



# **Viking Mines Limited**

ACN 126 200 280

## **Notice of General Meeting and Explanatory Statement**

**General Meeting to be held at  
Suite 2, Level 1, 47 Havelock Street, West Perth, Western Australia  
on 4 April 2017  
commencing at 11.00am (WST)**

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

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# Notice of General Meeting

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Notice is given that a General Meeting of Viking Mines Limited ACN 126 200 280 (**Company**) will be held at Suite 2, Level 1, 47 Havelock Street, West Perth, Western Australia on Tuesday, 4 April 2017 commencing at 11.00am (WST).

## AGENDA

### **Resolution 1 – Approval of change in scale of the Company's activities**

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

*That, subject to each of the other Transaction Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the scale of its activities by the acquisition of all of the shares in Argo Metals Group Limited ACN 610 714 915 on the terms of the Share Purchase Agreement and in the manner described in the Explanatory Statement.*

**Short explanation:** The proposed Transaction will, if successful, result in the Company acquiring interests in tenements in Thailand. The acquisition will constitute a significant change to the scale of the Company's activities. The Listing Rules require the Company to seek Shareholder approval of a proposed significant change to the scale of its activities. Further information about Resolution 1 and the proposed Transaction is contained in the Explanatory Statement.

### **Resolution 2 – Approval to create Class A Performance Shares as a new class of shares**

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

*That, subject to each of the other Transaction Resolutions being passed and pursuant to and in accordance with section 246B(1) of the Corporations Act and article 2.2 of the Constitution and for all other purposes, the Company be authorised to create a new class of shares on the terms and conditions in Schedule 1 and in the Explanatory Statement.*

### **Resolution 3 – Approval to create Class B Performance Shares as a new class of shares**

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

*That, subject to each of the other Transaction Resolutions being passed and pursuant to and in accordance with section 246B(1) of the Corporations Act and article 2.2 of the Constitution and for all other purposes, the Company be authorised to create a new class of shares on the terms and conditions in Schedule 2 and in the Explanatory Statement.*

### **Resolution 4 – Approval to issue Completion Shares to the Vendors**

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

*That, subject to each of the other Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 35,000,000 Completion Shares at a deemed issue price of \$0.02 each to the Vendors or their nominees, on the terms and conditions set out in the Explanatory Statement.*

## **Resolution 5 – Approval to issue Class A Performance Shares to the Vendors**

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

*That, subject to each of the other Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 55,000,000 Class A Performance Shares to the Vendors or their nominees, on the terms and conditions set out in the Explanatory Statement.*

## **Resolution 6 – Approval to issue Class B Performance Shares to the Vendors**

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

*That, subject to each of the other Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 80,000,000 Class B Performance Shares to the Vendors or their nominees, on the terms and conditions set out in the Explanatory Statement.*

## **Resolution 7 – Approval to issue Consideration Options to the Vendors**

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

*That, subject to each of the other Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 100,000,000 Consideration Options to the Vendors or their nominees, on the terms and conditions in Schedule 3 and in the Explanatory Statement.*

## **Resolution 8 – Ratification of prior issue of Shares under the Placement**

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

*That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 62,743,571 Shares at an issue price of \$0.0202 per Share to sophisticated and professional investors, on the terms and conditions set out in the Explanatory Statement.*

## **Resolution 9 – Approval to Options to D J Carmichael Pty Limited**

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

*That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 12,000,000 Options exercisable at \$0.046 on or before 30 June 2020 to DJ Carmichael Pty Limited or its nominees, on the terms and conditions set out in the Explanatory Statement.*

## Voting Exclusions

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the resolutions. The Company will disregard any votes on the following resolutions cast by or on behalf of the following persons:

Resolution	Excluded Parties
Resolution 1	A person who might obtain a benefit, except a benefit solely in the capacity as of a holder of ordinary securities, if Resolution 1 is passed.
Resolution 2	N/A
Resolution 3	N/A
Resolution 4	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if Resolution 4 is passed, and any of their Associates.
Resolution 5	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if Resolution 5 is passed, and any of their Associates.
Resolution 6	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if Resolution 6 is passed, and any of their Associates.
Resolution 7	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if Resolution 7 is passed, and any of their Associates.
Resolution 8	A person who participated in the issue and any of their Associates.
Resolution 9	D J Carmichael Pty Limited and its Associates.

However, the Company need not disregard a vote on a Resolution if it is cast by:

- the person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance a direction on the proxy form to vote as the proxy decides.

**By order of the Board of Directors**

**Mike Langoulant**  
**Company Secretary**  
2 March 2017

# Proxy appointment and voting instructions

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## Voting eligibility – snapshot date

The Directors have determined that the persons eligible to attend and vote at the General Meeting are those persons who are registered Shareholders at 11.00am on Friday, 31 March 2017. Transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged no later than 11.00am on Friday, 31 March 2017. Proxy Forms may be lodged:

By hand: Suite 2, Level 1, 47 Havelock Street, West Perth 6005 WA

By mail: Suite 2, Level 1, 47 Havelock Street, West Perth 6005 WA

By fax: +61 8 9324 2977

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

## Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

Please write the name of the person you wish to appoint as your proxy in the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be appointed as your 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 on +61 8 9336 6619 or you may photocopy the Proxy Form. To appoint a second proxy you must state on each Proxy Form (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

## Directing your proxy to vote on Resolutions

You may direct your proxy how to vote by marking For, Against or Abstain for each resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the resolutions 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 resolutions, your proxy may vote as he or she chooses (except where a voting exclusion applies). If you mark more than one box on a resolution your vote on will be invalid on that resolution.

## How the Chairman will vote undirected proxies

At the date of this Notice, the Chairman intends to vote all undirected proxies FOR each of the Resolutions. In exceptional cases the Chairman's intentions may change subsequently and in this event, the Company will make an announcement to the market.

## Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by: two directors of the company; a director and a company secretary of the company; or for a proprietary company that has a sole director who is also the sole company secretary – that director.

## Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company, before the Meeting or at the registration desk on the day of the Meeting.

## Defined terms

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

## Questions from Shareholders

At the Meeting the Chairman will allow a reasonable opportunity for Shareholders to ask questions about the matters the subject of this Notice. Written questions in advance of the Meeting can be sent to the Company as follows:

By hand: Suite 2, Level 1, 47 Havelock Street, West Perth 6005 WA

By mail: Suite 2, Level 1, 47 Havelock Street, West Perth 6005 WA

By fax: +61 8 9324 2977

# Explanatory Statement

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This Explanatory Statement has been prepared to provide information to Shareholders about the business to be conducted at the Meeting.

## 1. Resolution 1 – Approval of change in scale of the Company’s activities

### 1.1 Background

On 18 November 2016, the Company announced that it had entered into a share sale and purchase agreement (**Share Purchase Agreement**) for the acquisition by the Company of Argo Metals Group Limited (**Argo**), a private company incorporated in Australia (**Transaction**).

Pursuant to the Transaction, the Company will acquire, through its ultimate ownership of Argo and each of the Argo Subsidiaries:

- (a) a 75% interest in the RK Project;
- (b) a 100% interest in the Takbi Project, Reung Kiet North Project and Reung Kiet West Project, and additional RK Project related targets, all of which are prospective for lithium; and
- (c) an option to acquire, by way of assignment, the rights and interests of West Mandalay Exploration Pty Ltd (**WMX**) under a heads of agreement with Thai Goldfields NL pursuant to which WMX can earn a controlling interest in, and management rights for, the Khao Soon Tungsten Project.

### 1.2 RK Project

The Reung Kiet lithium project (**RK Project**) is located 60km north of Phuket in southern Thailand and comprises three contiguous prospecting licence applications in the final stages of approval, being SPLA1, SPLA2 and SPLA3 (**RK Applications**). The RK Applications cover an area of ~44km<sup>2</sup> and have been applied for by Siam Industrial Metals Co. Ltd., a single purpose Thai entity in which Argo holds 75% of the issued shares, and Argo’s joint venture partner, Sydney based Thai Goldfields NL, holds 25%.

The RK Project is a brownfields project and exhibits several outcropping lepidolite rich pegmatites located along strike from historical open cut mines. The two key pegmatite trends are over 4km long. The historical mines sit within two +1.0km long lepidolite pegmatite trends. These are the Reung Kiet and Bang I Tum pegmatites. Mapping suggests that these pegmatites extend by 1-2km. Both the lepidolite pegmatites and the trend in which they sit are amongst the longest in the lithium peer group. Historical metallurgy yielded a 3.5% Li<sub>2</sub>O concentrate with 80% recoveries.<sup>1</sup>

A major British/Thai joint study of the area in the late 1960s observed that “the pegmatites at Reung Kiet and Bang I Tum may well be the largest unzoned lepidolite pegmatites yet recorded” and that the “lepidolite is fairly evenly distributed both along the length of the pegmatite and from wall to wall. In places there is local enrichment of massive lepidolite”. The Reung Kiet pit is approximately 450m long, up to 120m wide, estimated to be 30m deep and sits on a +1km trend. The Bang I Tum prospect comprises several old pits along a 2km trend, the main pit itself is approximately 650m long, up to 130m wide, and is also estimated to be 30m deep. In both cases the main pegmatite dykes are up to 25m wide with ancillary dyke swarms up to 7m wide.<sup>2</sup>

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<sup>1</sup> Company’s announcement to ASX entitled “Reung Kiet Lithium Project – Update”, dated 24 February 2017.

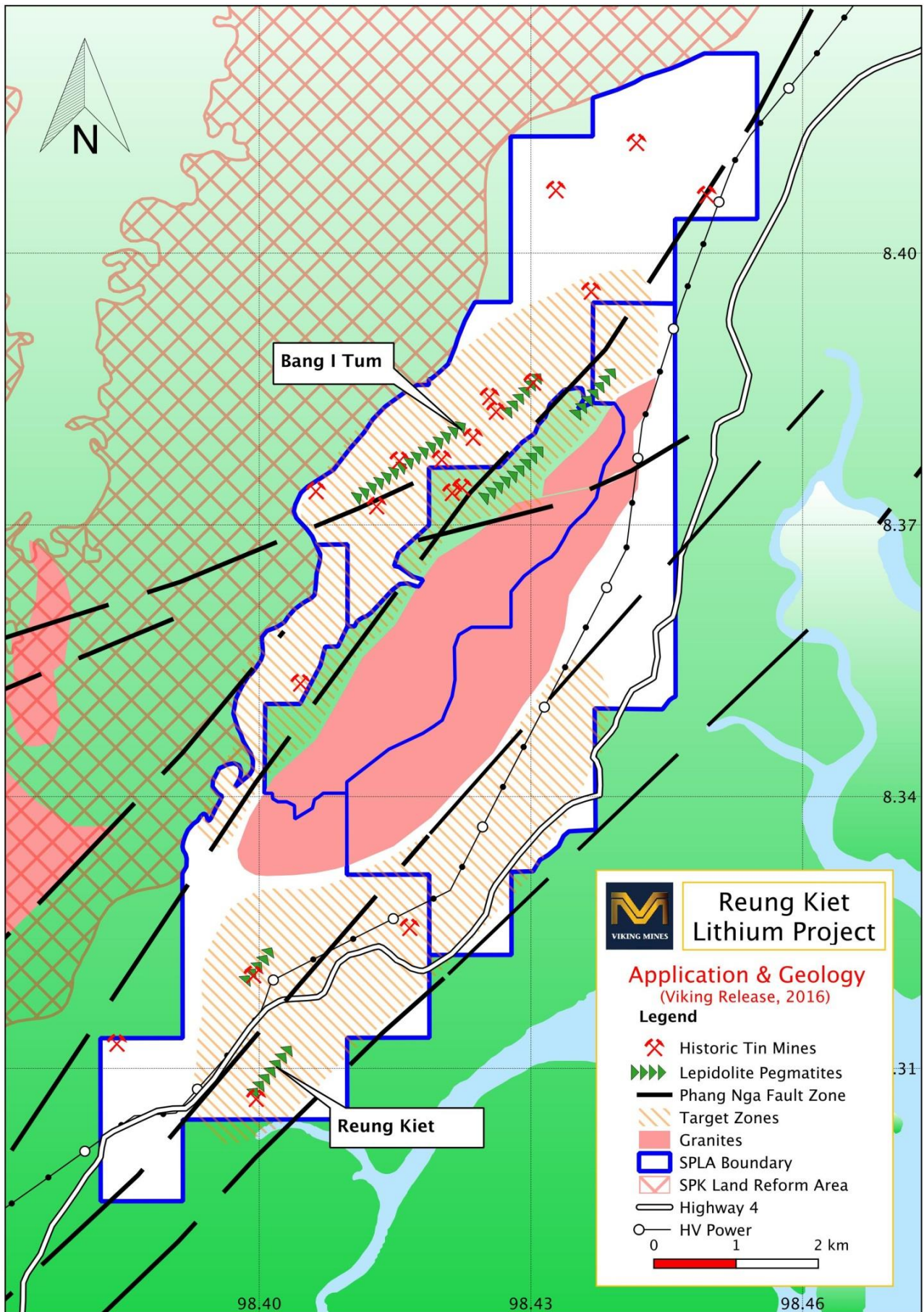
<sup>2</sup> Company’s announcement to ASX entitled “Reung Kiet Lithium Project – Update”, dated 24 February 2017.

