible Security (as applicable), the Company must issue those Shares to the Investor and the Relevant Placement Capacity Threshold will not apply to the issue of those Shares;

(v) if the Company complies with its obligations under the CSFA to do all things in its power to convene a Company shareholders' meetings and obtain Company shareholders' approvals to ensure it is able to issue all Shares required of it in respect of a Repayment Notice or a Conversion Notice, but the Company fails to obtain the necessary Company shareholders' approvals to issue the Shares:

- (A) in respect of the First Convertible Security, above the Initial Maximum Share Number; or
- (B) in respect of the Second Convertible Security or the Fourth Convertible Security, above the Relevant Placement Capacity Threshold (as applicable),

(as applicable) then, in respect of the Shares which the Company is unable to issue:

- (C) above the Initial Maximum Share Number for the First Convertible Security, the Company must within thirty (30) calendar days of being given written notice by the Investor to make such payment, pay cash in immediately available funds to the Investor in respect of the First Convertible Security for the relevant Repayment Notice or Conversion Notice;
- (D) above the Relevant Placement Capacity Threshold for the Second Convertible Security or the Fourth Convertible Security (as applicable), the Company must within thirty (30) calendar days of being given written notice by the Investor to make such payment, pay cash in immediately available funds to the Investor in respect of the Second Convertible Security or Fourth Convertible Security (as applicable) for the relevant Repayment Notice or Conversion Notice.

(e) The Investor is entitled to issue a Repayment Notice or Conversion Notice in respect of any Amount Outstanding in respect of any Convertible Securities in accordance with its rights under the Agreement and to revoke and cancel any such notice at any time and re-issue a notice at a later time. If the Investor issues a Repayment Notice or Conversion Notice in circumstances where the Company is not able to issue all of the Shares the subject matter of that notice because of the Company's failure to have sufficient placement capacity or Company shareholders' approval under the Listing Rules to issue such Shares at the relevant time, the Company agrees that the relevant Repayment Price or Conversion Price applicable to that notice may be preserved by the Investor in its discretion and the Company will honour that Repayment Price or Conversion Price

in respect of a later issuance of Shares to which that notice relates (if required by the Investor by written notice to the Company), when the Company does have sufficient placement capacity or Company shareholders' approval under the Listing Rules to issue such Shares at such Repayment Price or Conversion Price.

- (f) If the Company does not obtain Company shareholders' approval under Listing Rule 7.1 prior to the issue of the Second Convertible Security or the Fourth Convertible Security and any of those Convertible Securities are issued by the Company to the Investor, then upon the issue of a Repayment Notice or Conversion Notice by the Investor to the Company in respect of any of those Convertible Securities:
- (i) each of those Convertible Securities will be repayable (pursuant to Repayments and Conversions) by the Company by the issue of Shares only to the extent that the Amount Outstanding does not exceed the Company's placement capacity under the Listing Rules at the time of issue of the relevant Convertible Security (**Relevant Placement Capacity Threshold**); and
 - (ii) subject to the rights to be issued Shares above the Relevant Placement Capacity Threshold where Company shareholders' approval is obtained as described in clause 4.2(d), the Company must pay to the Investor in immediately available funds within thirty (30) calendar days of being given written notice by the Investor to make such payment, an amount equal to Y multiplied by \$A, where:
 - (A) Y = the number of Shares which would have been issued under the relevant Repayment Notice or Conversion Notice (subject to any Collateral Share Offset at the election of the Investor) that exceed the Relevant Placement Capacity Threshold for the relevant Convertible Security for that Conversion or Repayment; and
 - (B) \$A = the VWAP per Shares (in Australian dollars) on the date of issuance of the relevant Repayment Notice or Conversion Notice (as applicable).
- (g) The Investor and the Company agree that:
- (i) the maximum number of Shares that may be issued by the Company to the Investor under each of the Second or Fourth Convertible Security, without obtaining Company shareholders' approval under Listing Rule 7.1, is the Relevant Placement Capacity Threshold at the time of issue of each of such Convertible Security;
 - (ii) if the Company issues the Second Convertible Security or the Fourth Convertible Security prior to obtaining Company shareholders' approval under Listing Rule 7.1, then provided that the Company complies with its obligations under this clause 4.2 to convene Company shareholders' meetings to seek to obtain such shareholders' approval under Listing Rule 7.1 to issue Shares above the Relevant Placement Capacity Threshold in respect of the Second Convertible Security and/or the Fourth Convertible Security (as applicable and as required under this clause 4.2), a failure by the Company to obtain such shareholders' approval will not be a breach or Event of Default under the Agreement;
 - (iii) the Third Convertible Security may only be issued by the Company provided that the Company has obtained Relevant Upfront Approval – Third Convertible Security.

5. Conditions Precedent to Closing

5.1 Conditions Precedent to Closing– for the benefit of the Investor

The Investor will have no obligation to pay or advance the amounts under any Convertible Security to the Company, or to effect the relevant Closing, unless and until the following conditions are fulfilled, or waived in writing by the Investor (except for any conditions relating to obtaining Company shareholders' approval which can only be waived in writing by both the Investor and the Company), by no later than immediately prior to, or at, the relevant Closing.

- (a) The Company has delivered or caused to be delivered to the Investor, and the Investor has received a copy of the resolutions duly adopted by the Company's board of directors of the Company, and a Flow of Funds Request for the relevant Closing, each substantially in the form set out in the Agreement;

- (b) In respect of First Closing:
 - (i) the Company has issued; and
 - (ii) the Company has lodged a valid and effective cleansing prospectus with ASX and ASIC;
 - (iii) the Collateral Shares are freely tradable at the date of First Closing; and
 - (iv) the Company has delivered to the Investor certain draft security documents including a General Security Agreement and mining tenement mortgages.
- (c) In respect of Second Closing the Company has granted the Second Options to the Investor or Designated Option Holder.
- (d) In respect of Third Closing the Company has granted the Third Options to the Investor or Designated Option Holder.
- (e) In respect of Fourth Closing the Company has granted the Fourth Options to the Investor or Designated Option Holder.
- (f) The Company has obtained any Company shareholder approvals required for the purposes of Listing Rule 7.1 and/or Listing Rule 7.4 (for any previous issues of Equity Securities by the Company) (if any such approvals are necessary) so that the relevant Closing (and the issue of any Equity Securities in connection with that Closing) may proceed without breaching Listing Rule 7.1.
- (g) The representations and warranties of the Company contained in the Agreement are true and correct in all material respects as of the dates on which they are made or deemed to be made under the Agreement.
- (h) Other than in respect of:
 - (i) any consents or approvals of the nature referred to in clause 4.2 which may be obtained by the Company after a relevant Closing in respect of a Convertible Security; and
 - (ii) Company shareholders' approval under Listing Rule 7.1 to issue the First Options;

any and all consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor necessary or appropriate for the consummation of the Agreement that would be consummated at the relevant Closing, have been issued by the Company and received by the Investor and remain in full force and effect.
- (i) That no Event of Default has occurred and has not been remedied to the Investor's satisfaction and no Event of Default would result from the relevant Closing being effected.
- (j) The Company has performed and complied in all respects with all agreements and covenants required by the Agreement to be performed and complied with by the Company as at or prior to the relevant Closing.
- (k) The Investor has received each of the documents required to be delivered, or which (upon the prior request of the Investor) evidences satisfaction of the conditions, in connection with the relevant Closing.

5.2 Conditions Precedent to Convertible Security Closing – for the benefit of the Company

The Company will have no obligation to effect the relevant Closing, unless and until the following conditions are fulfilled, or waived in writing by the Company, by no later than immediately prior to the relevant Closing.

- (a) The Investor has performed or complied in all respects with all agreements and covenants required by the Agreement to be performed or complied with by the Investor as at, or prior to, the relevant Closing.

- (b) The representations and warranties of the Investor contained in the Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made under the Agreement.

6. Conversions and Repayments

Definitions regarding Conversions

Conversion Price means:

- (a) in respect of the First Convertible Security:
- (i) AUD\$0.08; or
 - (ii) upon a Modified Conversion Price Event, the lower of AUD\$0.08 or the Modified Conversion Price;
- (b) in respect of the Second Convertible Security:
- (i) AUD\$0.08; or
 - (ii) upon a Modified Conversion Price, the lower of AUD\$0.08 or the Modified Conversion Price;
- (c) in respect of the Third Convertible Security:
- (i) the price per Share equal to 130% of the average of three (3) daily VWAPs per Share (in Australian dollars) as chosen by the Investor in its sole discretion during the last twenty (20) Trading Days on which trading in the Company's shares occurred on ASX, immediately prior to the Third Closing Date, to three decimal places (provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places) AUD\$; or
 - (ii) upon a Modified Conversion Price, the lower of the price calculated under paragraph (c)(i) of this definition and the Modified Conversion Price; and
- (d) in respect of the Fourth Convertible Security:
- (i) the price per Share equal to 130% of the average of three (3) daily VWAPs per Share (in Australian dollars) as chosen by the Investor in its sole discretion during the last twenty (20) Trading Days on which trading in the Company's shares occurred on ASX, immediately prior to the Fourth Closing Date, to three decimal places (provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places); or
 - (ii) upon a Modified Conversion Price Event, the lower of the price calculated under paragraph (d)(i) of this definition and the Modified Conversion Price.

First Conversion Date means:

- (a) the Lock-Up Date (14 February 2019); or
- (b) if there is an Event of Default prior to the Lock-Up Date, the date of such Event of Default; or
- (c) if there is a Market Capitalisation Event prior to the Lock-Up Date, the date of such Market Capitalisation Event,

whichever is earliest

Modified Conversion Price Event means, at any time, where there is:

- (a) an Event of Default; or
- (b) a Market Capitalisation Event, except where subsequent to that event the Company's Market Capitalisation is more than AUD\$32,500,000 for twenty (20) consecutive Trading Days; or

- (c) a failure by the Company to fully pay:
 - (i) 100% of a MACA Mining Pty Limited and/or MACA Limited invoice (but excluding a disputed MACA Invoice) within 45 days of the date of the invoice; or
 - (ii) 80% of a disputed MACA Mining Pty Limited and/or MACA Limited Invoice within 45 days of the date of the invoice.

Modified Conversion Price means the price per Share equal to 90% of the average of three (3) daily VWAPs per Share as selected by the Investor in its sole discretion during the twenty (20) Trading Days immediately prior to the Conversion Notice Date to three decimal places.