The RK Project offers excellent exploration potential along strike from known lepidolite pegmatites and beneath historic mining activities. Almost all exploration targets have been identified through surface exposures of lepidolite pegmatites, with strong potential for new targets under shallow cover.

The RK Project offers exceptional strike and thickness and provides VKA a pathway to target low cost mining and lithium carbonate production. The RK Project has drill ready subject to licensing and landholder access agreements, offer immediate targets to be tested.

The RK Project has excellent regional and local infrastructure, is accessible all year, including during the wet season, and currently has support from all levels of government in Thailand.





### 1.3 Takbi, Reung Kiet West and Reung Kiet North Projects

Through various 100% owned subsidiaries Argo has applied for three new lithium exploration blocks within the vicinity of the RK Project.

The Takbi project covers approximately 15km<sup>2</sup> and is situated to the south west of the RK Project.

The Reung Kiet North project covers approximately 30km<sup>2</sup> and is situated to the north west of the RK Project. This exploration block sits on the Phang Nga fault and adjacent to a granite intrusion. The geological setting is remarkably similar to the setting of the RK Project's Bang I Tum prospect.

The Reung Kiet West project is approximately 16km<sup>2</sup> and sits adjacent to and abuts the western border of the RK Project block. This application area captures similar geology as is present on the RK Project block, particularly several fault lines which extend to the south west of the RK Project.

### 1.4 KS Project

The Khao Soon tungsten project (**KS Project**) is an exploration project that is highly prospective tungsten, located in southern Thailand approximately 100km east of Phuket. The KS Project is centred on the old Khao Soon mine, which was a significant historical high grade tungsten producer. Tungsten production from the Khao Soon mine up to 1979 is estimated to have been 0.5Mt at 2.2% WO<sub>3</sub>.<sup>3</sup>

Australian based company Thai Goldfields NL (**TGF**) has been exploring the project area since 2006 and has a contiguous block of four granted prospecting licences and two prospecting licence applications covering approximately 73km<sup>2</sup>. Historic tungsten workings are located on the area of the yet to be granted SPLA1 tenement.

The Khao Soon historic mine area is within a designated forestry/watershed area, which requires Thai cabinet approval for grant. The process to obtain this approval is well progressed, and the Company considers that a positive decision is more likely as the forestry/watershed area is largely plantation and mine spoils.

In excess of A\$4 million has been spent on exploration of the KS Project, which has resulted in a suite of high grade rock chips, several high tenor soil anomalies, old workings, and observed mineralisation.

WMX has entered into binding heads of agreement with TGF, which grants WMX management rights and the right to earn 75% in subsidiaries of TGF which own (directly or indirectly) the KS Project, by satisfying agreed expenditure commitments for the KS Project (**Heads of Agreement**).

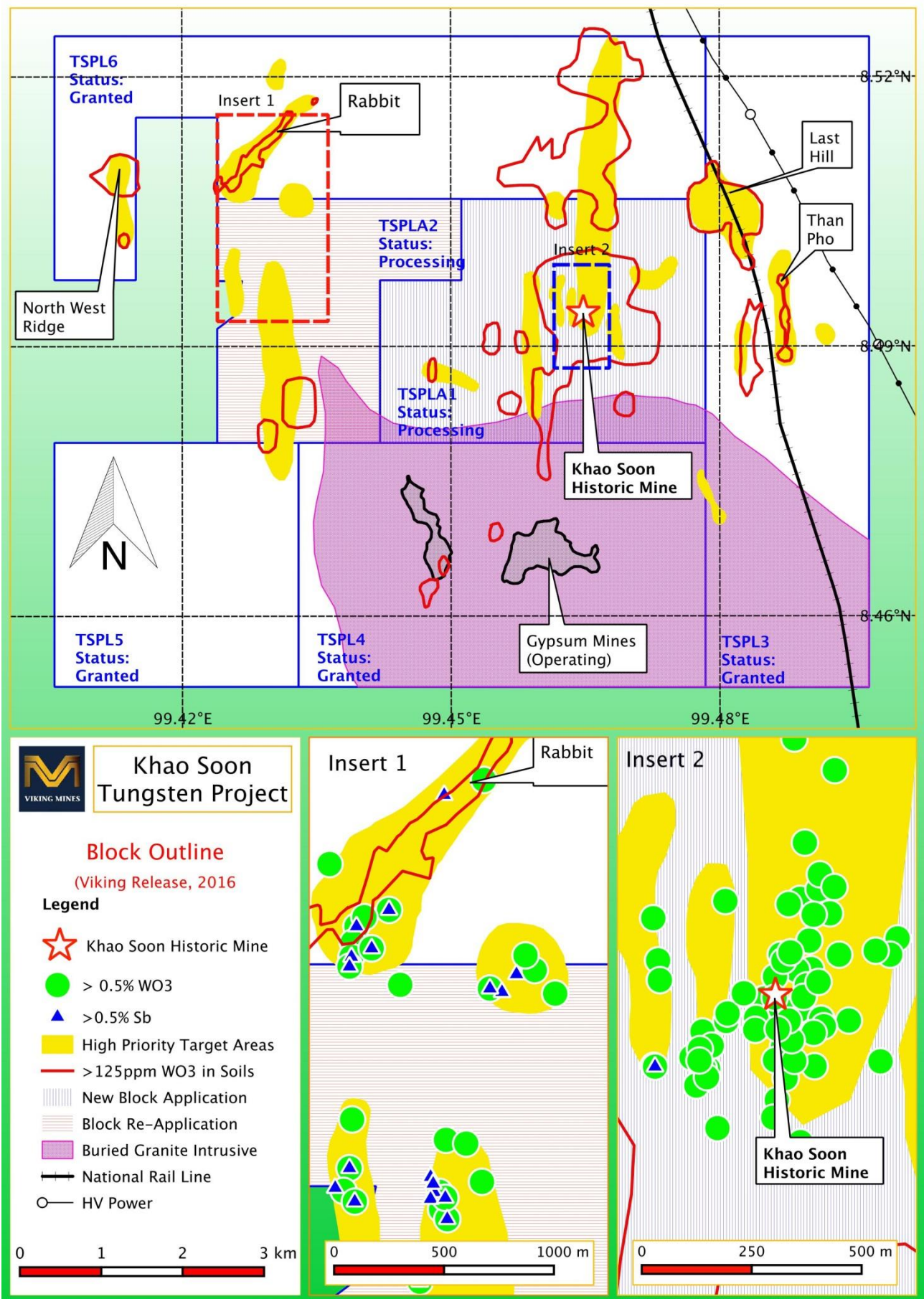
It is a condition precedent to Completion that Argo enters into an option deed (**KS Option Deed**) with WMX under which Argo has the exclusive option up until 31 July 2017 to acquire all of WMX's rights under the Heads of Agreement (**KS Option**).

The Company intends to undertake further due diligence on the KS Project and the Heads of Agreement before a decision is made whether or not to exercise the KS Option.

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<sup>3</sup> Company's announcement to ASX entitled "High grade soil and rock chip anomaly identified at Khao Soon Tungsten Project, Thailand", dated 7 February 2017.





**Note:** This map has been extracted from the Company's announcement to ASX entitled "Presentation - Reung Kiet Lithium Project" dated 21 February 2017.

## 1.5 Competent Persons Statement

Where identified, information contained within this Explanatory Statement has been extracted from the Company's announcements to ASX of 7 February 2017 entitled "High grade soil and rock chip anomaly identified at Khao Soon Tungsten Project, Thailand", 21 February 2017 entitled "Presentation - Reung Kiet Lithium Project", and 24 February 2017 entitled "Reung Kiet Lithium Project – Update".

The Competent Person responsible for the information contained within those reports is Mr David Hobby, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hobby has sufficient experience with the style of mineralisation and types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the JORC Code.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

## 1.6 Summary of the Share Purchase Agreement

Under the Share Purchase Agreement, the Company will acquire all of the issued share capital of Argo (**Transaction**) subject to the satisfaction of various conditions precedent.

### *Conditions precedent*

Completion of the Transaction is subject to satisfaction of various conditions, including the following which remain outstanding:

- (a) the grant of the RK Applications for the RK Project as described in Section 1.2;
- (b) the Company obtaining Shareholder approval for the Transaction including for the purposes of Listing Rules 7.1 and 11.1.2;
- (c) the Company executing an executive services agreement for the appointment of the Paul Lock (as the Vendors' nominee) as an executive director of the Company on and from Completion;
- (d) the Company executing an employment agreement for the appointment of one of the Vendors, being David John Hobby as the in-country manager of the Company's Thailand operations on and from Completion; and
- (e) the Company entering into the KS Option Deed.

If any of the conditions precedent are not satisfied on or before 30 April 2017 (or such later date as the parties may agree) or the parties agree that they cannot be satisfied, then the party that the condition precedent is for the benefit of may terminate the Share Purchase Agreement by written notice to the other party.

### *Board of Directors*

On Completion of the Transaction, Mr Paul Lock will be appointed as an executive Director of the Company as the nominee of the Vendors. The Board will then comprise Mr Paul Lock in addition to the existing Directors, being Mr John Gardner, Mr Peter McMickan and Mr Raymond Whitten.

## *Argo Assets*

The Argo Assets comprise the following exploration and mining assets held through Argo or the Argo Subsidiaries as identified:

- (a) RK Project, held by Siam Industrial Metal Co, Ltd;
- (b) Reung Kiet West Project, held by Siam Industrial Metal Co, Ltd;
- (c) Takbi Project, held by Argo 1 Metals Group (Thailand) Co., Ltd;
- (d) Reung Kiet North Project, held by Argo 2 Metals Group (Thailand) Co., Ltd;
- (e) any other mining licence applications, which are applied for by an Argo Subsidiary prior to Completion in relation to certain Reung Kiet area related targets which have been identified but are subject to stream sediment work; and
- (f) the rights of Argo under the KS Option.

## *Consideration*

The shareholders of Argo (**Vendors**), being Paul David Lock with respect to 90% of the issued share capital of Argo, and David John Hobby with respect to 10% of the issued share capital of Argo, have agreed to sell all of the issued shares in Argo to Viking in consideration for Viking issuing to the Vendors or their nominees at Completion:

- (a) 35,000,000 Completion Shares; approval of this issue is the subject of Resolution 4;
- (b) 55,000,000 Class A Performance Shares, a summary of the terms of which are set out below; approval of this issue is the subject of Resolutions 2 and 5;
- (c) 80,000,000 Class B Performance Shares, a summary of the terms of which are set out below; approval of this issue is the subject of Resolutions 3 and 6; and
- (d) 100,000,000 Consideration Options, a summary of the terms of which are set out below; approval of this issue is the subject of Resolution 7.

Shares issued to the Vendors will be subject to escrow restrictions required under the Listing Rules and the Share Purchase Agreement.

Each Class A Performance Share will convert into one Share upon each of the following events having occurred (**Class A Milestone**) on or before the 5<sup>th</sup> anniversary of the date on which the Class A Performance Shares are issued:

- (a) demonstration of a JORC Reported inferred (or greater) mineral resource of at least 350,000 tonnes of Lepidolite mica ore at an average grade of at least 1% lithium oxide (Li<sub>2</sub>O) within the area of the Argo Assets (**Argo Resource**);
- (b) the provision to the Company of a report from a reputable metallurgist (**Metallurgist Report**) which:
  - (i) recommends a preferred processing route to produce Lithium Carbonate Product from Minerals extracted from the Argo Resource;
  - (ii) advises that Lithium Carbonate Product has been successfully manufactured from Minerals extracted from the Argo Resource using this preferred processing route; and

- (iii) advises the production costs of that Lithium Carbonate Product produced from Minerals extracted from the Argo Resource as demonstrated by either a laboratory based test agreed by the parties to the Share Purchase Agreement, or via production through a commercial plant located in Thailand or elsewhere (**Processing Costs**); and
- (c) the Directors, acting reasonably, determine by reference to the Metallurgist Report and publicly available information, that the Processing Costs are within the bottom 50% of the cost of production of Lithium Carbonate Product for all lithium projects worldwide, excluding mining operations that incorporate brine production.

The full terms of the Class A Performance Shares are set out in Schedule 1.

Each Class B Performance Share will convert into one Share upon, on or before the 5<sup>th</sup> anniversary of the date on which the Class B Performance Shares are issued, the Company completing a pre-feasibility study for one or more of the Argo Assets, which includes a financial model for those Argo Assets that determines that the cash costs to produce one tonne of Lithium Carbonate Product or Tungsten (WO<sub>3</sub>) for the Argo Assets are in the bottom 50% of the comparative lithium or tungsten (as applicable) projects worldwide (**Class B Milestone**). The full terms of the Class B Performance Shares are set out in Schedule 2.

In relation to the Consideration Options:

- (a) the full terms of the Consideration Options are set out in Schedule 3;
- (b) each Consideration Option entitles its holder to subscribe for one Share;
- (c) no amount is payable on grant of the Consideration Options;
- (d) the Consideration Options will not be listed for quotation on any stock exchange including the ASX;
- (e) the Consideration Options will vest upon, on or before the 5<sup>th</sup> anniversary of the date on which the Consideration Options are issued, the Company completing a positive definitive feasibility study for one or more of the Argo Assets, which includes a financial model for those Argo Assets that determines that the cash costs to produce one tonne of Lithium Carbonate Product or Tungsten (WO<sub>3</sub>) for the Argo Assets are in the bottom 50% of the comparative lithium or tungsten (as applicable) projects worldwide;

The conversion of the Class A Performance Shares and the Class B Performance Shares and the vesting of the Consideration Options will be deferred if the conversion or vesting would result in any person being in contravention of section 606(1) of the Corporations Act.

## 1.7 Placement

In conjunction with the Transaction, the Company has completed a placement to professional and sophisticated investors of 62,743,571 Shares at an issue price of 2.02 cents per Share to raise \$1,267,420 (**Placement**).

The Company does not intend to undertake any additional capital raising for the purpose of funding the Transaction or its initial exploration activities for the Argo Assets.

Shareholder ratification of the Shares issued pursuant to the Placement is the subject of Resolution 8.



## 1.8 Listing Rules requirements

In summary, Listing Rule 11.1 provides that a listed company that proposes to make a significant change to the nature or scale of its activities must:

- (a) if ASX requires, obtain the approval of shareholders of its ordinary securities to undertake the change; and
- (b) if ASX requires, meet the requirements in Chapters 1 and 2 of the Listing Rules for the admission of a company to the official list of ASX as if the company were applying for its initial admission.

ASX has exercised its discretion pursuant to Listing Rule 11.1 and has required that the Company seek shareholder approval for the Transaction as, if successful, the Transaction would result in a change of the scale of the Company's activities.

ASX has given the Company in-principle advice to the effect that if Shareholders approve Resolution 1, the Company will not be required to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules.

Information required by the Listing Rules (as set out above) is set out in this Explanatory Statement.

## 1.9 Proposed capital structure of the Company

The table below shows the pro forma capital structure of the Company assuming that Resolutions 1 to 7 are approved.

<b>Shares</b>	
Shares on issue pre-Placement	250,974,285
Current Shares on issue (including the Shares issued pursuant to the Placement)	313,717,856
Proposed issue of Completion Shares to Vendors	35,000,000
<b>Maximum total Shares on issue</b>	<b>348,717,856</b>
<b>Performance Shares</b>	
Proposed issue of Class A Performance Shares to Vendors which each convert into one Share upon the Class A Milestone having occurred on or before the 5 <sup>th</sup> anniversary of the date on which the Class A Performance Shares are issued.	55,000,000
Proposed issue of Class B Performance Shares to Vendors which each convert into one Share upon the Class B Milestone having occurred, on or before the 5 <sup>th</sup> anniversary of the date on which the Class B Performance Shares are issued.	80,000,000
<b>Proposed total Performance Shares on issue after Completion</b>	<b>135,000,000</b>

<b>Options</b>	
Current Options on issue Quoted options exercisable at \$0.09 each on or before 30 April 2017	44,771,552
Proposed issue of Consideration Options which: <ul style="list-style-type: none"> <li>• vest upon, on or before the 5<sup>th</sup> anniversary of the date on which the Consideration Options are issued, the Company completing a positive definitive feasibility study for one or more of the Argo Assets that determines that the cash costs to produce one tonne of Lithium Carbonate Product or tungsten (WO<sub>3</sub>) from the Argo Assets would be in the bottom 50% of the comparative lithium or tungsten (as applicable) projects worldwide; and</li> <li>• are exercisable at a 20% discount to the 30 day VWAP at the Vesting Date on or before the earlier of the second anniversary of the Vesting Date, and the 5<sup>th</sup> anniversary of the date on which the Consideration Options are issued.</li> </ul>	100,000,000
Proposed issue of Advisor Options exercisable at \$0.046 on or before 30 June 2020	12,000,000
<b>Maximum total Options on issue</b>	<b>156,771,552</b>
<b>Totals</b>	
<b>Total Shares on issue if all Performance Shares are converted and Consideration and Advisor Options are exercised</b>	<b>595,717,856</b>
<b>Maximum percentage increase in total Shares on issue as a result of the Transaction and Placement (if all Performance Shares are converted and Consideration Options are exercised, but no other Options are exercised)</b>	<b>132.58%</b>

### 1.10 Trading in Shares

As at the date of this Notice, a total of 313,717,856 Shares are quoted on ASX.

Set out below is a table showing relevant trading prices of Shares on ASX.

<b>Comparative trading period price of Shares</b>	<b>Price of Shares</b>
Highest trading price in the 4 months prior to the date this Notice was lodged with ASX	\$0.027
Lowest trading price in the 4 months prior to the date this Notice was lodged with ASX	\$0.017
Closing trading price on the last trading day before the Announcement Date	\$0.200
Last available closing price of Shares on ASX prior to the date of the Notice – 1 March 2017	\$0.019



## 1.11 The Company's current activities

Viking is an Australian incorporated company which has to date focussed on exploration of its tenements in:

- (a) Mongolia, which are prospective for coal, including the Berkh Uul Coal Project containing a JORC Reported bituminous coal resource of 38.3Mt of which 21.4Mt is classified as indicated, and 16.9Mt is classified as inferred (refer to the Company's announcement entitled "New 38.3Mt resource for Merger Company's Mongolian coal project", dated 17 March 2014); and
- (b) Ghana, which are prospective for gold including the Akoase Gold Project containing a JORC Reported gold inferred resource of 20.6Mt at 1.2g per tonne gold (refer to the Company's announcement entitled "12% increase to 790,000 oz in gold resource for Ghana project", dated 4 October 2013).

As announced to ASX on 1 June 2015, Viking has entered into a contract to sell its interests in the Akoase Gold Project. Viking has received US\$2 million in non-refundable sales payments with the balance of US\$6 million now due and payable. Viking has issued a notice of default to the purchaser in relation to this transition.

Further information regarding the Company and its projects is set out in the following documents, which can be found on the Company's website ([www.vikingmines.com](http://www.vikingmines.com)) or on the ASX announcements webpage (ASX Code: VKO):

- (a) Reung Kiet Lithium Project Update (as announced to ASX on 24 February 2017);
- (b) Presentation – Reung Kiet Project (as announced to ASX on 21 February 2017);
- (c) High grade soil and rock chip anomaly identified (as announced to ASX on 7 February 2017);
- (d) Quarterly Report for the period ended 31 December 2016 (as announced to ASX on 31 January 2017);
- (e) Results of Annual General Meeting (as announced to ASX on 29 November 2016);
- (f) Reinstatement to Official Quotation (as announced to ASX on 25 November 2016);
- (g) Viking raises \$1.27 million to fund lithium strategy (as announced to ASX on 25 November 2016);
- (h) PLP: Lithium Alliance with Argo Metals and Viking Mines (as announced to ASX on 18 November 2016);
- (i) Presentation – Argo Metals Group Acquisition (as announced to ASX on 18 November 2016);
- (j) Viking Acquires Lithium and Tungsten Projects in Thailand (as announced to ASX on 18 November 2016);
- (k) Quarterly Report for the period ended 30 September 2016 (as announced to ASX on 25 October 2016);
- (l) Annual Report for the year ended 30 June 2016 (as announced to ASX on 11 August 2016);
- (m) Quarterly Report for the period ended 30 June 2016 (as announced to ASX on 21 July 2016);

- (n) Quarterly Reports for the period ended 31 March 2016 (as announced to ASX on 28 April 2016);
- (o) Akoase Sale – Non-refundable Deposit Received in Full (as announced to ASX on 1 February 2016); and
- (p) Quarterly Report for the period ended 31 December 2015 (as announced to ASX on 21 January 2016).

## **1.12 Directors' recommendations and key considerations for Shareholders on Resolution 1**

### **(a) Interests of the Directors in the Vendors**

The Directors declare that they do not hold any interest in the Vendors.

### **(b) Recommendation of the Directors**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Based on the information available, including that contained in this Explanatory Statement, all of the Directors consider that the Transaction is in the best interests of the Company.

### **(c) Reasons for the Directors recommendations / advantages**

The following is a list of the key reasons the Directors recommend that Shareholders vote in favour of the change in scale of the activities of the Company pursuant to Resolution 1, and consequently, the Transaction:

- (i) The RK Project, Takbi Project, Reung Kiet North Project and Reung Kiet West Project each represent a significant opportunity for the Company (see Sections 1.2 to 1.4 for further details regarding those projects).
- (ii) The Transaction may improve share value for Shareholders.
- (iii) The Transaction presents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company and provide greater market liquidity.
- (iv) The Transaction presents an opportunity for the Company to diversify into different exploration locations and different commodities which will allow the Company to spread its potential commodity risk.
- (v) The appointment of Mr Paul Lock to the Board and the appointment of David John Hobby as the in-country manager of the Company's Thailand operations on and from Completion will bring significant resources experience to the Company.