6.1 Conversions of each Convertible Security

- (a) At any time during the Term on or after the First Conversion Date (defined below), the Investor may provide the Company a written notice (**Conversion Notice**):
 - (i) specifying a date at least two (2) Business Days' notice after the date of the Conversion Notice (which the Investor may specify in its sole discretion) (a **Conversion Date**); and
 - (ii) requiring the Company to effect a conversion of each Convertible Security (**Required Conversion**) by the Conversion Date.

The date of each Conversion Notice will be a **Conversion Notice Date**.

- (b) The Conversion Notice must specify, in respect of a Convertible Security or Convertible Securities (as applicable):
 - (i) the Conversion amount, which will be specified by the Investor in its discretion, subject to the Conversion amount being:
 - (A) a minimum of:
 - (I) AUD\$50,000; or
 - (II) if the Amount Outstanding for a Convertible Security is less than AUD\$50,000, the total amount of the Amount Outstanding for that Convertible Security; and
 - (B) a maximum of the Amount Outstanding of the relevant Convertible Security and/or Convertible Securities,
 - (**Conversion Amount**); and
 - (ii) whether the Conversion Amount will be constituted in whole or in part by a reduction in the Collateral Shareholding Number and if so, advise the reduction in the Collateral Shareholding Number which will be applied to satisfy some or all of the Conversion Amount (**Conversion Collateral Capitalisation Election**); and
 - (iii) the Conversion Price applicable to the Required Conversion due to be effected on the Conversion Date, setting out the manner in which such Conversion Price was calculated by the Investor.

- (c) Upon receipt of a Conversion Notice, the Company must effect the Required Conversion, subject to clause 4.2 (whereby if the Required Conversion requires the issue of Shares above the Initial Maximum Number of Shares for the First Convertible Security or above the Relevant Placement Capacity Threshold for the Second Convertible Security or the Fourth Convertible Security (as applicable) (in each case for the First Convertible Security, Second Convertible Security or Fourth Convertible Security, the **Relevant Threshold**) and the Company has not obtained prior Company shareholders' approval under Listing Rule 7.1 to issue that number of Shares above the Relevant Threshold the subject of the Conversion Notice for the relevant Convertible Security, then the Company must effect the Required Conversion by issuing Shares only up to the Relevant Threshold

and the Company must pay the balance of the Conversion Amount less any Collateral Share Offset¹ in AUD to the Investor in immediately available funds), by:

- (i) issuing and Electronically Delivering Shares to the Investor or its nominee in the number determined pursuant to clause 6.1(d), but subject to any reduction in the number of Shares applicable under clause 6.1(c)(ii) (**Conversion Shares**); and
- (ii) where a Conversion Collateral Capitalisation Election has been made:
 - (A) agreeing to a conversion of the relevant Convertible Security or Convertible Securities (as applicable) by way of a reduction in the Collateral Shareholding Number in accordance with the Conversion Collateral Capitalisation Election; and
 - (B) the number of Conversion Shares required to be issued and Electronically Delivered under clause 6.1(c)(i) will be reduced by that same number as the reduction in the Collateral Shareholding Number.
- (d) Subject to the above, the number of Conversion Shares that the Company must issue and Electronically Deliver in a Required Conversion shall be determined by dividing the relevant Conversion Amount by the Conversion Price, provided that if the resultant number contains a fraction, such number shall be rounded up to the next highest whole number.
- (e) Where a Conversion Collateral Capitalisation Election has been made under clause 6.1(c)(ii) above, the Collateral Shareholding Number shall be reduced accordingly.

6.2 Repayment of each Convertible Security

Definitions

Cash Election Premium means an additional amount equal to 2.5% of the Repayment Amount required to be paid by the Company in cash under a Cash Election Notice.

Repayment Amount means, in respect of a Convertible Security:

- (a) an amount equal to 1/12th of the original Face Value of the applicable Convertible Security (as adjusted under clause 6.2(a) – see footnote 1 to clause 6.2(a)); or
- (b) for a particular monthly instalment, any other amount above the amount calculated in paragraph (a) of this definition for a particular month as agreed in writing by the Parties.

Repayment Date means either:

- (a) the date Repayment Shares are required to be issued by the Company under the CSFA or
- (b) the date the Company is required to pay a Repayment Amount in cash under the CSFA.

Repayment Holiday Date means:

- (a) the Lock-Up Date of 14 February 2019; or
- (b) if there is an Event of Default prior to the Lock-Up Date, the date of such Event of Default; or
- (c) if there is a Market Capitalisation Event prior to the Lock-Up Date, the date of such Market Capitalisation Event,

whichever is earliest.

Repayment Price means:

- (a) in respect of a Repayment, the price per Share equal to 90% of the average of five (5) daily VWAPs per Share as selected by the Investor in its sole discretion during the twenty (20) Trading Days

¹ The Parties acknowledge and agree that the election of whether to use a Collateral Share Offset is in the Investor's discretion.

immediately prior to the Repayment Notice Date to three decimal places (provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places), as may be adjusted in accordance with clause 16.2; or

- (b) in respect of the Investor's Conversion Option under clause 6.3(b), the price per Share equal to 90% of the average of five (5) daily VWAPs per Share as selected by the Investor in its sole discretion during the twenty (20) Trading Days immediately prior to the date of the Buy-Back Conversion Notice issued by the Investor in respect of the Conversion Option to three decimal places (provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places), as may be adjusted in accordance with clause 16.2.

Repayment Regime

- (a) On and after the Repayment Holiday Date, the Company is required, after receiving a Repayment Notice from the Investor, to repay the Amount Outstanding for a Convertible Security in separate monthly instalments equal to the Repayment Amount, subject to the provisions of clause 6.1, this clause 6.2, and clauses 6.3 to 6.6.² The parties acknowledge and agree that while each Repayment Amount is expressed as a monthly instalment, the timing for each Repayment Amount will be determined in accordance with this clause 6.2 (and may be delayed or postponed in accordance with this clause) and the number of monthly instalments required to be paid will be subject to any Conversion or repayment on a Convertible Security under the Agreement. Further, the parties acknowledge that where the monthly instalment amount required to repay the relevant Convertible Security in full (**Final Outstanding Amount**) is less the monthly instalment amount as defined in 'Repayment Amount', then the Repayment Amount for that monthly instalment will be equal to the Final Outstanding Amount.
- (b) On any day during the Term on and after the Repayment Holiday Date (but at a frequency of no more than once a month for each Convertible Security), the Investor may provide the Company a written notice (the date such notice is given is a **Repayment Notice Date**) giving no less than two (2) Business Days' prior notice (**Repayment Notice**) requiring the Company to effect a repayment of the Repayment Amount (**Repayment**) in accordance with clauses 6.2(c) 0 to 6.2(g).
- (c) The Repayment Notice must set out:
 - (i) the Repayment Amount;
 - (ii) the Repayment Price applicable to the Repayment Amount;
 - (iii) the manner in which such Repayment Price was calculated by the Investor;
 - (iv) the number of Repayment Shares to be issued by the Company for the Repayment Amount; and
 - (v) whether the Repayment Amount will be constituted in whole or in part by a reduction in the Collateral Shareholding Number and if so, advise the reduction in the Collateral Shareholding Number which will be applied to satisfy some or all of the Repayment Amount (**Collateral Capitalisation Election**).
- (d) Upon receipt of a Repayment Notice, subject to the terms of the Agreement (whereby if the effect of the Repayment Notice requires the issue of Shares in respect of the First Convertible Security, the Second Convertible Security or the Fourth Convertible Security above the Relevant Threshold (as applicable for any of those Convertible Securities) and the Company has not obtained prior Company shareholders' approval under Listing Rule 7.1 to issue that number of Shares above the Relevant Threshold the subject of the Repayment Notice for the relevant Convertible Security, and if the Company elects to effect the Repayment by the issue of Shares then the Company must

² The parties acknowledge and agree that while each Repayment Amount is expressed as a monthly instalment, the timing for each Repayment Amount will be determined in accordance with this clause 6.2 (and may be delayed or postponed in accordance with this clause) and the number of monthly instalments required to be paid will be subject to any Conversion or repayment on a Convertible Security under the Agreement. Further, the parties acknowledge that where the monthly instalment amount required to repay the relevant Convertible Security in full (**Final Outstanding Amount**) is less the monthly instalment amount as defined in 'Repayment Amount', then the Repayment Amount for that monthly instalment will be equal to the Final Outstanding Amount.

effect the Repayment by issuing Shares only up to the Relevant Threshold and the Company must issue a Cash Election Notice for the balance of the Repayment Amount less any Collateral Share Offset³), the Company must, within two (2) Business Days of the Repayment Notice Date:

- (i) effect the Repayment by, subject to this clause 6.2(d) and clause 6.2(f), issuing and Electronically Delivering Shares (in the number determined pursuant to clause 6.2(f) to the Investor or its nominee (**Repayment Shares**); or
- (ii) if the Company elects not to effect the Repayment in Repayment Shares under clause 6.2(d)(i), then the Company must:
 - (A) in respect of the first Repayment, provide the Investor with written notice electing to make the Repayment by way of a cash equivalent amount instead of by the issuance of Repayment Shares; and
 - (B) in respect of each subsequent Repayment, effect the Repayment by way of cash in accordance with any notification in writing by the Company to the Investor under clause 6.2(h),

(Cash Election Notice).

- (e) Where the Company has elected to effect the Repayment pursuant to a Repayment Notice by way of:
 - (i) subject to clause 6.2(d), issuing Repayment Shares under clause 6.2(d)(i), the number of Repayment Shares that the Company must issue and Electronically Deliver in a Repayment shall be determined by dividing the relevant Repayment Amount by the Repayment Price, provided that if the resultant number contains a fraction, such number shall be rounded up to the next highest whole number; or
 - (ii) paying cash under clause 6.2(d)(ii), then the Company must, within three (3) Business Days of the Repayment Notice Date:
 - (A) pay to the Investor in immediately available funds the cash equivalent amount of the Repayment Amount (instead of the Repayment Shares that would have been issued under clause 6.2(e)(i), plus the Cash Election Premium (**Cash Repayment Amount**); or
 - (B) if the Investor has elected for a Collateral Capitalisation Election in accordance with clause 6.2(c)(v), pay to the Investor in immediately available funds the Cash Repayment Amount less the dollar value of the Collateral Share Offset required to be effected by the parties as a result of the Collateral Capitalisation Election (calculated as the Collateral Shareholding Number reduced by the Collateral Share Offset multiplied by the Repayment Price).
- (f) Where the Investor specifies in a Repayment Notice given to the Company under 6.2(b) that it will elect for a Collateral Share Offset by way of Collateral Capitalisation Election in respect of a payment of Repayment Shares on a Repayment Date, then:
 - (i) the Collateral Shareholding Number shall be reduced by the number of Collateral Shares which are offset pursuant to the Collateral Share Offset on that Repayment Date; and
 - (ii) the offset of such number of the Collateral Shareholding Number will reduce by the same number of Repayment Shares required to be issued by the Company to the Investor on that Repayment Date under clauses 6.2(d)(i) and 6.2(e)(i).
- (g) The Parties agree, for the avoidance of doubt, that all payments or other discharges (which includes the issue of Repayment Shares) of the Company's obligation to pay the Amount Outstanding of the Convertible Security to the Investor (whether in immediately available funds or Repayment Shares) shall be applied first toward repayment of the issue price of the Convertible

³ The Parties acknowledge and agree that the election of whether to use a Collateral Share Offset is in the Investor's discretion.