### **(d) Potential disadvantages of the Transaction**

Potential disadvantages of the Transaction include:

- (i) The Transaction, if completed, will result in the issue of 35,000,000 Shares, 55,000,000 Class A Performance Shares, 80,000,000 Class B Performance Shares and 100,000,000 Consideration Options. The issue of the Shares will have an immediate dilutionary effect on the ownership of existing

Shareholders, being approximately 11.15%. The exercise of the Options, and conversion of the Performance Shares will also have a dilutionary effect on existing Shareholders' interests if and when they are exercised or convert (as applicable). The total dilutionary effect, including the issue of the Consideration Shares, may be up to approximately 86.07%.

- (ii) The Company will be changing the scale of its activities to include exploration for lithium and possibly tungsten. This change may not be consistent with the investment objectives of all Shareholders.
- (iii) There are various risk factors associated with the conduct of mining exploration in Thailand, many of which are common with the conduct of mining exploration generally. Please refer to Section 1.12(e) for an outline of the most significant of these risk factors.
- (iv) There is no guarantee that the exploration and development proposed to be conducted following the completion of the Transaction at any of the Argo Assets will result in any beneficial economic outcome.

**(e) Potential risks**

There are a number of risks associated with a change in the Company's scale of activities and the development and operation of the Company's projects following a successful acquisition of the Argo Assets which may impact on the Company's future performance.

In addition, there are various risks inherent in the conduct of any mining exploration activities generally. Shareholders should give careful consideration to each of the risks. The risks below identify some of the key risks specific to an investment in the Company. These risks should not be taken as an exhaustive list of all risks which the Company could be subject to. The various risks include the following:

**(i) Lease and licence risks**

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, may depend on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection with them.

In particular, there are risks that:

- A. the exploration licence applications that comprise the RK Project (as set out in Section 1.2) will not be granted, and as a result the Transaction will not reach Completion (refer to the conditions precedent set out in Section 1.6), and that if they are granted, that they will not result in the grant of a legal or beneficial interest in any corresponding tenements; and
- B. that licences and or tenements relating to the Company's exploration and mining assets may not be renewed when required, may be withdrawn, may be made subject to limitations at the discretion of the government or authorities of Thailand, Mongolia or Ghana, or that

changes to the conditions of those licences and or tenements will impact the Company's activities.

**(ii) Joint venture parties, agents and contractors**

The Company may enter into, or be assigned rights under, contracts, including access arrangements, with third parties and have to rely on joint venture partners and/or certain third parties to provide the Company with essential access to project areas. There can be no assurance that the Company's relationships with joint venture partners or third parties will be able to be maintained or that new ones will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones.

**(iii) Future capital requirements**

The Company's ongoing activities may require substantial financing in the future for its business activities. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

**(iv) Exploration risks**

Mining exploration and development is a high risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of exploration tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

**(v) Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend, to some extent, on interpretations, which may prove to be inaccurate and require adjustment. As further information becomes

available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

**(vi) Ability to exploit successful discoveries**

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

**(vii) Mining and development risks**

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

**(viii) Title risks**

Interests in tenements are governed by legislation in their respective jurisdictions and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

**(ix) Environment and government approvals**

The operations and activities of the Company are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

**(x) In-country / political risks**

The operations and activities of the Company are exposed to political, economic and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to currency exchange rates; changing political conditions; restrictions on border crossings and trade; changes to laws and policies; labour unrest; foreign exchange and currency controls; renegotiation or nullification of existing concessions, licenses and permits; and failure to agree to terms of required agreements with relevant governments and authorities.

Thailand, Ghana and Mongolia are considered to have political risk. Changes, if any, in mining or investment policies or shifts in political attitude

may adversely affect the Company's operations or profitability. Failure to comply strictly with applicable laws, regulations and local policies and practices relevant to the operations of the Company could result in loss, reduction or expropriation of licences and or tenements relating to the Company's exploration and mining assets.

The government of Thailand has recently announced the closure of gold mines in Thailand and is proposing to establish a new mining commission. The Directors do not have any reason to believe that their proposed exploration of the Argo Assets will be affected by these events. However, no assurances can be given that the government of Thailand will not introduce further changes on policies which could impact the Company's activities.

**(xi) Exchange rate fluctuations**

International prices of most commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be largely in Thai and Australian currencies. This will expose the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Thai baht and the Australian dollar, subject to any currency hedging the Company may undertake. The exchange rate is affected by numerous factors beyond the control of the Company, including international markets, interest rates, inflation and the general economic outlook.

**(xii) Realising value from projects**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The Directors have between them significant mineral exploration and operational experience. However, no assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

**(xiii) Access risks**

Where the area of mining tenements (or part thereof) are subject to other land interests or activities, resource companies may be required to negotiate access, compensation and mining agreements with the beneficial party in order to gain access, explore, develop and mine the resource. Negotiation and execution of such agreements are subject to the willingness of beneficial parties to co-operate with resource entities. Land use may also affect the timing of access to such land. As such, the Company maintains a high standard of co-operative working with beneficial title holders.

**(xiv) Mineral assemblage and consistency**

The value of, and ability to mine, a resource is partially dependent on the mineral assemblage and / or quality and surrounding geological and soil setting. Information is not always necessarily available at the commencement of exploration, and is established at varying stages



throughout development. Such data can affect the Company's ability to successfully extract, treat or sell the product. The Company makes all efforts to determine this information at practical stages throughout exploration to reduce risks associated with mineral assemblage and quality.

**(xv) Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

**(xvi) Insurance risk**

In certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

**(xvii) Key personnel**

Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. There can be no assurance that there will be no detrimental impact on the Company if such persons employed cease their employment with the Company.

**(xviii) Share market conditions**

The market price of Securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular.

**1.13 Directors voting intentions**

Each Director, in their capacity as Shareholders (where applicable), intends to vote in favour of Resolution 1.

The Directors have the following interests in Securities as at the date of this Notice.

Director	Shares	Options
John Gardner	22,507,643	3,000,000
Raymond Whitten	42,095,782	12,244,503
Peter McMickan	4,046,837	250,000

The Chairman intends to exercise all available proxies in favour of Resolution 1.

#### **1.14 Consequences if Resolution 1 is not approved**

In the event Resolution 1 is not approved by Shareholders at the Meeting:

- (a) the scale of the Company's activities will not change and the Transaction will not proceed;
- (b) the market price for Shares traded on ASX may decline substantially; at the date of the Company's announcement of the Transaction on 17 November 2016, Shares traded on ASX at \$0.018; since 18 November 2016, Shares have traded on ASX at prices in the range of \$0.017 to \$0.027;
- (c) the Company will need to cover the expenses incurred in negotiating the Transaction, which may severely impact on the Company's future; and
- (d) the Board will continue to review the Company's projects and other potential new project acquisitions with the financial resources available after payment of expenses in relation to the Transaction.

#### **1.15 Financial information about the Company**

This Section contains an unaudited statement of financial position for the Company, with the relevant information extracted from the Company's management accounts as at 30 September 2016.

The unaudited pro forma statement of financial position of the Company presents the Company's financial position as at 30 September 2016 as if the Company had completed the Placement and Transaction at that date. Acquisition accounting entries have been based on the terms of the Share Purchase Agreement and the assumptions used in order to arrive at an unaudited pro-forma consolidated statement of financial position for the Company as at 30 September 2016 are set out at the end of the statement of financial position.

The Company will undertake a comprehensive assessment of the fair value of the assets and liabilities acquired after completion of the Transaction.

The unaudited pro forma statement of financial position is indicative only. The Company has drawn its own conclusions based on the known facts and other publicly available information. If the factors, circumstances, assumptions or other information should prove to be different to that described, the conclusions may change accordingly.



	Unaudited Consolidated 30 September 2016 \$'000s	Pro forma Consolidated 30 September 2016 \$'000s
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	852,000	1,943,000
Trade and other receivables	59,000	59,000
<b>Total Current Assets</b>	911,000	2,002,000
<b>Non-Current Assets</b>		
Plant and equipment		
Exploration project acquisition costs	3,320,000	4,120,000
<b>Total Non-Current Assets</b>	3,320,000	4,120,000
<b>Total Assets</b>	4,231,000	6,122,000
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	71,000	71,000
Borrowings	-	-
<b>Total Current Liabilities</b>	71,000	71,000
<b>Total Liabilities</b>	71,000	71,000
<b>Net Assets</b>	4,160,000	6,051,000
<b>Equity</b>		
Issued capital	21,346,000	23,237,000
Reserves	225,000	225,000
Accumulated losses	(16,670,000)	(16,670,000)
Outside equity interest	(741,000)	(741,000)
<b>Total Equity</b>	4,160,000	6,051,000

**Notes:**

This table is prepared on the basis of the following assumptions:

1. On Completion of the Transaction, the Company issues 35,000,000 Shares at a deemed issue price of \$0.02 per Share, being a total of \$700,000.
2. The Company has completed the Placement of 62,743,000 Shares at an issue price of \$0.0202 per Share to raise \$1,267,000.
3. Capital raising fee on Placement of \$76,000 (6% fee).
4. Costs of the Transaction were estimated at \$100,000.
5. There is no adjustment for the operating costs of the Company between 30 September 2016 and the date of completion of the Transaction.

The effect of the Placement and the proposed Transaction (before any conversion of Performance Shares or exercise of Consideration Options) will be to:

- (a) increase total assets by an amount of 45%, compared to Viking's total assets as at 30 September 2016; and
- (b) increase net assets by an amount of 45%, compared to Viking's net assets as at 30 September 2016.

The value of Class A Performance Shares, Class B Performance Shares and Consideration Options is presently indeterminable, as the satisfaction of the milestones that are prerequisites to their conversion or exercise is uncertain.

#### 1.16 Effect of Transaction and Placement on expenditure

The table below is a summary of the expenditure budgets for the Company over the next 12 months.

These budgets are prepared on the basis that the Company will spend over the 12 months following Completion, a total of \$1.943 million, comprising its existing cash and the funds raised under the Placement. These budgets are subject to possible change depending on the outcome of exploration results and other factors beyond the Company's control.

Use of funds	Amount
Ghana exploration	
• Drilling West Star prospect	\$200,000
• Akoase Sale completion/legal fees	\$50,000
Mongolia exploration	
• Holding costs/government submissions to recover excised tenement areas	\$50,000
Thailand exploration	
• General in-country administration	\$120,000
• Lithium project	
• Soil sampling/drilling/general geology to outline/determine lithium resource	\$650,000
• Desk top processing studies, including taking bulk sample	\$150,000
• Additional project area applications and tenement bonds upon tenement grant	\$140,000
• Tungsten project	
• Soil sampling/drilling/general geology	\$100,000
• Tenement bonds upon grant of applications	\$40,000
Placement costs (6%)	\$76,000
Working capital	\$367,000
<b>Total</b>	<b>\$1,943,000</b>

**Notes:**

This table is prepared on the basis of the following assumptions:

1. Exploration expenditures will be reviewed on an on-going basis, depending upon the nature of results forthcoming from the respective work programmes. Actual expenditure may differ from the above estimates due to a change in market conditions, the development of new opportunities, the results obtained from exploration and other factors (including the risk factors outlined in Section 1.12(e) above).
2. The above table represents statements of the intended use of the funds raised by the Company as at the date of this document. It must be recognised that all exploration budgets may change as the conducted programmes provide encouragement or disappointment and new opportunities may be identified elsewhere.
3. It is anticipated that the funds available as unallocated working capital may be applied towards any contingency resulting in unforeseen expense associated with the Company's projects, and also towards expenses incurred in identifying and generating new mineral exploration projects. Such expenses may include the cost of purchasing exploration data, commission expert reports/studies, acquiring exploration rights and due diligence costs of reviewing potentially suitable projects, including associated travel, legal and other professional expenses.

**1.17 Future capital requirements**

On Completion, the Company anticipates that it will have sufficient funds to conduct its proposed exploration and development activities at least for the next 12 months without the need to conduct any further capital raising.

**1.18 Financial outlook for the Company**

This Explanatory Statement does not include any financial forecasts or projections for revenue or profit in relation to the Company.

The Company considers that the inclusion of financial forecasts would be speculative and potentially misleading for Shareholders given:

- (a) the current assets of the Company and those which it proposes to acquire pursuant to the Transaction are for the most part presently not sufficient developed to provide reasonable forecast information;
- (b) development is subject to inherent risks associated with material grades and quantities, mining equipment availability, the granting of production licenses, extraction and logistics costs; and
- (c) the future market prices for lithium, tungsten, gold and coal are inherently uncertain.

**1.19 Costs of the Transaction**

The Company estimates it will incur fees for services provided in connection with the Transaction, including for due diligence, legal, taxation and corporate advisers, in the amount of approximately \$100,000 (not including GST).

The total amount of cash that the Company may become obliged to pay to satisfy all expenses incurred by it and relating to the Transaction will be provided from the Company's existing cash balance and funds to be raised under the Placement.

**1.20 Effect of the Transaction on capital structure**

The anticipated capital structure of the Company assuming successful completion of the Transaction is set out in Section 1.9.

**1.21 Effect of the Transaction on shareholding interests and voting power***Current Shareholders*

If all Shares proposed to be issued to the Vendors are issued, all Performance Shares vest and all Consideration Options are exercised, the issued share capital of the Company will

increase by a factor of approximately 86.07% compared to current Shares on issue (including Shares issued under the Placement) and the recipients of those Shares will not include any existing Shareholders of the Company. As a result the shareholding interests of existing Shareholders will be diluted.

As no current Shareholder will receive any Shares under the Transaction, no current Shareholder is expected to have a substantial holding in the Company on completion of the Transaction (a person has a substantial holding in the Company if they, together with their Associates, hold a relevant interest in 5% or more of the Shares on issue).

#### *Vendors*

If Completion occurs, the Vendors will be issued 35,000,000 Shares at Completion, which will result in the Vendors collectively holding approximately 10% of the total Shares on issue (assuming no Options are exercised and no Performance Shares are converted).

Completion (assuming no Performance Shares are converted and no Options exercised) will not result in a change of control of Viking as no Vendor will acquire a relevant interest of 20% or more in Viking.

However, if no additional Shares are issued, the Class A Performance Shares and Class B Performance Shares convert, and the Consideration Options are exercised, one of the Vendors, being Paul David Lock, would acquire a relevant interest in Viking in excess of 20%. The Board considers that this circumstance is unlikely, as the Company is likely to be required to issue additional Shares (including as a part of any future capital raising) before the milestones for the Performance Shares and Consideration Options are satisfied.

If the conversion of Performance Rights or vesting of Options would result in any person acquiring a relevant interest of 20% or more in Viking, the conversion or vesting will be deferred, in accordance with the terms of the Performance Shares or Consideration Options (as applicable) the Company will seek any Shareholder approvals necessary for the purposes of item 7, section 611 of the Corporations Act.

### **1.22 Effect on board composition**

On Completion of the Transaction, Mr Paul Lock will be appointed as an executive Director of the Company as the nominee of the Vendors. The Board will then comprise Mr Paul Lock in addition to the existing Directors, being Mr John Gardner, Mr Peter McMickan and Mr Raymond Whitten.

### **1.23 Effect of the Transaction on the Company's financial position**

The Transaction will affect the Company's financial position.

An outline of the manner in which the Company's financial position may change is set out in Section 1.15.

### **1.24 Effect of the Transaction on accounting policies**

The Company's accounting policies will not change on Completion.

## **2. Resolutions 2 and 3 – Approvals to create Class A Performance Shares and Class B Performance Shares as new classes of shares**

### **2.1 General**

Resolutions 2 and 3 seek Shareholder approval for the Company to be authorised to issue Class A Performance Shares and Class B Performance Shares, respectively, as new classes of shares.

A company with a single class of shares on issue, which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the constitution already provides for such an issue.

Under article 2.1 of the Constitution and, subject to the Corporations Act, the Listing Rules and the Constitution, the Company may issue unissued shares in the Company on any terms, at any time and for any consideration as the Directors resolve.

Section 246B of the Corporations Act and article 2.2 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or
- (b) with the written consent of members who are entitled to at least 75% of the votes in that class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Class A Performance Shares and the Class B Performance Shares, each as a new class of shares on the terms in Schedule 1 and Schedule 2 respectively.

### **2.2 Board recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolutions 2 and 3.

Resolutions 2 and 3 are special resolutions and therefore require approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Resolutions 2 and 3 are subject to the approval of the other Transaction Resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 2 and 3.

### **3. Resolution 4 – Approval to issue Completion Shares to the Vendors**

#### **3.1 Background**

Pursuant to the Share Purchase Agreement, the Company has undertaken to issue on Completion, 35,000,000 Shares to the Vendors in proportion to the percentage of the total shares on issue in Argo held by each Vendor (**Completion Shares**).

#### **3.2 Listing Rules information requirements**

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

The effect of Resolution 4, if passed, will be that the issue of the Completion Shares will be exempt from the 15% limit under Listing Rule 7.1.

Approval of Resolution 4 will allow the Company to issue the Completion Shares and provide the Company with flexibility during the next 12 month period to issue further equity securities in order to raise further capital if required.

In accordance with Listing Rule 7.3, the following details are provided in relation to Resolution 4:

- (a) The maximum number of securities to be issued pursuant to Resolution 4 is 35,000,000 Shares.
- (b) The Shares issued pursuant to Resolution 4 will be issued at the same time upon Completion occurring and within 3 months of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Shares will be issued at a deemed issue price of \$0.02 each.
- (d) The Shares will be issued to the Vendors, being Paul David Lock and David John Hobby (or their nominees), on a 90:10 split basis, respectively.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the existing Shares on issue; the Company will apply for quotation of the Shares on ASX.
- (f) The Shares will be issued as consideration for the acquisition of Argo pursuant to the Share Purchase Agreement and accordingly no funds will be raised through the issue of the Shares.
- (g) An appropriate voting exclusion statement is included in the Notice.

#### **3.3 Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 4.

Resolution 4 is subject to the approval of the other Transaction Resolutions.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

## **4. Resolutions 5 and 6 – Approval to issue Class A Performance Shares and Class B Performance Shares to the Vendors**

### **4.1 Background**

Pursuant to the Share Purchase Agreement, the Company has undertaken to issue on Completion, 55,000,000 Class A Performance Shares and 80,000,000 Class B Performance Shares to the Vendors in proportion to the percentage of the total shares on issue in Argo held by each Vendor.

### **4.2 Listing Rules information requirements**

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

The effect of Resolutions 5 and 6, if passed, will be that the issues of Performance Shares will be exempt from the 15% limit under Listing Rule 7.1.

Approval of Resolutions 5 and 6 will allow the Company to issue the Performance Shares, and provide the Company with flexibility during the next 12 month period to issue further equity securities in order to raise further capital if required.

In accordance with Listing Rule 7.3, the following details are provided in relation to Resolutions 5 and 6:

- (a) The maximum number of securities to be issued pursuant to Resolution 5 is 55,000,000 Class A Performance Shares.
- (b) The maximum number of securities to be issued pursuant to Resolution 6 is 80,000,000 Class B Performance Shares.
- (c) The Class A Performance Shares issued pursuant to Resolution 5 and the Class B Performance Shares issued pursuant to Resolution 6 will be issued at the same time upon Completion occurring and within 3 months of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) The Class A Performance Shares and Class B Performance Shares will be issued at an issue price of nil each.
- (e) The Class A Performance Shares and Class B Performance Shares will be issued to the Vendors, being Paul David Lock and David John Hobby (or their nominees), on a 90:10 split basis, respectively.
- (f) The Class A Performance Shares and Class B Performance Shares will each form a new class of shares in the Company, and will be issued on the terms set out in Schedule 1 and Schedule 2 respectively; the Company will not apply for quotation of the Performance Shares on ASX.
- (g) Shares issued on the conversion of any Performance Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the existing Shares on issue.
- (h) The Performance Shares will be issued as consideration for the acquisition of Argo pursuant to the Share Purchase Agreement and accordingly no funds will be raised through the issue of the Performance Shares.

- (i) An appropriate voting exclusion statement is included in the Notice.

#### **4.3 Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolutions 5 and 6.

Resolutions 5 and 6 are subject to the approval of the other Transaction Resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 5 and 6.



## **5. Resolution 7 – Approval to issue Consideration Options to the Vendors**

### **5.1 Background**

Pursuant to the Share Purchase Agreement, the Company has undertaken to issue on Completion, 100,000,000 Consideration Options to the Vendors in proportion to the percentage of the shares in Argo held by each Vendor.

### **5.2 Listing Rules information requirements**

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

The effect of Resolution 7 if passed, will be that the issue of Consideration Options will be exempt from the 15% limit under Listing Rule 7.1.

Approval of Resolution 7 will allow the Company to issue the Consideration Options, and provide the Company with flexibility during the next 12 month period to issue further equity securities in order to raise further capital if required.

In accordance with Listing Rule 7.3, the following details are provided in relation to Resolution 7:

- (a) The maximum number of securities to be issued pursuant to Resolution 7 is 100,000,000 Consideration Options.
- (b) The Consideration Options issued pursuant to Resolution 7 will be issued at the same time upon Completion occurring and within 3 months of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Consideration Options will be issued at an issue price of nil each.
- (d) The Consideration Options will be issued to the Vendors, being Paul David Lock and David John Hobby (or their respective nominees), on a 90:10 split basis, respectively.
- (e) The Consideration Options will form a new class of shares in the Company, and will be issued on the terms set out in Schedule 3. The Company will not apply for quotation of the Consideration Options on ASX.
- (f) The Consideration Options will be issued as consideration for the acquisition of Argo pursuant to the Share Purchase Agreement and accordingly no funds will be raised through the issue of the Consideration Options.
- (g) Shares issued upon the exercise of the Consideration Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the existing Shares on issue; the Company will apply for quotation of the Shares on ASX.
- (h) An appropriate voting exclusion statement is included in the Notice.

### **5.3 Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 7.

Resolution 7 is subject to the approval of the other Transaction Resolutions.

The Chairman intends to exercise all available proxies in favour of Resolution 7.

## **6. Resolution 8 – Ratification of prior issue of Shares under the Placement**

### **6.1 Background**

On 2 December 2016, the Company issued 62,743,571 Shares (**Placement Shares**) to professional and sophisticated investors at an issue price of 2.02 cents per Share to raise approximately \$1,267,420 (**Placement**).

Shareholder ratification of the Shares issued pursuant to the Placement is the subject of Resolution 8.

The effect of Shareholders passing Resolution 8 will be to “refresh” the number of securities which the Company can issue within any 12 month period in accordance with Listing Rule 7.1. This will allow the Company to raise further working capital-up to a maximum of 15% of the Company’s total issued Shares, without the need to obtain members approval prior to the capital raising.