Security and, only after repayment of the issue price in full, toward payment of the balance of the Cumulative Face Value of the Convertible Security.

- (h) After the Company makes the first Repayment, within three (3) calendar days of that Repayment and within three (3) calendar days of each subsequent Repayment thereafter, the Company must notify the Investor in writing of its election to make the next Repayment in cash or Shares, which notification will be binding and irrevocable. If the Company fails to make an election as to how and whether it will effect a Repayment in cash or Shares, the Investor can assume the next Repayment is in Shares.
- (i) If the Company does not elect to make a Repayment by way of cash by providing the Investor with a Cash Election Notice under this clause 6.2, then the Company must effect the Repayment by issuing Repayment Shares under clause 6.2(d)(i).

6.3 Company's Buy-Back Right

- (a) In its sole discretion and provided:
 - (i) there has been no Event of Default; and
 - (ii) the Company has sufficient placement capacity or a relevant Company shareholders' approval under the Listing Rules to issue the maximum number of Buy-Back Conversion Shares which may be the subject of a Buy-Back Conversion Notice,

the Company may buy-back the outstanding balance of a Convertible Security (being the Amount Outstanding for the Convertible Security) at any time during the Term of a Convertible Security in accordance with this clause 6.3, subject to:

- (iii) paying the Amount Outstanding in immediately available funds to the Investor; and
 - (iv) the Investor's conversion rights under a Conversion Notice under clause 6.1 and the Investor's rights to receive a Repayment pursuant to a Repayment Notice under clause 6.2 (which rights will prevail and supersede the Company's buy-back rights under this clause 6.3).
- (b) If the Company wishes to exercise its buy-back right under clause 6.3(a), it must issue the Investor with a buy-back notice for the Convertible Security (**Buy-Back Notice**), and upon receipt of a Buy-Back Notice, the Investor will have the option to convert up to 30 per cent of the Face Value of the Convertible Security into Shares at the Investor's discretion, at the Conversion Price or Repayment Price as selected by the Investor (**Conversion Option**).
- (c) If the Investor wishes to exercise the Conversion Option in in clause 6.3(b), it must, within five (5) Business Days of receiving a Buy-Back Notice, issue a buy-back conversion notice (**Buy-Back Conversion Notice**) to the Company specifying:
 - (i) the dollar value of the Face Value of the Convertible Security (up to 30% of the Face Value) which it requires be converted into Shares (having regards to any applicable Modified Face Value which applies upon completion of an Early Buy Back) (**Buy-Back Conversion Amount**);
 - (ii) whether the Buy-Back Conversion Amount will be constituted in whole or in part by a reduction in the Collateral Shareholding Number and if so, advise the reduction in the Collateral Shareholding Number which will be applied to satisfy some or all of the Buy-Back Conversion Amount (**Buy-Back Conversion Collateral Share Offset**);
 - (iii) the conversion price applicable to the Buy-Back Conversion Amount (being the Conversion Price) (**Buy-Back Conversion Price**), which may be either the Conversion Price or the Repayment Price at the Investor's election; and
 - (iv) whether the Company must effect the conversion of the Buy-Back Conversion Amount by issuing Shares to the Investor (**Buy-Back Conversion Shares**).
- (d) Upon issuing a Buy-Back Notice to the Investor, the Company irrevocably and unconditionally agrees to (as applicable), within five (5) Business Days of receiving the Buy-Back Conversion

Notice, and if no Buy-Back Conversion Notice is received then within ten (10) Business Days of issuing the Buy-Back Notice:

- (i) buy-back the Amount Outstanding in respect of the relevant Convertible Security in the amount of the Amount Outstanding (having regards to any applicable Modified Face Value which applies on completion of an Early Buy Back), less any Buy-Back Conversion Amount requested by the Investor in a Buy-Back Conversion Notice (**Buy-Back Amount Outstanding**);
 - (ii) pay in AUD the Buy-Back Amount Outstanding to the Investor in immediately available funds; and
 - (iii) issue and Electronically Deliver the Buy-Back Conversion Shares (if applicable) to the Investor, in accordance with its relevant obligations to issue Shares under the Agreement.
- (e) For the avoidance of doubt, the Company cannot issue a Buy-Back Notice in respect of any part of the Amount Outstanding in respect of the Convertible Security that is already the subject of a validly issued Conversion Notice or Repayment Notice (unless with the Investor's prior written agreement).

6.4 Conditions to Shares Issuances

In relation to each issue of Shares, the Company must ensure that:

- (a) all shareholder and regulatory approvals (including under Listing Rule 7.1), consents, permits, approvals, registrations and waivers necessary or appropriate for the issuance of the relevant Shares have been issued and received by the Company and remain in full force and effect;
- (b) the representations and warranties of the Company contained in the CSFA are true and correct in all material respects as of the dates as of which they are made or deemed to be made;
- (c) the Company has performed or complied in all material respects with all agreements and covenants required by the CSFA to be performed or complied with by it on or prior to the relevant Shares issue date (as the case may be);
- (d) no Event of Default has occurred (excluding any remediable Event of Default which has been remedied to the satisfaction of the Investor) or would result from such Shares issuance being effected;
- (e) any offer for sale by the Investor or its nominee of the relevant Shares does not and would not need disclosure under Part 6D.2 of the Corporations Act, subject only to the Company giving a Cleansing Statement or Cleansing Prospectus in accordance with its obligations under clause 11.4; and
- (f) the issue and Electronic Delivery of such Shares would not result in the Company being in breach of the Listing Rules or any other Law.

6.5 Consequence of failure to meet conditions

- (a) The Company must not issue Shares as discharge of any all or any part of any Amount Outstanding, to the Investor or its nominee without the prior written consent of the Investor if, on the issue of the relevant Shares, any of the conditions in clause 6.4 have not been fulfilled. If the Company issues Shares in breach of this clause 6.5(a) the relevant issue will be deemed not to have been accepted by the Investor and/or, such issuance shall be deemed not to have been undertaken for the purposes of the CSFA, and:
 - (i) in the case of the Conversion Shares, that part of the Amount Outstanding which is purported to have been converted in accordance with clause 6.1 or clause 6.3 will be deemed to remain outstanding;
 - (ii) in the case of Repayment Shares, that part of the Amount Outstanding which is purported to have been repaid in accordance with clause 6.2 will be deemed to remain outstanding; and

- (iii) if requested by the Investor, the Company must take all actions and do all things required to effect the cancellation of such Shares for a nominal amount. The costs of such cancellation of shares will be borne by the Company and the Company shall indemnify the Investor in respect of the liability arising to the Investor. The Investor agrees to vote in favour of the cancellation of such Shares at any general meeting of Company shareholders and to provide a duly executed irrevocable proxy to this effect upon request by the Company.

6.6 Consequence of failure to issue

- (a) If the Investor has given the Company a Conversion Notice and/ or a Repayment Notice and/or a Buy-Back Conversion Notice and the Company is unable to issue all of the required Shares the subject of the relevant notice(s) to the Investor (including because it does not have sufficient placement capacity under the Listing Rules), or to issue all of the required Shares the subject of the relevant notice(s) as Freely Tradable Shares to the Investor, then without limiting any of the Investor's other rights under the CSFA and subject to clause 4.2, in respect of where the Shares are issued to the Investor but not as Freely Tradable Shares, the Investor may by written notice to the Company (**Cash Conversion Notice**) require the Company to pay a cash amount to the Investor equal to Y multiplied by \$A, where:
 - (i) Y = the number of new Shares which would have been issued under the relevant Repayment Notice, Conversion Notice and/or Buy-Back Conversion Notice (subject to any Collateral Share Offset at the election of the Investor); and
 - (ii) \$A = the VWAP per Shares (in Australian dollars) on the date of issuance of the relevant Repayment Notice, Conversion Notice and/or Buy-Back Conversion Notice (as applicable),

(Cash Conversion Amount).

- (b) Upon the Company receiving a Cash Conversion Notice from the Investor, the Company must within three (3) Business Days pay the Investor in immediately available funds the Cash Conversion Amount.
- (c) It is acknowledged that, at the Execution Date, the Company and the Investor may wish to seek to ensure that during the Term the Investor and its Associates do not have Voting Power in more than 9.99% of the Company. If an issue of Shares to the Investor in accordance with the terms of the CSFA would result in the Investor acquiring a relevant interest in the Shares which would cause the Voting Power of the Investor and its Associates in the Company to exceed 9.99%, then without limiting any of the Investor's other rights under the CSFA:
 - (i) either Party may by written notice to the other (**Cash Substitution Notice**) require the Company to pay a cash amount to the Investor equal to Z multiplied by \$C, where:
 - (A) Z = the number of new Shares which would have been issued to the Investor; and
 - (B) \$C = the VWAP per Share on the date the Shares were required to be issued by the Company under the CSFA,
 - (Cash Substitution Amount);** and
 - (ii) upon the Company receiving a Cash Substitution Notice from the Investor, the Company must within five (5) Business Days pay the Investor in immediately available funds the Cash Substitution Amount.
- (d) In exercising its rights under clause 6.6(c):
 - (i) the Investor may require the Company to perform its obligations to issue Shares by issuing that number of Shares which may be issued by the Company without exceeding the 9.99% Voting Power threshold in clause 6.6(c) and requiring the Company to pay a cash amount for the balance of the Shares required to be issued, as determined by the Investor in its discretion and in written notice to the Company; and

- (ii) the Company must comply with any such written notice given by the Investor under sub-clause 6.6(d)(i).