### **6.2 Listing Rules information requirements**

Listing Rule 7.1 provides that prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company’s members subsequently approve it.

Under Resolution 8, the Company seeks Shareholder approval for, and ratification of, the issue of the Shares as set out below so as to restore the Company’s capacity under Listing Rule 7.1 to issue further securities representing up to 15% of the Company’s issued capital in the next 12 months.

For the purposes of Listing Rule 7.5, the Company provides the following information to Shareholders:

- (a) The Company issued 62,743,571 Shares on 2 December 2016 at an issue price of 2.02 cents per Share.
- (b) All Shares issued under the Placement rank equally with all other Shares on issue.
- (c) The Shares were issued to various sophisticated and professional investors as determined by the Directors in conjunction with DJ Carmichael Limited, who acted as lead manager to the Placement;
- (d) The Placement raised a total of \$1,267,420 before costs. The Company intends to use the funds raised from the Placement to accelerate the exploration of the Argo Assets, and otherwise as set out in more detail in Section 1.16 above.

### **6.3 Directors’ recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 8.

## **7. Resolution 9 – Approve issue of Options to Consultants**

### **7.1 Background**

The Company has appointed D J Carmichael Pty Limited (**DJC**) to provide corporate advice and capital raising services to the Company, including by acting as lead manager to the recent Placement.

DJC received a fee of 6% of funds raised under the Placement, being the amount of \$76,000, plus the issue to DJC or its nominee(s) of up to 12,000,000 Adviser Options exercisable at \$0.046 on or before 30 June 2020 (**Adviser Options**). The approval of the issue of these 12,000,000 Adviser Options is the subject of Resolution 9.

Resolution 9 seeks Shareholder approval for the issue of up to 12,000,000 Adviser Options.

### **7.2 Listing Rules information requirements**

The effect of Resolution 9 will be to allow the Directors to issue the Adviser Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the placement of Adviser Options:

- (a) The maximum number securities to be issued pursuant to Resolution 9 is 12,000,000 Adviser Options.
- (b) The Adviser Options are intended to be issued on one date, being no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Adviser Options are being issued in consideration of services provided by the Advisers and are being issued for nil cash consideration; accordingly, no funds will be raised by the issue of the Adviser Options.
- (d) The Adviser Options will be issued to DJC or its nominee(s);
- (e) The Company will not apply for quotation of the Adviser Options on ASX.
- (f) The Adviser Options will be granted on the terms and conditions set out in Schedule 4 of this Explanatory Statement.

### **7.3 Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 9.

## Glossary

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In the Notice and Explanatory Statement, the following terms have the meanings set out below unless the context otherwise requires:

<b>Argo</b>	Argo Metals Group Limited ACN 610 714 915.
<b>Argo Assets</b>	Means: <ul style="list-style-type: none"><li>(a) the RK Applications and, upon grant, the licences, permits or tenements granted in relation to the RK Applications;</li><li>(b) the Reung Kiet West Project, Takbi Project, and Reung Kiet North Project;</li><li>(c) the KS Option; and</li><li>(d) any other mining licence applications, which are applied for by an Argo Subsidiary prior to Completion in relation to certain Reung Kiet area related targets which have been identified but are subject to stream sediment work.</li></ul>
<b>Argo Subsidiaries</b>	The subsidiaries of Argo, being Argo Metals Group (Thailand) Limited, Argo 1 Metals Group (Thailand) Co., Ltd, Argo 2 Metals Group (Thailand) Co., Ltd, Argo 3 Metals Group (Thailand) Co., Ltd, Argo 4 Metals Group (Thailand) Co., Ltd, each of which are wholly owned by Argo, and the Siam Industrial Metals Co. Limited, in which Argo holds a 75% interest.
<b>Associate</b>	Has the meaning set out in the Listing Rules.
<b>ASX</b>	ASX Limited ACN 008 624 691.
<b>Board</b>	Board of Directors of the Company.
<b>Business Day</b>	A day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.
<b>Chairman</b>	The chairman of the Meeting.
<b>Class A Milestone</b>	The milestone that must be satisfied for the Class A Performance Shares to convert, as set out in Section 1.6.
<b>Class B Milestone</b>	The milestone that must be satisfied for the Class B Performance Shares to convert, as set out in Section 1.6.
<b>Class A Performance Share</b>	A Performance Share to be issued to the Vendors pursuant to the Share Purchase Agreement on the terms and conditions set out in Schedule 1, and which is the subject of Resolutions 2 and 5.
<b>Class B Performance Share</b>	Performance Shares to be issued to the Vendors pursuant to the Share Purchase Agreement on the terms and conditions set out in Schedule 2, and which is the subject of Resolution 3 and 6.
<b>Company or Viking</b>	Viking Mines Limited ACN 126 200 280.
<b>Completion</b>	The process of completion of the sale and purchase of Argo as contemplated by the Share Purchase Agreement.
<b>Completion Share</b>	A Share to be issued to the Vendors pursuant to the Share Purchase Agreement and which is the subject of Resolution 4.

<b>Consideration Option</b>	An Option to be issued to the Vendors pursuant to the Share Purchase Agreement on the terms and conditions set out in Schedule 3, and which is the subject of Resolution 7.
<b>Constitution</b>	The Company's constitution.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>DJC</b>	D J Carmichael Pty Limited ACN 003 058 857.
<b>Explanatory Statement</b>	This explanatory statement which accompanies and forms part of the Notice of General Meeting.
<b>General Meeting or Meeting</b>	The General Meeting of Shareholders of the Company or any adjournment thereof, convened by this Notice.
<b>JORC Code</b>	'The Australian Code for Reporting of Mineral Resources and Ore Reserves' (2012 edition) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia.
<b>JORC Reported</b>	Reported in accordance with the JORC Code.
<b>Key Management Personnel</b>	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).
<b>KS Option</b>	The option to acquire from West Mandalay Exploration Pty Ltd, the right to earn management rights and substantial interests in the issued share capital (of up to 75%) in the subsidiaries of Thai Goldfields NL which own (directly or indirectly) or have interests in the Khao Soon Project by satisfying agreed expenditure commitments for the Khao Soon Project, as described in Section 1.4.
<b>KS Option Deed</b>	The option deed between the Company and West Mandalay Exploration Pty Ltd as described in Section 1.4.
<b>KS Project</b>	The project described in Section 1.4.
<b>Listing Rules</b>	The listing rules of ASX, as amended from time to time.
<b>Lithium Carbonate Product</b>	Any $\text{Li}_2\text{CO}_3$ product, acceptable to the Chinese lithium market and being at least 99% pure.
<b>Minerals</b>	Has the meaning given to that term in the <i>Mining Act 1978</i> (WA)
<b>Mt</b>	Million tonnes.
<b>Notice or Notice of General Meeting</b>	The notice of General Meeting which accompanies this Explanatory Statement.
<b>Option</b>	An option to acquire a Share.
<b>Other Assets</b>	The following tenements and tenement applications: Takbi, Reung Kiet North, Reung Kiet West and additional Reung Kiet related targets subject to stream sediment work.
<b>Performance Share</b>	Either or both of a Class A Performance Share and a Class B Performance Share, as the context requires.

<b>Placement</b>	The placement of 62,743,571 Shares at an issue price of 2.02 cents per Share to raise \$1,267,420 that was announced by the Company on 25 November 2016.
<b>Proxy Form</b>	The proxy form accompanying the Notice.
<b>Related Body Corporate</b>	Has the meaning given to that term in the Corporations Act.
<b>Related Party</b>	Has the meaning given to it in the Listing Rules.
<b>Resolution</b>	A resolution set out in the Notice.
<b>Reung Kiet North Project</b>	The Reung Kiet North resources project described in Section 1.3.
<b>RK Applications</b>	The prospecting licence applications SPA1, SPA2 and SPA3, as described in Section 1.2.
<b>RK Project</b>	The Reung Keit lithium project, as described in Section 1.2.
<b>Reung Kiet West Project</b>	The Reung Kiet West resources project described in Section 1.3.
<b>Section</b>	A section of this Explanatory Statement.
<b>Security</b>	A Share, Performance Share or an Option.
<b>Share</b>	A fully paid ordinary share in the Company.
<b>Share Purchase Agreement</b>	The share sale and purchase agreement dated 17 November 2016 as amended, supplemented and restated by a deed of variation and restatement made between Argo, Viking and the Vendors and dated 5 December 2016.
<b>Shareholder</b>	A registered holder of a Share.
<b>Takbi Project</b>	The Takbi resources project described in Section 1.3.
<b>Transaction</b>	The transaction contemplated by the Share Purchase Agreement.
<b>Transaction Resolutions</b>	Resolutions 1 to 7, inclusive.
<b>Vendors</b>	The shareholders of Argo, being Paul David Lock (or his nominees) with respect to 90% of the issued share capital of Argo, and David John Hobby (or his nominees) with respect to 10% of the issued share capital of Argo.
<b>WMX</b>	West Mandalay Exploration Pty Ltd.
<b>WST</b>	Australian Western Standard Time, being the time in Perth, Western Australia.

# Schedule 1

## TERMS OF CLASS A PERFORMANCE SHARES

### 1. Definitions

In these terms and conditions:

**Argo** means Argo Metals Group Limited ACN 610 714 915.

**Argo Assets** means:

- (a) prospecting licence applications SPA1, SPA2 and SPA3, located in Reung Kiet, Thailand, held by Siam Industrial Metal Co, Ltd, and upon grant, the licences, permits or tenements granted in relation to the any of those prospecting licence applications;
- (b) Takbi Project, located in Phang Nga District, Thailand, held by Argo 1 Metals Group (Thailand) Co., Ltd;
- (c) Reung Kiet West Project, located in Phang Nga District, Thailand, held by Siam Industrial Metal Co, Ltd;
- (d) Reung Kiet North Project, held by Argo 2 Metals Group (Thailand) Co., Ltd;
- (e) any other mining licence applications, which are applied for by a subsidiary of Argo prior to Completion in relation to certain Reung Kiet area related targets which have been identified but are subject to stream sediment work;
- (f) any other mining licences, permits or tenements granted in lieu of or in relation to the same ground as, the assets described in (a) to (g) above; and
- (g) the rights of Argo to acquire from West Mandalay Exploration Pty Ltd, the right to earn management rights and substantial interests in the issued share capital (of up to 75%) in the subsidiaries of Thai Goldfields NL which own (directly or indirectly) or have interests in the Khao Soon Project by satisfying agreed expenditure commitments for the Khao Soon Project.

**ASX** means ASX Limited ACN 008 624 691, or the securities market operated by ASX Limited known as the Australian Securities Exchange, as the context requires.

**Business Day** means a day other than a Saturday, Sunday or public holiday or bank holiday in Perth, Western Australia.

**Cleansing Statement** means a written notice issued by the Company to ASX pursuant to section 708A(5) of the Corporations Act, meeting the requirements of section 708A(6) of the Corporations Act.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Expiry Date** means the 5<sup>th</sup> anniversary of the date on which the Class A Performance Shares are issued.

**JORC Code** means 'The Australian Code for Reporting of Mineral Resources and Ore Reserves' (2012 edition) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia.



**JORC Reported** means reported in accordance with the JORC Code.

**Lithium Carbonate Product** means any  $\text{Li}_2\text{CO}_3$  product, acceptable to the Chinese Lithium market and being at least 99% pure.

**Minerals** has the meaning given to that term in the *Mining Act 1978* (WA).

**Minimum Acceptable Mineral Resource** means a JORC Reported inferred (or greater) mineral resource of at least 350,000 tonnes of Lepidolite mica ore at an average grade of at least 1% lithium oxide ( $\text{Li}_2\text{O}$ ).