7. Collateral Shares

- (a) The Collateral Shares:
 - (i) may be dealt with as expressly set out in clauses 6.1(c), 6.2(f), 6.3(f), 7(b), 7(c), 7(e) and 7(f); and
 - (ii) may otherwise be sold, assigned, mortgaged, or otherwise dealt with by the Investor in its discretion.
- (b) Notwithstanding any other provision of the CSFA, the Investor may elect at any time during the Term, by written notice to the Company to acquire all rights⁴ in some or all of the Collateral Shares (**Collateralisation Election Notice**).
- (c) Upon provision of a Collateralisation Election Notice:
 - (i) the Investor shall be required to advance in cleared funds to the Company's nominated account an amount determined by multiplying the number of Collateral Shares that is subject of the Collateralisation Election Notice by the Collateralisation Price; and
 - (ii) the Collateral Shareholding Number shall be reduced by that number of Collateral Shares the subject of a Collateralisation Election Notice,

(**Collateralisation Purchase**).
- (d) To the extent that the Collateral Shareholding Number is greater than zero at the expiry of the last Term to occur in respect of a Convertible Security (the **Outstanding Collateral Shareholding Number**), the Investor must, within ten (10) Business Days after the expiry of that Term, pay the Company, in immediately available funds, unless the Parties otherwise mutually agree in writing to cancelling Shares equal to the Outstanding Collateral Shareholding Number and all Company shareholders' approvals for the cancellation have been obtained:
 - (i) subject to sub-clause 7(d)(ii), an amount equal to the Outstanding Collateral Shareholding Number multiplied by the Collateralisation Price; or
 - (ii) if the Company's Shares have been suspended from trading on ASX during the Collateralisation Pricing Period an amount equal to 90% of the fair market value of Shares representing the Outstanding Collateral Shareholding Number at any date in the Collateralisation Pricing Period selected by the Investor in its discretion, where "fair market value" will be determined by an appropriately qualified independent valuer.
- (e) If at the EGM (Third Convertible Security), the Company has complied with its obligations under the Agreement to seek to obtain the Relevant Upfront Approval – Third Convertible Security, but the Relevant Upfront Approval – Third Convertible Security is not obtained, then the Collateral Shareholding Number will automatically reduce by 16,000,000 (and if such reduction results in the Collateral Shareholding Number being reduced below zero, the Collateral Shareholding Number will be reduced to zero).
- (f) If the Company is unable to:
 - (i) grant the First Options to the Investor in accordance with the Listing Rules by the required date in accordance with its obligations under the Agreement; or
 - (ii) grant the First Options to the Investor such that the Investor may exercise those Options and acquire Freely Tradable Shares; or
 - (iii) issue a Cleansing Prospectus in respect of the Collateral Shares in accordance with its obligations to do so by a required date under the Agreement; or

⁴ The Investor's rights in the Collateral Shares are otherwise subject to the Investor's obligations under clause 7(d).

(iv) obtain the Relevant Subsequent Approval – First Convertible Security,

then any of those events or occurrences will constitute an Event of Default and without limiting the Investor's other rights under the Agreement, the Collateral Shareholding Number will automatically reduce by 32,000,000 (and if such reduction results in the Collateral Shareholding Number being reduced below zero, the Collateral Shareholding Number will be reduced to zero).

8. Representations and Warranties by the Company

8.1 Representations and Warranties

The Company has given customary and usual representations and warranties to the Investor on the execution date, each Conversion Date, each Repayment Date, on the date of issue of the Repayment Shares, on the date of issuing a Cash Election Notice, on the date of issue of the Conversion Shares, on the date of effecting any Collateral Share Offset, on the date of issuing any Shares under the Options, on the date of any Collateral Shares being paid for by the Investor under clause 7(c), on the date of issuing a Buy-Back Notice, on the date of issuing any Buy-Back Conversion Shares or effecting any Buy-Back Collateral Share Offset, on the date of any of a notice to issue the Second Convertible Security Notice, the Third Convertible Security Notice or the Fourth Convertible Security Notice, at each Closing Date, and on each date when any of the foregoing dates or events were required under the terms of the Agreement to have occurred (in each case except where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, only on and as of that date or dates),

9. Representations and Warranties of the Investor

9.1 Representations and Warranties

The Investor has given usual and customary representations and warranties to the Company, on and as of the execution date of the Agreement, each Conversion Date, each Repayment Date and at each Closing.

10. Terms of the Options

10.1 Rights Prior to Exercise

Prior to its exercise, an Option does not confer a right on the Option holder to participate in a new issue of securities by the Company.

10.2 Redemption

The Options shall not be redeemable by the Company.

10.3 Assignability and Transferability

The Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable Law.

11. Additional Covenants and Agreements

11.1 Ranking of Investor's interest in the Convertible Security and Investor's Security

- (a) Each Convertible Security will constitute direct, general, and unconditional obligations of the Company.
- (b) The Company represents, warrants and undertakes, at the Execution Date and for the period while there is any Amount Outstanding, that each Convertible Security will rank senior to all other secured and unsecured subordinated obligations of the Company and any of its Subsidiaries, other than certain other security set out in the Agreement.
- (c) If the Company or any of its Subsidiaries obtains any debt funding or other financial accommodation (including without limitation by the issue of a convertible note, convertible

security or similar instrument) other than debt funding of up to the maximum facility amount of AUD\$14,300,000 under MACA Mining Pty Limited and/or MACA Limited's secured loan to the Company (**Additional Capital Raised**):

- (i) the Company must notify the Investor in writing about the legal and commercial arrangements relating to the Additional Capital Raised (in reasonable detail); and
 - (ii) at the Investor's election, the Investor may within two (2) Business Days of notice being received by the Investor from the Company in accordance with clause 11.1(c)(i) either:
 - (A) notify the Company in writing (**Required Repayment Notice**) whether it requires the Company to use up to 100% of the Additional Capital Raised to repay any Amount Outstanding of the Convertible Security (and such amount as notified by the Investor in writing to the Company will be the **Required Repayment Amount**); or
 - (B) notify the Company in writing that the Company must exercise its buy-back rights using up to 100% of the proceeds of any Additional Capital Raised of a required amount (**Required Buy-Back Amount**) (such notice being a **Required Buy-Back Notice**); and
 - (iii) if the Investor issues a Required Repayment Notice, the Company must:
 - (A) if directed by the Investor in writing, direct the relevant third party which is providing funding to pay such amount of the Additional Capital Raised to pay the Investor directly an amount equal to the Required Repayment Amount and procure that the relevant third party makes such payment (by payment direction); or
 - (B) use the Additional Capital Raised to pay the Investor an amount equal to the Required Repayment Amount within two (2) Business Days of the date of the Additional Capital Raised being received by the Company in cleared funds, which amount will be received by the Investor in payment and discharge of the Amount Outstanding of the Convertible Security equal to the Required Repayment Amount as specified in the Required Repayment Notice; or
 - (iv) if the Investor issues a Required Buy-Back Notice, the Company must use the Additional Capital Raised to exercise its buy-back rights under clause 6.3 and must issue a Buy-Back Notice to the Investor under clause 6.3(b) immediately for the Required Buy-Back Amount.
- (d) If the Company receives any proceeds in cleared funds from option holders exercising options in the Shares of the Company prior to the Repayment Holiday Date, the Company must use those proceeds, within two (2) Business Days of the Repayment Holiday Date, to pay the Investor the Amount Outstanding on the First Convertible Security. The Investor will receive such amount in payment and discharge of the Amount Outstanding of the First Convertible Security.

11.2 Security

- (a) The Company undertakes to grant, or procure the grant of, first ranking security in favour of the Investor over the Company's Secured Assets and to perfect that security in accordance with this clause 11.2 within twenty (20) Business Days of the First Closing Date (**Security**). The Security will be in the form of the **Security Documentation** defined in the Agreement.
- (b) The Company must procure that the Security Documentation is executed by all relevant parties to it by no later than twenty (20) Business Days of the First Closing Date.
- (c) The Company undertakes that upon receiving the funding for the First Convertible Security under clause 1.1(a), the Company must use all of that amount received by it in conjunction with its cash reserves to repay all amounts owing by the Company and its Subsidiaries under the Orion Secured Loan in full within three (3) Business Days of the First Closing Date. If the Company fails to fully repay the Orion Secured Loan within this timeframe, this will be an Event of Default.
- (d) Upon the Company complying with its obligations under this clause 11.2(a) to 11.3(g), the Investor will pay in immediately available funds to the Company the Second Tranche First Convertible Security Amount.

11.3 Prohibited Transactions

From the date of execution of the Agreement until the date that the Investor receives repayment of all Amounts Outstanding under the Agreement, the Company must not effect, or enter into an agreement to effect, any Prohibited Transaction.

Prohibited Transaction means a transaction with a third party or third parties, in which the Company issues or sells (or arranges or agrees to issue or sell, or procures the issue or sale of):

- (a) any debt, equity or equity-linked securities (including options) that are convertible into, exchangeable or exercisable for, or include the right to receive Shares or other Equity Securities:
 - (i) at a conversion, repayment, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or
 - (ii) at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events; or
- (b) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions;

and are deemed to include transactions generally referred to as equity lines of credit and stand-by equity distribution agreements, ATM (at-the-market) facilities for future equity issuances, equity swaps, and convertible securities and loans having a similar effect.

However:

- (a) the issue of up to 20 million Shares (or such other amount of Shares mutually agreed in writing by the parties), provided such Shares are issued within three (3) months of the Execution Date (or within such other time period as mutually agreed in writing by the parties), in connection with the Controlled Placement Deed dated 26 July 2018 entered into by the Company with Acuity; and
- (b) for the avoidance of doubt, any rights issuance, shareholder purchase plan, employee share, employee option or other employee equity ownership plan, convertible security, or equity issuance, each at a fixed price per Share,

shall not be deemed to be a Prohibited Transaction.

11.4 Future Cleansing Prospectus and Cleansing Statements

- (a) In respect of all other Shares to be issued by the Company to the Investor under the CSFA:
 - (i) the Company must, if it is permitted to do so under section 708A(5) as a result of the lapse of time or otherwise, issue a Cleansing Statement in accordance with the time specified under the Corporations Act for the relevant issuance of Shares; or
 - (ii) if the Company is unable to, or fails to, issue a Cleansing Statement in respect of any Shares issued or required to be issued by the Company to the Investor:
 - (A) the Company must within 10 Business Days of the required issue date of the Shares (i.e., the date that the Shares are required to be issued under the CSFA) issue and lodge with ASIC and ASX a Cleansing Prospectus for the purposes of Chapter 6D of the Corporations Act covering the Shares to which the Cleansing Statement would have related; and
 - (B) in respect of an issuance of Repayment Shares or Buy-Back Conversion Shares, the Company must lodge the required Cleansing Prospectus by the date that the relevant Shares are issued such that those Shares are Freely Tradable from that date; or

- (C) in respect of an issuance of Conversion Shares or Shares issued pursuant to the issuance of Options, the Company must lodge the Cleansing Prospectus within ten (10) Business Days of the date of issuance of the relevant Shares such that those Shares are Freely Tradable from that date.
- (b) If the Company is unable to, or fails to comply with its obligations in clause 11.4(a) in respect of an issue of Shares (whether they be Repayment Shares, Conversion Shares, Buy-Back Conversion Shares or Shares issued pursuant to the exercise of Options), the Investor may, by issuing a written notice to the Company (**Immediate Repayment Notice**), require the Company to immediately pay to the Investor in immediately available funds an amount equal to 120% of the relevant Repayment Amount, Conversion Amount or Buy-Back Conversion Amount or value of the Shares which would have been issued pursuant to the exercise of the Options etc (as applicable). If the Investor issues an Immediate Repayment Notice to the Company, the Company must within two (2) Business Days of that notice pay the amount specified in the Immediate Repayment Notice to the Investor in immediately available funds.
- (c) On each occasion on which the Company issues any Shares, the Company shall as soon as reasonably possible apply to the ASX for unconditional admission to trading of the Shares.
- (d) If an issue of a Cleansing Statement referred to in the CSFA would, in the Investor's reasonable opinion:
- (i) not be permitted under applicable law;
 - (ii) be delayed or impeded in any way by a requirement for ASIC to grant relief from the conditions set out in section 708A of the Corporations Act or, if ASIC has granted relief from the conditions set out in section 708A of the Corporations Act, the terms upon which such relief is granted are restrictive or otherwise limited in such a way as to make it likely that the issue of future Cleansing Statements in connection with the issue of Shares to the Investor will be delayed or impeded; or
 - (iii) not result in the Shares to which such Cleansing Statement would relate being eligible to be immediately Freely Traded on the ASX by the Investor,

then at the direction of the Investor, the Company shall as soon as practicable, but in any event no later than ten (10) Business Days after the date on which the Company was required to issue the relevant Shares, lodge with ASIC and ASX a Cleansing Prospectus for the purposes of Chapter 6D of the Corporations Act covering the Shares to which the Cleansing Statement would have related.

11.5 Refreshing placement capacity

- (a) Without limiting the Company's obligations under clause 4, the Company shall do all things in its power to convene Company shareholders' meetings at appropriate times and obtain shareholders' approval under ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A (with respect to future issues of Equity Securities) and ASX Listing Rule 7.4 (with respect to previous issues of Equity Securities) to ensure that it has sufficient placement capacity and/ or required Company shareholders' approval under ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A at all times to issue the Shares and Options to the Investor within the timeframes required under the CSFA.
- (b) If the Company does not have sufficient placement capacity and/or Company shareholders' approval as required under clause 4.1 and this clause 11.5 to issue Shares and/or Options, then without limiting the Investor's rights under the CSFA in respect of such non-compliance, the Company must within forty five (45) calendar days of that occurring, call an extraordinary general meeting of its shareholders for shareholders to consider (for the purpose of voting in favour of) shareholders' resolutions to:
- (i) refresh the Company's placement capacity; and/ or
 - (ii) specifically approve the issue of the relevant Shares and/or Options,

such that the Company has sufficient placement capacity and/or Company shareholders' approval to issue the Shares and/or Options under the CSFA.

11.6 Miscellaneous Negative Covenants

The Company must not, and will cause all of its Subsidiaries not to, directly or indirectly, without the Investor's written approval (and such approval must not to be unreasonably withheld):

- (a) except for a transaction or any transactions contemplated under a Split Commodity Agreement (as that term is defined in the general security agreement as part of the security given by the Company to the Investor under the terms of the CSFA), dispose, in a single transaction, or in a series of transactions, of all or any part of its assets unless such disposal is:
 - (i) in the ordinary course of business;
 - (ii) for fair market value; and
 - (iii) approved by the board of directors of the Company;
- (b) reduce its issued share capital or any uncalled liability in respect of its issued capital, except by means of a purchase or redemption of the share capital that is permitted under Australian law;
- (c) undertake any Share consolidation;
- (d) change the nature of its business or the nature of the business of any subsidiary;
- (e) make an application under section 411 of the Corporations Act;
- (f) transfer the jurisdiction of incorporation of the Company or any of its subsidiaries;
- (g) enter into any agreement with respect to any of the matters referred to in clauses 11.6(a) to 11.6(f).

12. Taxes

- (a) Without limiting anything else in the CSFA, if the Investor is subject to Australian tax arising from being unable to claim relief under the Australia/ United States of America double tax treaty in respect of any payment it receives from the Company, the Company shall pay to the Investor the additional amount which the Investor reasonably determines to be necessary to ensure that the Investor receives, when due, a net amount (after payment of any Tax in respect of each additional amount, and taking into account any tax credit that the Investor would receive in connection with such tax in the United States of America) that is equal to the full amount it would have received if a deduction or withholding or payment of that Tax had not been made.
- (b) The Company shall pay any fine, penalty or other costs in relation to:
 - (i) any amount required to be paid under clause 12(a); and
 - (ii) any amount of tax required to be withheld or paid under clauses 12(c) to 12(e).
- (c) Without limiting anything else in the CSFA, if the Investor is or becomes liable to pay any GST in respect of any supply it makes, under, in accordance with, or pursuant to an enforcement of, the CSFA, whether or not that supply is made to or for the benefit of the Company (**GST Liability**) then:
 - (i) to the extent that an amount is payable by the Company to the Investor under the CSFA for that supply, that amount will be increased by the full amount of the GST Liability;
 - (ii) the Investor must provide a compliant tax invoice; and
 - (iii) the Company must indemnify the Investor for the full amount of the GST Liability and any interest or penalties in relation to that GST Liability.
- (d) Without limiting anything else in the CSFA:
 - (i) the Company must pay all stamp, loan transaction, registration and similar Taxes, including fines and penalties, financial institutions duty and debits tax that may be payable to, or required to be paid by, any appropriate authority, or determined to be payable in connection with the execution, delivery, performance or enforcement of the CSFA or any

payment, receipt or other transaction contemplated by the CSFA imposed by a Governmental Authority (and for the avoidance of doubt, the obligations of the Company under this clause 12 are to pay Taxes, fines, penalties and duties imposed only by an Australian Governmental Authority or Australian tax or revenue authority); and

- (ii) the Company must indemnify the Investor against any loss or liability incurred or suffered by it as a result of the delay or failure by the Company to pay those Taxes.
- (e) Without limiting anything else in the CSFA, at all times on and from the date of the CSFA, the Company must comply in all material respects with all applicable laws relating to Tax and promptly file, or cause to be filed, all tax returns, business activity statements, and other tax filings, required under applicable Tax law.

13. Default

13.1 Events of Default

Any of the following shall constitute an Event of Default if the relevant Clause 13.1 Event is not remedied (to the extent it is capable of remedy) within five (5) Business Days written notice by the Investor to the Company (other than a Clause 13.1 Event under clause 13.1 (b) or which is not capable of remedy which will constitute an immediate Event of Default):

- (a) Any of the material representations, warranties, or covenants made by the Company or any of its agents, officers, directors, employees or representatives in any transaction document, materials delivered, and statements made, by the Company and its representatives to the Investor in connection with the Agreement or public filing are inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Company to the Investor, any of its representatives, is inaccurate, false or misleading, in any material respect, as of the date as of which it is made or deemed to be made, or on the Closing Date, Conversion Date, Repayment Date, date of issue of a Buy-Back Notice, date of a Cash Election Notice or date of issuance of any Shares (in each case where qualified by an express reference to the representation or warranty being given on a particular other date or dates, on that date or dates).
- (b) The Company or any subsidiary of the Company suffers or incurs an insolvency event.
- (c) The Company or any of its subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business, or disposes of, or threaten to disposes of, a substantial part of its assets.
- (d) The Company or any of its subsidiaries takes action to reduce its capital or pass a resolution referred to in section 254N(1) of the Corporations Act.
- (e) The Company does not comply with clause 11.4 (regardless of whether it is able to comply with clause) or, despite so complying, the Shares the subject of the Cleansing Statement and/or Cleansing Prospectus referred to in clause 11.4 cannot, in the Investor's reasonable opinion, be Freely Traded following their quotation on ASX.
- (f) Any Shares are not quoted on ASX within two (2) Business Days following the date of their issue.
- (g) A stop order, suspension of trading, cessation of quotation, or removal of the Company or the Shares from the ASX Official List has been requested by the Company or imposed by ASIC, the ASX, or any other Governmental Authority or regulatory body with respect to public trading in the Shares on the ASX, except for a suspension of trading not exceeding five (5) Trading Days in any twelve (12) month period or as agreed to by the Investor.
- (h) Any of the conditions set out in clauses 5.1 or 6.4 have not have been fulfilled in a timely manner or the time prescribed.
- (i) A transaction document has become, or is claimed (other than in a vexatious or frivolous proceeding) by any person that is not the Investor or its Affiliate to be, wholly or partly void, voidable or unenforceable.