**Share** means a fully paid ordinary share in Viking.

**SSPA** means the share sale and purchase agreement dated 17 November 2016 as amended, supplemented and restated by a deed of variation and restatement made between Argo Metals Group Limited, Viking Mines Limited and Paul David Lock and David John Hobby (undated).

**Viking** means Viking Mines Limited ACN 126 200 280.

**30 day VWAP** means the volume weighted average price of Shares traded on ASX over the 30 day period up to and including the relevant date.

## **2. General Terms**

### **2.1 Performance Shares**

Each Class A Performance Share (**Performance Share**) is a share in the capital of Viking.

### **2.2 General meetings**

Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of Viking that are circulated to the holders of fully paid ordinary shares in the capital of Viking (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

### **2.3 No voting rights**

A Performance Share does not entitle the Holder to vote on any resolutions proposed by Viking except as otherwise required by law.

### **2.4 No dividend rights**

A Performance Share does not entitle the Holder to any dividends.

### **2.5 No rights to return of capital**

A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

### **2.6 Rights on winding up**

A Performance Share does not entitle the Holder to participate in the surplus profits or assets of Viking upon winding up.

### **2.7 No transfers or encumbrances**

(a) A Performance Share is not transferable.

- (b) A Holder must not grant or permit any security interest or other encumbrances over a Performance Share.

## **2.8 Reorganisation of capital**

If at any time the issued capital of Viking is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

## **2.9 Application to ASX**

The Performance Shares will not be quoted on ASX. However, if Viking is listed on ASX at the time of conversion of the Performance Shares into Shares, Viking must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.

## **2.10 New issues**

A Holder is not entitled to participate in any new issue to Shareholders of securities in the Company unless the Holder's Performance Shares have been converted into Shares and those Shares have been issued before the record date for determining entitlements to the new issue of securities and the Holder participates as a result of holding Shares.

## **2.11 Participation in entitlements and bonus issues**

A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

# **3. Conversion**

## **3.1 Milestones**

A Performance Share will convert into one Share upon each of the following events having occurred on or before the Expiry Date (**Milestone**):

- (a) demonstration of a Minimum Acceptable Mineral Resource within the area of the Argo Assets (**Argo Resource**);
- (b) the provision to the Company of a report from a reputable metallurgist (**Metallurgist Report**) which:
  - (i) recommends a preferred processing route to produce Lithium Carbonate Product from Minerals extracted from the Argo Resource;
  - (ii) advises that Lithium Carbonate Product has been successfully manufactured from Minerals extracted from the Argo Resource using this preferred processing route; and
  - (iii) advises the production costs of that Lithium Carbonate Product produced from Minerals extracted from the Argo Resource as demonstrated by either a laboratory based test agreed by the parties to the SSPA, or via production through a commercial plant located in Thailand or elsewhere (**Processing Costs**); and
- (c) the Directors of the Company, acting reasonably, determine by reference to the Metallurgist Report and publicly available information, that the Processing Costs are within the bottom 50% of the cost of production of Lithium Carbonate Product for all

lithium projects worldwide, excluding mining operations that incorporate brine production.

### 3.2 Conversion on change of control

Notwithstanding the Milestone has not been satisfied, upon the occurrence of either:

- (a) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of Viking having received acceptances for more than 50% of Viking's shares on issue and being declared unconditional by the bidder; or
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of Viking or its amalgamation with any other company or companies (including under Part 5.1 of the Corporations Act),

(**Change of Control Event**) then:

- (c) subject to paragraph 3.2(e), all of the Performance Shares then on issue, up to the maximum number of Performance Shares that converts into a number of Shares not exceeding 10% of the Shares on issue immediately following conversion under this paragraph, will convert into an equivalent number of Shares;
- (d) the conversion will be completed on a pro rata basis for each Holder;
- (e) if Viking has other classes of performance shares on issue (**Other Performance Shares**) with rights of conversion that are of the same or substantially similar nature to paragraph 3.2(c) (**Trigger Events**):
  - (i) the total number of Shares that may be issued under paragraph 3.2(c), when aggregated with all Shares issued on conversion of Other Performance Shares due to a Trigger Event, must not exceed 10% of the Shares on issue immediately following conversion of the Performance Shares and Other Performance Shares; and
  - (ii) the number of Shares that will be issued under paragraph 3.2(c) will be calculated as follows:

$$\text{Number of Shares} = (A / B) \times 100 \times C$$

where:

A = the number of Performance Shares on issue as at the date of conversion;

B = the total number of Performance Shares and Other Performance Shares on issue as at the date of vesting; and

C = the number representing 10% of the Shares on issue immediately following conversion of the Performance Shares and Other Performance Shares due to the Trigger Event; and

- (f) If an Argo Asset Sale occurs, any Performance Shares that are not converted into Shares under this paragraph 3.2 will continue to be held by their respective Holders on the same terms and conditions.

### 3.3 Sale of Argo Assets

- (a) Notwithstanding the Milestone has not been satisfied, in the event of any sale or disposal of all, or any of, the assets comprising the Argo Assets (**Argo Asset Sale**):
  - (i) if the consideration, received by the Company or a subsidiary, for the Argo Asset Sale is less than \$5 million, then the lesser of:
    - A. 50% of the Performance Shares; or
    - B. subject to paragraph 3.3(c), the maximum number of Performance Shares that converts into a number of Shares not exceeding 10% of the Shares on issue immediately following conversion under this paragraph,  
  
will convert into an equivalent number of Shares on completion of the Argo Asset Sale;
  - (ii) if the consideration, received by the Company or a subsidiary, for the Argo Asset Sale is between \$5 million and \$10 million, then the lesser of:
    - A. 75% of the Performance Shares; or
    - B. subject to paragraph 3.3(c), the maximum number of Performance Shares that converts into a number of Shares not exceeding 10% of the Shares on issue immediately following conversion under this paragraph,  
  
will convert into an equivalent number of Shares on completion of the Argo Asset Sale; and
  - (iii) if the consideration, received by the Company or a subsidiary, for the Argo Asset Sale is greater than \$10 million, then the lesser of:
    - A. 100% of the Performance Shares; or
    - B. subject to paragraph 3.3(c), the maximum number of Performance Shares that converts into a number of Shares not exceeding 10% of the Shares on issue immediately following conversion under this paragraph,  
  
will convert into an equivalent number of Shares on completion of the Argo Asset Sale.
- (b) A conversion of Performance Shares under paragraph 3.3(a) will be completed on a pro rata basis for each Holder;
- (c) If Viking has other classes of performance shares on issue (**Other Performance Shares**) with rights of conversion that are of the same or substantially similar nature to paragraph 3.3(a) (**Trigger Events**):
  - (i) the total number of Shares that may be issued under paragraphs 3.3(a)(i), (ii) or (iii), when aggregated with all Shares issued on conversion of Other Performance Shares due to a Trigger Event, must not exceed 10% of the Shares on issue immediately following conversion of the Performance Shares and Other Performance Shares; and

- (ii) the maximum number of Shares that will be issued under paragraph under paragraphs 3.3(a)(i), (ii) or (iii) will be calculated as follows:

$$\text{Number of Shares} = (A / B) \times 100 \times C$$

where:

- A = the number of Performance Shares on issue as at the date of conversion;
- B = the total number of Performance Shares and Other Performance Shares on issue as at the date of vesting; and
- C = the number representing 10% of the Shares on issue immediately following conversion of the Performance Shares and Other Performance Shares due to the Trigger Event; and
- (d) If an Argo Asset Sale occurs, any Performance Shares that are not converted into Shares under this paragraph 3.3 will continue to be held by their respective Holders on the same terms and conditions.

### **3.4 Conversion after expiry date**

If the Milestone has not been satisfied by 5:00pm on the Expiry Date, the Performance Shares will be cancelled.

### **3.5 Deferral of conversion**

If the conversion of any Performance Shares (or any part thereof) under paragraphs 3.1, 3.2 or 3.3 would result in any person being in contravention of section 606(1) of the Corporations Act (**Takeover Restriction**) then:

- (a) The conversion of those Performance Shares (or any part thereof) under paragraphs 3.1, 3.2 or 3.3 will be deferred until such later time or times that the conversion would not result in a contravention of the Takeover Restriction.
- (b) A Holder shall give written notification to Viking if they consider that the conversion of those Performance Shares (or any part thereof) under paragraphs 3.1, 3.2 or 3.3 may result in the contravention of the Takeover Restriction, failing which Viking may assume the conversion of those Performance Shares will not result in any person being in contravention of the Takeover Restriction.
- (c) Viking may (but is not obliged to) by written notice to a Holder, request a Holder to provide the written notice referred to in paragraph 3.4(b) within 7 days if Viking considers that the conversion of those Performance Shares (or any part thereof) under paragraphs 3.1, 3.2 or 3.3 may result in a contravention of the Takeover Restriction. If the Holder does not give notification to Viking within 7 days that they consider the conversion of the Performance Shares (or part thereof) may result in the contravention of the Takeover Restriction, then Viking may assume that the conversion of those Performance Shares (or part thereof) will not result in any person being in contravention of the Takeover Restriction.

### **3.6 Conversion Procedure**

Viking will issue the Holder with a new holding statement for the Shares issued upon conversion of a Performance Share under paragraphs 3.1, 3.2 or 3.3 within 10 Business Days following the conversion.

### 3.7 Ranking upon conversion

A Share which is issued upon conversion of a Performance Share will rank pari passu in all respects with the existing Shares.

### 3.8 Secondary trading restrictions

- (a) Subject to paragraph (b), Viking must lodge with ASX a duly completed Cleansing Statement within 5 Business Days of issuing Shares upon conversion of a Performance Share under paragraphs 3.1, 3.2 or 3.3 (**Conversion Shares**).
- (b) If Viking is unable to issue a Cleansing Statement in relation to any Conversion Shares due to an inability to satisfy the conditions set out in section 708A(5) or (6) of the Corporations Act (including if the Shares having been suspended from trading on ASX for more than 5 trading days during the 12 months prior to an issue of Conversion Shares):
  - (i) Viking must, as soon as reasonably practicable, lodge with ASIC a prospectus prepared in accordance with Chapter 6D of the Corporations Act offering Shares (**Cleansing Prospectus**); and
  - (ii) Viking is not required to issue the Conversion Shares prior to the Cleansing Prospectus being lodged with ASIC unless the Holder elects, by notice in writing to Viking, to receive the Conversion Shares (**Issuance Election**), in which case:
    - A. the Holder undertakes not to sell or otherwise dispose of those Shares prior to lodgement of the Cleansing Prospectus with ASIC, otherwise than to a sophisticated investor or a professional investor under section 708(8), section 708(10) or section 708(11) of the Corporations Act; and
    - B. Viking is authorised to instruct its securities registry to place a holding lock on those Shares until the Cleansing Prospectus is lodged.
- (c) Unless the Holder has made an Issuance Election, Viking is not required to issue the Conversion Shares until the date that a Cleansing Prospectus is lodged with ASIC.
- (d) As an alternative to lodging a Cleansing Prospectus, Viking may, in its discretion, apply to ASIC for relief under section 741 of the Corporations Act to permit Viking to issue a Cleansing Statement (**Relief Application**) notwithstanding that it may not satisfy the requirements set out in section 708A(5) or (6) of the Corporations Act, in which case the Holder may make an Issuance Election provided that:
  - (i) the Holder undertakes not to sell or otherwise dispose of those Shares prior to ASIC granting the Relief Application and Viking issuing a Cleansing Statement, otherwise than to a sophisticated investor or a professional investor under section 708(8), section 708(10) or section 708(11) of the Corporations Act; and
  - (ii) Viking is authorised to instruct its securities registry to place a holding lock on those Shares until a Cleansing Statement or Cleansing Prospectus is lodged.