- (j) Any person has commenced any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted any claim before any Governmental Authority, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of the Investor or the Company to enter into any Transaction Documents or to perform any of their obligations thereunder (other than a vexatious or frivolous proceeding or claim).
- (k) Any event, condition or development occurs or arises which has or would be likely to have a material adverse effect.
- (l) Any consent, permit, approval, registration or waiver necessary or appropriate for the consummation of the Agreement that remains to be consummated at the applicable time, has not been issued or received, or does not remain in full force and effect, except for any Company shareholders' approval which has not been obtained at a general meeting where such approval was sought in accordance with the Company's obligations under the Agreement (but excluding the Company shareholders' approval which the Company is required to obtain by 15 December 2018 in respect of: (i) the First Options; and (ii) the First Convertible Security in relation to Shares which may be issued in excess of the Initial Maximum Share Number, which if not obtained by that date, will each constitute an Event of Default subject to and in accordance with this clause 13.1).
- (m) The transactions to be undertaken at a Repayment, Closing or a Conversion would result in the Company breaching Listing Rule 7.1 or other applicable law.
- (n) The Investor has not received all those items required to be delivered to it in connection with a Conversion, Repayment or a Closing in accordance with the Agreement.
- (o) The Company fails to perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement under any Transaction Document.
- (p) A default judgment of an amount of AUD\$2,000,000.00 or greater is entered against the Company or any of its Subsidiaries.
- (q) The Company and/or any of its Subsidiaries defaults in relation to any payment obligation under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a third party (taking into account any applicable grace period agreed by the relevant third party) for an amount in excess of AUD\$500,000.
- (r) Any present or future liabilities, including contingent liabilities, of the Company or any of its subsidiaries for an amount or amounts totalling more than AUD\$2,000,000.00 have not been satisfied on time, or have become prematurely payable as a result of the Company or a subsidiary's breach or default.
- (s) The First Options are not issued to the Investor or Designated Option Holder by the date required under the Agreement or if the First Options are issued by the required date under the Agreement, then the exercise of such options would not enable the Investor to acquire Freely Tradable Shares in the Company.
- (t) A Change of Control Event occurs in relation to the Company without the Investor first providing written consent.
- (u) MACA Mining Pty Limited and/or MACA Limited takes any enforcement action under its security or in relation to its secured loan.
- (v) The Company breaches its obligations under MACA Mining Pty Limited and/or MACA Limited's secured loan to the Company, the MACA Mining Pty Limited and/or MACA Limited's surface mining contract with the Company or the MACA Mining Pty Limited and/or MACA Limited's security giving MACA Mining Pty Limited and/or MACA Limited an enforcement right under the MACA Mining Pty Limited and/or MACA Limited's security.
- (w) MACA Mining Pty Limited and/or MACA Limited or the Company breaches the Intercreditor deed entered into with the Investor.
- (x) The amount owing by the Company under MACA Mining Pty Limited and/or MACA Limited's secured loan exceeds AUD\$25,000,000.

- (y) Any other matter, circumstance or event which is referred to as an Event of Default under the Agreement.

13.2 Company's Obligation to Notify and Investor's Right to Investigate an Event of Default

If in the Investor's reasonable opinion, an event under clause 13.1 (being any event described in any of the relevant sub-clauses of clause 13.1) has occurred (**Clause 13.1 Event**), or is or may be continuing the Investor may notify the Company that it wishes to investigate such Clause 13.1 Event.

14. Rights of the Investor upon Default

- (a) If Clause 13.1 Event occurs under clause 13.1(b) or which is not capable of remedy, this will constitute an immediate Event of Default, and the Investor may declare, by notice to the Company, effective immediately, all outstanding obligations by the Company under the Transaction Documents to be due and payable within thirty (30) calendar days of the date of such notice in immediately available funds (including, without limitation, the immediate repayment of any Amount Outstanding).
- (b) If an Event of Default occurs (other than an Event of Default which is not capable of remedy or an Event of Default under clause 13.1(b), for which there is no remedy period and for which the Investor has rights under clause 14(a)), the Investor may declare, by notice to the Company, effective immediately, all outstanding obligations by the Company under the Transaction Documents to be due and payable within thirty (30) calendar days of the date of such notice in immediately available funds (including, without limitation, the immediate repayment of any Amount Outstanding).
- (c) If the Investor gives the Company a notice under clause 14(a) or clause 14(b):
 - (i) the Company must within thirty (30) calendar days of the date of that notice, pay to the Investor in immediately available funds the Amount Outstanding (including any interest owing by the Company to the Investor under clause 14(d)); and
 - (ii) the Investor may terminate the Agreement, by notice to the Company, effective as of the date set out in the Investor's notice.
- (d) Notwithstanding anything to the contrary contained in the Agreement or in any other Transaction Document, in addition to the rights of the Investor specified in this clause 14, upon an Event of Default occurring, the interest payable on the Amount Outstanding (and any other amount owing by the Company to the Investor under the Agreement, under an indemnity or otherwise, if any) shall be at a rate per annum of 10%, which interest shall accrue from the earliest date of the Event of Default on the Amount Outstanding and shall be compounded monthly, for as long as the Event of Default shall not have been remedied. The Company must pay this amount of interest on the Amount Outstanding to the Investor on a monthly basis in arrears on the last day of each calendar month following the date of the Event of Default or the date of the notice issued by the Investor under clause 14(a) or clause 14(b) (as applicable), as selected by the Investor in its discretion and notified to the Company in writing.

15. Termination

15.1 Events of Termination

The CSFA:

- (a) shall terminate immediately upon expiration of the Term of all of the Convertible Securities; and
- (b) may be terminated, without limiting the generality of clause 14:
 - (i) by the mutual written consent of the Parties, at any time;
 - (ii) by the Company by written notice to the Investor, provided that and only if the Company has repaid in full all amounts owing or outstanding to the Investor under the CSFA;
 - (iii) by the Investor on the occurrence or existence of a Securities Termination Event;

- (iv) by the Investor in the event the transaction document or contemplated transactions under the Agreement become illegal under a Law; or
 - (v) by the Investor, in accordance with either of clause 14 or clause 16.3.
- (c) If the Agreement is terminated by the Company, the Investor may declare, by notice to the Company, effective immediately, all outstanding obligations by the Company to be due and payable in immediately available funds (including, without limitation, the immediate repayment of any Amount Outstanding) within thirty (30) calendar days.

16. Miscellaneous

16.1 Time of the essence

With regard to all dates and time periods set out in the CSFA or referred to in any Transaction Document, time is of the essence.

16.2 Adjustments

- (a) Each time when a Security Structure Event occurs, the Conversion Price, the Option Exercise Price and the Collateral Shareholding Number shall be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated, subdivided or cancelled subject to compliance with the Listing Rules. The Company must use its best endeavours to procure such compliance with the Listing Rules including obtaining any Company shareholders' approval necessary.
- (b) The intent of this clause 16.2 is to maintain the relative benefit and burden to the Investor and the Company of their respective economic bargains.
- (c) When the Company becomes aware of a fact that may give rise to an adjustment of the Conversion Price or the Collateral Shareholding Number, the Company shall promptly notify the Investor of the specifics of the fact that may give rise to such adjustment.

16.3 Termination

- (a) If there is a Change in Law Termination Event or at any time there exists a Law which, or an official or reasonable interpretation of which, makes it, or may make it, illegal or impossible in practice for the Investor to undertake any of the Contemplated Transactions, or render any of the contemplated transactions under the Agreement unenforceable, void or voidable, the Investor may, by giving a notice to the Company, suspend or cancel some or all of its obligations under this Agreement, or terminate this Agreement, as indicated in such notice.
- (b) Such suspension or cancellation (but not such termination) shall apply only to the extent necessary to avoid such illegality or impossibility.

Change in Law Termination Event means:

- (a) there exists a Law which, or an official or generally accepted interpretation of which, makes it illegal or impossible for the Investor or the Company to undertake any of the Contemplated Transactions or transactions of similar kind (including acquisition and/or disposition, at a time of the Investor's choosing, of any Shares), in accordance with this Agreement, or renders consummation of any of the Contemplated Transactions unenforceable, void, voidable or unlawful, or contrary to or inconsistent with any Law; or
- (b) if:
 - (i) a change in a generally accepted interpretation or administration of a Law or a proposed Law of the Commonwealth of Australia or any State or Territory of Australia, or by ASIC or the ASX (**Australian Law**); or
 - (ii) compliance by the Investor or any of its affiliates with an Australian Law or a generally accepted or administration of an Australian Law; or

- (iii) a change after the date of this agreement in an Australian Law or a generally accepted interpretation or administration of an Australian Law,

has the effect of:

- (iv) materially varying the duties, obligations or liabilities of the Company or the Investor in connection with any Transaction Document or any of the Contemplated Transactions so that the Investor's rights, powers, benefits, remedies or economic burden (including any tax treatment in the hands of the Investor) are materially adversely affected (including by way of delay or postponement);
- (v) otherwise materially adversely affecting rights, powers, benefits, remedies or the economic burden of the Investor (including by way of delay or postponement); or

otherwise making it impracticable for the Investor to undertake any of the Contemplated Transactions.

16.4 Governing law

The Agreement is governed by the laws of Western Australia.

16.5 Jurisdiction

With respect to any legal action or proceedings arising out of or in any way related to the CSFA or its subject matter, the Parties irrevocably and unconditionally:

- (a) submit to the non- exclusive jurisdiction of the courts with jurisdiction in Western Australia; and
- (b) waive any right to object to the venue on any ground.

ANNEXURE B

First Options Terms and Conditions

1 Nature of First Options

Each First Option shall grant the holder of that First Option the right but not the obligation to be issued by the Company one Share at the First Option Exercise Price.

2 First Option Exercise Price

The exercise of each First Option is \$0.08 (**First Option Exercise Price**).

3 Expiry Date

Each First Option shall be exercisable by the First Option holder complying with its obligations under these terms and conditions at any time on or after 14 February 2019 (**First Option Exercise Date**), and prior to the date that is sixty (60) calendar months after the First Option Exercise Date (**First Option Expiration Date**) and after the First Option Expiration Date, the First Option will lapse.

4 Exercise of First Options

- (a) Without limiting the generality of, and subject to, the other provisions of the Agreement, a First Option holder may exercise any of its First Options at any time prior to their expiration, by delivery of:
- (i) a copy, whether facsimile or otherwise, of a duly executed First Option exercise form (the **Exercise Form**), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the First Option holder); and
 - (ii) payment of an amount equal to the First Option Exercise Price multiplied by the number of Shares in respect of which the First Options are being exercised at the time, by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the First Option holder).
- (b) As soon as reasonably practicable, but in any event no later than three (3) Business Days after receipt of a duly completed Exercise Form and the payment referred to in paragraph 4(a)(ii) above, the Company must cause its securities registrar to:
- (i) issue and electronically deliver the Shares in respect of which the First Options are so exercised by the First Option holder; and
 - (ii) provide to the First Option holder holding statements evidencing that such Shares have been recorded in the Company's Share register.

5 Bonus Issues

- (a) Subject to compliance with the Listing Rules, if the Company makes an issue of Equity Securities (as that term is defined in the Listing Rules) by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan) pursuant to an offer of such Equity Securities to at least all the holders of Equity Securities resident in Australia, then on exercise of the First Option, the number of Equity Securities over which a First Option is exercisable shall be increased by the number of Equity Securities which the holder of the First Option would have received if the First Option had been exercised before the date on which entitlements to the issue were calculated.
- (b) The Company must use best endeavours to procure compliance with the Listing Rules for the purpose of ensuring that the number of Equity Securities over which a First Option is exercisable is increased as set out in paragraph 5(a) above, including obtaining any Shareholders' approval necessary if required prior to an exercise of a First Option.

6 Rights Issues

If prior to an exercise of a First Option, any offer or invitation is made by the Company to at least all the holders of Equity Securities resident in Australia for the subscription for cash with respect to Equity Securities, options or other securities of the Company on a pro rata basis relative to those holders' Shareholding at the time of the offer, the First Option Exercise Price shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).

7 Reconstruction of Capital

(a) In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

- (i) the number of the Equity Securities to which each First Option holder is entitled on exercise of the outstanding First Options shall be reduced or increased in the same proportion as, and the nature of the Equity Securities shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of Shareholders approving the consolidation, subdivision or reconstruction); and
- (ii) an appropriate adjustment shall be made to the First Option Exercise Price of the outstanding First Options, with the intent that the total amount payable on exercise of the First Options shall not alter,

subject to compliance with the Listing Rules.

(b) The Company must use best endeavours to procure compliance with the Listing Rules for the purpose of ensuring that the number of Equity Securities over which a First Option is exercisable is reduced or increased as set out in paragraph 7(a)(i) above and the First Option Exercise Price is adjusted as set out in paragraph 7(a)(ii) above, including obtaining any Shareholders' approval necessary if required prior to an exercise of a First Option.

8 Cumulative Adjustments

Full effect shall be given to the provisions of paragraphs 5 to 7, as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the First Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Equity Securities already on issue.

9 Notice of Adjustments

Whenever the number of Shares over which a First Option is exercisable, or the First Option Exercise Price, is adjusted pursuant to the Agreement, the Company must give notice of the adjustment to all the First Option holders, within three (3) Business Days.

10 Rights Prior to Exercise

Prior to its exercise, a First Option does not confer a right on the First Option holder to participate in a new issue of securities by the Company.

11 Redemption

The First Options shall not be redeemable by the Company.

12 Assignability and Transferability

The First Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable law.

ANNEXURE C

Second Options Terms and Conditions

1 Nature of Second Options

Each Second Option shall grant the holder of that Second Option the right but not the obligation to be issued by the Company one Share at the Second Option Exercise Price.

2 Second Option Exercise Price

The exercise of each Second Option is equal to 130% multiplied by a price per Share equal to the average of the daily VWAPs per Share (in Australian dollars) during the twenty (20) Trading Days on which trading in Shares occurred on the ASX immediately prior to the date on which funds are advanced to the Company by Lind pursuant to the Second Convertible Security in accordance with the CSFA, to three decimal places (provided that if the resultant average VWAP number contains four or more decimal places, such number will be rounded down to the next lowest number containing three decimal places), subject to all adjustments pursuant to the CSFA (**Second Option Exercise Price**).

3 Expiry Date

Each Second Option shall be exercisable by the Second Option holder complying with its obligations under these terms and conditions at any time on or before the date that is forty-eight (48) calendar months from the date of its grant (**Second Option Expiration Date**) and after the Second Option Expiration Date, the Second Option will lapse.

4 Exercise of Second Options

- (a) Without limiting the generality of, and subject to, the other provisions of the Agreement, a Second Option holder may exercise any of its Second Options at any time prior to their expiration, by delivery of:
- (i) a copy, whether facsimile or otherwise, of a duly executed Second Option exercise form (the **Exercise Form**), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Second Option holder); and
 - (ii) payment of an amount equal to the Second Option Exercise Price multiplied by the number of Shares in respect of which the Second Options are being exercised at the time, by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Second Option holder).
- (b) As soon as reasonably practicable, but in any event no later than three (3) Business Days after receipt of a duly completed Exercise Form and the payment referred to in paragraph 4(a)(ii) above, the Company must cause its securities registrar to:
- (i) issue and electronically deliver the Shares in respect of which the Second Options are so exercised by the Second Option holder; and
 - (ii) provide to the Second Option holder holding statements evidencing that such Shares have been recorded in the Company's Share register.

5 Bonus Issues

- (a) Subject to compliance with the Listing Rules, if the Company makes an issue of Equity Securities (as that term is defined in the Listing Rules) by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan) pursuant to an offer of such Equity Securities to at least all the holders of Equity Securities resident in Australia, then on exercise of the Second Option, the number of Equity Securities over which a Second Option is exercisable shall be increased by the number of Equity Securities which the holder of the Second Option would have received if the Second Option had been exercised before the date on which entitlements to the issue were calculated.

- (b) The Company must use best endeavours to procure compliance with the Listing Rules for the purpose of ensuring that the number of Equity Securities over which a Second Option is exercisable is increased as set out in paragraph 5(a) above, including obtaining any Shareholders' approval necessary if required prior to an exercise of a Second Option.

6 Rights Issues

If prior to an exercise of a Second Option, any offer or invitation is made by the Company to at least all the holders of Equity Securities resident in Australia for the subscription for cash with respect to Equity Securities, options or other securities of the Company on a pro rata basis relative to those holders' Shareholding at the time of the offer, the Second Option Exercise Price shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).

7 Reconstruction of Capital

- (a) In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

- (i) the number of the Equity Securities to which each Second Option holder is entitled on exercise of the outstanding Second Options shall be reduced or increased in the same proportion as, and the nature of the Equity Securities shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of Shareholders approving the consolidation, subdivision or reconstruction); and
- (ii) an appropriate adjustment shall be made to the Second Option Exercise Price of the outstanding Second Options, with the intent that the total amount payable on exercise of the Second Options shall not alter,

subject to compliance with the Listing Rules.

- (b) The Company must use best endeavours to procure compliance with the Listing Rules for the purpose of ensuring that the number of Equity Securities over which a Second Option is exercisable is reduced or increased as set out in paragraph 7(a)(i) above and the Second Option Exercise Price is adjusted as set out in paragraph 7(a)(ii) above, including obtaining any Shareholders' approval necessary if required prior to an exercise of a Second Option.

8 Cumulative Adjustments

Full effect shall be given to the provisions of paragraphs 5 to 7, as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Second Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Equity Securities already on issue.

9 Notice of Adjustments

Whenever the number of Shares over which a Second Option is exercisable, or the Second Option Exercise Price, is adjusted pursuant to the Agreement, the Company must give notice of the adjustment to all the Second Option holders, within three (3) Business Days.

10 Rights Prior to Exercise

Prior to its exercise, a Second Option does not confer a right on the Second Option holder to participate in a new issue of securities by the Company.

11 Redemption

The Second Options shall not be redeemable by the Company.

12 Assignability and Transferability

The Second Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable law.

ANNEXURE D

Third Options Terms and Conditions

1 Nature of Third Options

Each Third Option shall grant the holder of that Third Option the right but not the obligation to be issued by the Company one Share at the Third Option Exercise Price.

2 Third Option Exercise Price

The exercise of each Third Option is equal to 130% multiplied by a price per Share equal to the average of the daily VWAPs per Share (in Australian dollars) during the twenty (20) Trading Days on which trading in Shares occurred on the ASX immediately prior to the date on which funds are advanced to the Company by Lind pursuant to the Third Convertible Security in accordance with the CSFA, to three decimal places (provided that if the resultant average VWAP number contains four or more decimal places, such number will be rounded down to the next lowest number containing three decimal places), subject to all adjustments pursuant to the CSFA (**Third Option Exercise Price**).

3 Expiry Date

Each Third Option shall be exercisable by the Third Option holder complying with its obligations under these terms and conditions at any time on or before the date that is forty-eight (48) calendar months from the date of its grant (**Third Option Expiration Date**) and after the Third Option Expiration Date, the Third Option will lapse.

4 Exercise of Third Options

- (a) Without limiting the generality of, and subject to, the other provisions of the Agreement, a Third Option holder may exercise any of its Third Options at any time prior to their expiration, by delivery of:
- (i) a copy, whether facsimile or otherwise, of a duly executed Third Option exercise form (the **Exercise Form**), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Third Option holder); and
 - (ii) payment of an amount equal to the Third Option Exercise Price multiplied by the number of Shares in respect of which the Third Options are being exercised at the time, by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Third Option holder).
- (b) As soon as reasonably practicable, but in any event no later than three (3) Business Days after receipt of a duly completed Exercise Form and the payment referred to in paragraph 4(a)(ii) above, the Company must cause its securities registrar to:
- (i) issue and electronically deliver the Shares in respect of which the Third Options are so exercised by the Third Option holder; and
 - (ii) provide to the Third Option holder holding statements evidencing that such Shares have been recorded in the Company's Share register.

5 Bonus Issues

- (a) Subject to compliance with the Listing Rules, if the Company makes an issue of Equity Securities (as that term is defined in the Listing Rules) by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan) pursuant to an offer of such Equity Securities to at least all the holders of Equity Securities resident in Australia, then on exercise of the Third Option, the number of Equity Securities over which a Third Option is exercisable shall be increased by the number of Equity Securities which the holder of the Third Option would have received if the Third Option had been exercised before the date on which entitlements to the issue were calculated.

- (b) The Company must use best endeavours to procure compliance with the Listing Rules for the purpose of ensuring that the number of Equity Securities over which a Third Option is exercisable is increased as set out in paragraph 5(a) above, including obtaining any Shareholders' approval necessary if required prior to an exercise of a Third Option.

6 Rights Issues

If prior to an exercise of a Third Option, any offer or invitation is made by the Company to at least all the holders of Equity Securities resident in Australia for the subscription for cash with respect to Equity Securities, options or other securities of the Company on a pro rata basis relative to those holders' Shareholding at the time of the offer, the Third Option Exercise Price shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).

7 Reconstruction of Capital

- (a) In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

- (i) the number of the Equity Securities to which each Third Option holder is entitled on exercise of the outstanding Third Options shall be reduced or increased in the same proportion as, and the nature of the Equity Securities shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of Shareholders approving the consolidation, subdivision or reconstruction); and
- (ii) an appropriate adjustment shall be made to the Third Option Exercise Price of the outstanding Third Options, with the intent that the total amount payable on exercise of the Third Options shall not alter,

subject to compliance with the Listing Rules.

- (b) The Company must use best endeavours to procure compliance with the Listing Rules for the purpose of ensuring that the number of Equity Securities over which a Third Option is exercisable is reduced or increased as set out in paragraph 7(a)(i) above and the Third Option Exercise Price is adjusted as set out in paragraph 7(a)(ii) above, including obtaining any Shareholders' approval necessary if required prior to an exercise of a Third Option.

8 Cumulative Adjustments

Full effect shall be given to the provisions of paragraphs 5 to 7, as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Third Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Equity Securities already on issue.

9 Notice of Adjustments

Whenever the number of Shares over which a Third Option is exercisable, or the Third Option Exercise Price, is adjusted pursuant to the Agreement, the Company must give notice of the adjustment to all the Third Option holders, within three (3) Business Days.

10 Rights Prior to Exercise

Prior to its exercise, a Third Option does not confer a right on the Third Option holder to participate in a new issue of securities by the Company.

11 Redemption

The Third Options shall not be redeemable by the Company.

12 Assignability and Transferability

The Third Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable law.

ANNEXURE E

Fourth Options Terms and Conditions

1 Nature of Fourth Options

Each Fourth Option shall grant the holder of that Fourth Option the right but not the obligation to be issued by the Company one Share at the Fourth Option Exercise Price.

2 Fourth Option Exercise Price

The exercise of each Fourth Option is equal to 130% multiplied by a price per Share equal to the average of the daily VWAPs per Share (in Australian dollars) during the twenty (20) Trading Days on which trading in Shares occurred on the ASX immediately prior to the date on which funds are advanced to the Company by Lind pursuant to the Fourth Convertible Security in accordance with the CSFA, to three decimal places (provided that if the resultant average VWAP number contains four or more decimal places, such number will be rounded down to the next lowest number containing three decimal places), subject to all adjustments pursuant to the CSFA (**Fourth Option Exercise Price**).

3 Expiry Date

Each Fourth Option shall be exercisable by the Fourth Option holder complying with its obligations under these terms and conditions at any time on or before the date that is forty-eight (48) calendar months from the date of its grant (**Fourth Option Expiration Date**) and after the Fourth Option Expiration Date, the Fourth Option will lapse.

4 Exercise of Third Options

- (a) Without limiting the generality of, and subject to, the other provisions of the Agreement, a Fourth Option holder may exercise any of its Fourth Options at any time prior to their expiration, by delivery of:
- (i) a copy, whether facsimile or otherwise, of a duly executed Fourth Option exercise form (the **Exercise Form**), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Fourth Option holder); and
 - (ii) payment of an amount equal to the Fourth Option Exercise Price multiplied by the number of Shares in respect of which the Fourth Options are being exercised at the time, by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Fourth Option holder).
- (b) As soon as reasonably practicable, but in any event no later than three (3) Business Days after receipt of a duly completed Exercise Form and the payment referred to in paragraph 4(a)(ii) above, the Company must cause its securities registrar to:
- (i) issue and electronically deliver the Shares in respect of which the Fourth Options are so exercised by the Fourth Option holder; and
 - (ii) provide to the Fourth Option holder holding statements evidencing that such Shares have been recorded in the Company's Share register.

5 Bonus Issues

- (a) Subject to compliance with the Listing Rules, if the Company makes an issue of Equity Securities (as that term is defined in the Listing Rules) by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan) pursuant to an offer of such Equity Securities to at least all the holders of Equity Securities resident in Australia, then on exercise of the Fourth Option, the number of Equity Securities over which a Fourth Option is exercisable shall be increased by the number of Equity Securities which the holder of the Fourth Option would have

received if the Fourth Option had been exercised before the date on which entitlements to the issue were calculated.

- (b) The Company must use best endeavours to procure compliance with the Listing Rules for the purpose of ensuring that the number of Equity Securities over which a Fourth Option is exercisable is increased as set out in paragraph 5(a) above, including obtaining any Shareholders' approval necessary if required prior to an exercise of a Fourth Option.

6 Rights Issues

If prior to an exercise of a Fourth Option, any offer or invitation is made by the Company to at least all the holders of Equity Securities resident in Australia for the subscription for cash with respect to Equity Securities, options or other securities of the Company on a pro rata basis relative to those holders' Shareholding at the time of the offer, the Fourth Option Exercise Price shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).

7 Reconstruction of Capital

- (a) In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:
 - (i) the number of the Equity Securities to which each Fourth Option holder is entitled on exercise of the outstanding Fourth Options shall be reduced or increased in the same proportion as, and the nature of the Equity Securities shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of Shareholders approving the consolidation, subdivision or reconstruction); and
 - (ii) an appropriate adjustment shall be made to the Fourth Option Exercise Price of the outstanding Fourth Options, with the intent that the total amount payable on exercise of the Fourth Options shall not alter,

subject to compliance with the Listing Rules.

- (b) The Company must use best endeavours to procure compliance with the Listing Rules for the purpose of ensuring that the number of Equity Securities over which a Fourth Option is exercisable is reduced or increased as set out in paragraph 7(a)(i) above and the Fourth Option Exercise Price is adjusted as set out in paragraph 7(a)(ii) above, including obtaining any Shareholders' approval necessary if required prior to an exercise of a Fourth Option.

8 Cumulative Adjustments

Full effect shall be given to the provisions of paragraphs 5 to 7, as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Fourth Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Equity Securities already on issue.

9 Notice of Adjustments

Whenever the number of Shares over which a Fourth Option is exercisable, or the Fourth Option Exercise Price, is adjusted pursuant to the Agreement, the Company must give notice of the adjustment to all the Fourth Option holders, within three (3) Business Days.

10 Rights Prior to Exercise

Prior to its exercise, a Fourth Option does not confer a right on the Fourth Option holder to participate in a new issue of securities by the Company.

11 Redemption

The Fourth Options shall not be redeemable by the Company.

12 Assignability and Transferability

The Fourth Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable law.

ANNEXURE F

Proportional Takeover Provisions

Part 26 of the Blackham Constitution (Proportional Takeover Provisions)

26.1 Definitions

approving resolution has the same meaning as in section 648D of the Corporations Act;
approving resolution deadline has the same meaning as in section 648D of the Corporations Act;
associate has the meaning specified in section 9 of the Corporations Act for the purposes of Chapter 6 of the Corporations Act;
proportional takeover bid has the meaning specified in section 9 of the Corporations Act.

26.2 Prohibition on registration of transfers without approval

Where a proportional takeover bid in respect of shares included in a class of shares in the Company has been made:

- a) the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the proportional takeover bid is prohibited unless and until a resolution to approve the proportional takeover bid is passed in accordance with this Constitution;
- b) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the proportional takeover bid was made, held shares included in that class is entitled to vote on an approving resolution and, for the purposes of so voting, is entitled to 1 vote for each such share;
- c) neither the bidder nor an associate of the bidder may vote on an approving resolution;
- d) an approving resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution under the Corporations Act; and
- e) an approving resolution is taken to have been passed if the proportion which the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.

26.3 Meetings

- a) The provisions of this Constitution relating to a general meeting of the Company apply, with such modifications as the circumstances require (including, without limitation, to the requisite notice period to ensure that the meeting is convened on or before the approving resolution deadline), in relation to a meeting that is convened for the purposes of this Clause 26.
- b) Where takeover offers have been made under a proportional takeover bid, then the Directors must ensure that a resolution to approve the proportional takeover bid is voted on in accordance with this Clause 26 before the approving resolution deadline in relation to the proportional takeover bid.
- c) Where a resolution to approve a proportional takeover bid is voted on in accordance with this Clause 26 before the approving resolution deadline in relation to the proportional takeover bid, the Company must, on or before the approving resolution deadline:
 - i) give to the bidder; and
 - ii) serve on the Exchange,

A written notice stating that a resolution to approve the proportional takeover bid has been voted on and that the resolution has been passed or has been rejected, as the case requires.

26.4 Approving resolution deemed to have been passed

Where, as at the end of the day before the approving resolution deadline in relation to a proportional takeover bid under which offers have been made, no resolution to approve the proportional takeover bid has been voted on in accordance with this Clause 26, then a resolution to approve the proportional takeover bid is, for the purposes of this Clause 26, deemed to have been passed in accordance with this rule.

26.5 Proportional takeover bid rejected

Where an approving resolution is voted on and is rejected then:

- a) despite section 652A of the Corporations Act, all offers under the proportional takeover bid that have not, as at the end of the approving resolution deadline, resulted in binding contracts are deemed to be withdrawn at the end of the approving resolution deadline;
- b) the bidder must immediately, after the end of the approving resolution deadline, return to each Member any documents that were sent by the Member to the bidder with the acceptance of the offer;
- c) the bidder may rescind and must, as soon as practicable after the end of the approving resolution deadline, rescind each contract resulting from the acceptance of the offer made under the proportional takeover bid; and
- d) a Member who has accepted an offer made under the proportional takeover bid is entitled to rescind the contract (if any) resulting from that acceptance.

26.6 Effect of this Clause

This Clause 26 ceases to have any effect on the third anniversary of the later of the date of its adoption or of its most recent renewal.

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LODGE YOUR VOTE

	ONLINE www.linkmarketservices.com.au
	BY MAIL Blackham Resources Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
	BY FAX +61 2 9287 0309
	BY HAND Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138
	ALL ENQUIRIES TO Telephone: 1300 554 474 Overseas: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **9:30am (WST) on Wednesday, 28 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 ONLINE www.linkmarketservices.com.au Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).	 BY MOBILE DEVICE Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding. To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.	QR Code 
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HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



X9999999999

PROXY FORM

I/We being a member(s) of Blackham Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am (WST) on Friday, 30 November 2018 at Level 3, 1 Altona Street, West Perth WA 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 19: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 19, even though the Resolution are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business except Resolution 19 where undirected proxies will be voted against the resolution (if it is put to the meeting).

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval for the Issue to Lind of First Convertible Security in excess of Initial Maximum Share Number and Issue of Shares in excess of Initial Maximum Share Number under the First Convertible Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Mr Greg Fitzgerald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Approval for the Issue of the First Options to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director – Mr Geoff Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval for the Issue of the Second Convertible Security to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election Of Director – Mr Tony James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Approval for the Issue of the Second Options to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Re-election of Director – Mr Milan Jerkovic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Approval for the Issue of the Third Convertible Security to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval Of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Approval for the Issue of the Third Options to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratification of Issue of Shares to Acuity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Approval for the Issue of Fourth Convertible Security to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Ratification of Issue of Shares to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Approval for the Issue of The Fourth Options to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Ratification of Issue to Lind of First Convertible Security up to Initial Maximum Share Number, and Issue of Shares up to Initial Maximum Share Number under the First Convertible Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Renewal of the Company's Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				19 (Contingent Resolution) – Board Spill Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

BLK PRX1801N