## 4. Amendments required by ASX

The terms of the Performance Shares may be amended as necessary by Viking board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if

applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

## **5. No Other Rights**

A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law or under the Constitution where such rights at law or under the Constitution cannot be excluded by these terms.

## **6. Governing law**

These terms and conditions and the rights and obligations of the Holder are governed by the laws of Western Australia. The Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia in this respect.



## Schedule 2

### TERMS OF CLASS B PERFORMANCE SHARES

#### 1. Definitions

In these terms and conditions:

**Argo Assets** means:

- (a) prospecting licence applications SPA1, SPA2 and SPA3, located in Reung Kiet, Thailand, held by Siam Industrial Metal Co, Ltd, and upon grant, the licences, permits or tenements granted in relation to the any of those prospecting licence applications;
- (b) Takbi Project, located in Phang Nga District, Thailand, held by Argo 1 Metals Group (Thailand) Co., Ltd;
- (c) Reung Kiet West Project, located in Phang Nga District, Thailand, held by Siam Industrial Metal Co, Ltd;
- (d) Reung Kiet North Project, held by Argo 2 Metals Group (Thailand) Co., Ltd;
- (e) any other mining licence applications, which are applied for by a subsidiary of Argo prior to Completion in relation to certain Reung Kiet area related targets which have been identified but are subject to stream sediment work;
- (f) any other mining licences, permits or tenements granted in lieu of or in relation to the same ground as, the assets described in (a) to (g) above; and
- (g) the rights of Argo to acquire from West Mandalay Exploration Pty Ltd, the right to earn management rights and substantial interests in the issued share capital (of up to 75%) in the subsidiaries of Thai Goldfields NL which own (directly or indirectly) or have interests in the Khao Soon Project by satisfying agreed expenditure commitments for the Khao Soon Project.

**ASX** means ASX Limited ACN 008 624 691, or the securities market operated by ASX Limited known as the Australian Securities Exchange, as the context requires.

**Business Day** means a day other than a Saturday, Sunday or public holiday or bank holiday in Perth, Western Australia.

**Cleansing Statement** means a written notice issued by the Company to ASX pursuant to section 708A(5) of the Corporations Act, meeting the requirements of section 708A(6) of the Corporations Act.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Cost Curve** means an industry accepted and published comparison of Project Costs for all Lithium or Tungsten (as applicable) mining projects worldwide excluding:

- (a) small-scale mining projects (which produce less than 1,000 tonnes per annum of Lithium or Tungsten concentrate); and
- (b) mining projects incorporating brine production.

**Khao Soon Option Deed** means the option deed described in Annexure 3 of the Share Sale and Purchase Agreement. [Refer to the definition of “KS Option Deed” in the Explanatory Statement]

**Expiry Date** means the 5<sup>th</sup> anniversary of the date on which the Class B Performance Shares are issued.

**Lithium** means  $\text{Li}_2\text{CO}_3$  product, acceptable to the Chinese Lithium market and being at least 99% pure.

**Minerals** has the meaning given to that term in the *Mining Act 1978* (WA).

**Project Costs** means the all in cash cost to produce one tonne of Lithium or Tungsten (as applicable) from a mining project.

**Share** means a fully paid ordinary share in Viking.

**Share Sale and Purchase Agreement** means the share sale and purchase agreement dated 17 November 2016 as amended, supplemented and restated by a deed of variation and restatement made between Argo Metals Group Limited, Viking Mines Limited and Paul David Lock and David John Hobby and dated 5 December 2016.

**Tungsten** means  $\text{WO}_3$ .

**Viking** means Viking Mines Limited ACN 126 200 280.

**30 day VWAP** means the volume weighted average price of Shares traded on ASX over the 30 day period up to and including the relevant date.

## **2. General Terms**

### **2.1 Performance Shares**

Each Class B Performance Share (**Performance Share**) is a share in the capital of Viking Mines Limited (**Company**).

### **2.2 General meetings**

Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of Viking that are circulated to the holders of fully paid ordinary shares in the capital of Viking (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

### **2.3 No voting rights**

A Performance Share does not entitle the Holder to vote on any resolutions proposed by Viking except as otherwise required by law.

### **2.4 No dividend rights**

A Performance Share does not entitle the Holder to any dividends.

### **2.5 No rights to return of capital**

A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

## **2.6 Rights on winding up**

A Performance Share does not entitle the Holder to participate in the surplus profits or assets of Viking upon winding up.

## **2.7 No transfers or encumbrances**

- (a) A Performance Share is not transferable.
- (b) A Holder must not grant or permit any security interest or other encumbrances over a Performance Share.

## **2.8 Reorganisation of capital**

If at any time the issued capital of Viking is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

## **2.9 Application to ASX**

The Performance Shares will not be quoted on ASX. However, if Viking is listed on ASX at the time of conversion of the Performance Shares into Shares, Viking must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.

## **2.10 New issues**

A Holder is not entitled to participate in any new issue to Shareholders of securities in the Company unless the Holder's Performance Shares have been converted into Shares and those Shares have been issued before the record date for determining entitlements to the new issue of securities and the Holder participates as a result of holding Shares.

## **2.11 Participation in entitlements and bonus issues**

A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

# **3. Conversion**

## **3.1 Milestones**

A Performance Share will convert into one Share upon the Completion, on or before the Expiry Date, of a pre-feasibility study for one or more of the Argo Assets, which includes a financial model for those Argo Assets that determines that the Project Costs for the Argo Assets are in the bottom 50% of the Cost Curve (**Milestone**).

## **3.2 Conversion on change of control**

Notwithstanding the Milestone has not been satisfied, upon the occurrence of either:

- (a) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of Viking having received acceptances for more than 50% of Viking's shares on issue and being declared unconditional by the bidder; or
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of Viking or its

amalgamation with any other company or companies(including under Part 5.1 of the Corporations Act),

**(Change of Control Event)** then:

- (c) subject to paragraph 3.2(e), all of the Performance Shares then on issue, up to the maximum number of Performance Shares that converts into a number of Shares not exceeding 10% of the Shares on issue immediately following conversion under this paragraph, will convert into an equivalent number of Shares;
- (d) the conversion will be completed on a pro rata basis for each Holder;
- (e) if Viking has other classes of performance shares on issue (**Other Performance Shares**) with rights of conversion that are of the same or substantially similar nature to paragraph 3.2(c) (**Trigger Events**):
  - (i) the total number of Shares that may be issued under paragraph 3.2(c), when aggregated with all Shares issued on conversion of Other Performance Shares due to a Trigger Event, must not exceed 10% of the Shares on issue immediately following conversion of the Performance Shares and Other Performance Shares; and
  - (ii) the number of Shares that will be issued under paragraph 3.2(c) will be calculated as follows:

$$\text{Number of Shares} = ( (A / B) \times 100 ) \times C$$

where:

A = the number of Performance Shares on issue as at the date of conversion;

B = the total number of Performance Shares and Other Performance Shares on issue as at the date of vesting; and

C = the number representing 10% of the Shares on issue immediately following conversion of the Performance Shares and Other Performance Shares due to the Trigger Event; and

- (iii) If an Argo Asset Sale occurs, any Performance Shares that are not converted into Shares under this paragraph 3.2 will continue to be held by their respective Holders on the same terms and conditions.

### 3.3 Sale of Argo Assets

- (a) Notwithstanding the Milestone has not been satisfied, in the event of any sale or disposal of all, or any of, the assets comprising the Argo Assets (**Argo Asset Sale**):
  - (i) if the consideration, received by the Company or a subsidiary, for the Argo Asset Sale is less than \$5 million, then the lesser of:
    - A. 50% of the Performance Shares; or
    - B. subject to paragraph 3.3(c), the maximum number of Performance Shares that converts into a number of Shares not exceeding 10% of the Shares on issue immediately following conversion under this paragraph,

will convert into an equivalent number of Shares on completion of the Argo Asset Sale;

- (ii) if the consideration, received by the Company or a subsidiary, for the Argo Asset Sale is between \$5 million and \$10 million, then the lesser of:

- A. 75% of the Performance Shares; or
- B. subject to paragraph 3.3(c), the maximum number of Performance Shares that converts into a number of Shares not exceeding 10% of the Shares on issue immediately following conversion under this paragraph,

will convert into an equivalent number of Shares on completion of the Argo Asset Sale; and

- (iii) if the consideration, received by the Company or a subsidiary, for the Argo Asset Sale is greater than \$10 million, then the lesser of:

- A. 100% of the Performance Shares; or
- B. subject to paragraph 3.3(c), the maximum number of Performance Shares that converts into a number of Shares not exceeding 10% of the Shares on issue immediately following conversion under this paragraph,

will convert into an equivalent number of Shares on completion of the Argo Asset Sale.

- (b) A conversion of Performance Shares under paragraph 3.3(a) will be completed on a pro rata basis for each Holder;

- (c) If Viking has other classes of performance shares on issue (**Other Performance Shares**) with rights of conversion that are of the same or substantially similar nature to paragraph 3.3(a) (**Trigger Events**):

- (i) the total number of Shares that may be issued under paragraphs 3.3(a)(i), (ii) or (iii), when aggregated with all Shares issued on conversion of Other Performance Shares due to a Trigger Event, must not exceed 10% of the Shares on issue immediately following conversion of the Performance Shares and Other Performance Shares; and
- (ii) the maximum number of Shares that will be issued under paragraph under paragraphs 3.3(a)(i), (ii) or (iii) will be calculated as follows:

$$\text{Number of Shares} = (A / B) \times 100 \times C$$

where:

A = the number of Performance Shares on issue as at the date of conversion;

B = the total number of Performance Shares and Other Performance Shares on issue as at the date of vesting; and

C = the number representing 10% of the Shares on issue immediately following conversion of the Performance Shares and Other Performance Shares due to the Trigger Event; and

- (d) If an Argo Asset Sale occurs, any Performance Shares that are not converted into Shares under this paragraph 3.3 will continue to be held by their respective Holders on the same terms and conditions.

### **3.4 Conversion after expiry date**

If the Milestone has not been satisfied by 5:00pm on the Expiry Date, the Performance Shares will be cancelled.

### **3.5 Deferral of conversion**

If the conversion of any Performance Shares (or any part thereof) under paragraphs 3.1, 3.2 or 3.3 would result in any person being in contravention of section 606(1) of the Corporations Act (**Takeover Restriction**) then:

- (a) The conversion of those Performance Shares (or any part thereof) under paragraphs 3.1, 3.2 or 3.3 will be deferred until such later time or times that the conversion would not result in a contravention of the Takeover Restriction.
- (b) A Holder shall give written notification to Viking if they consider that the conversion of those Performance Shares (or any part thereof) under paragraphs 3.1, 3.2 or 3.3 may result in the contravention of the Takeover Restriction, failing which Viking may assume the conversion of those Performance Shares will not result in any person being in contravention of the Takeover Restriction.
- (c) Viking may (but is not obliged to) by written notice to a Holder, request a Holder to provide the written notice referred to in paragraph 3.4(b) within 7 days if Viking considers that the conversion of those Performance Shares (or any part thereof) under paragraphs 3.1, 3.2 or 3.3 may result in a contravention of the Takeover Restriction. If the Holder does not give notification to Viking within 7 days that they consider the conversion of the Performance Shares (or part thereof) may result in the contravention of the Takeover Restriction, then Viking may assume that the conversion of those Performance Shares (or part thereof) will not result in any person being in contravention of the Takeover Restriction.

### **3.6 Conversion Procedure**

Viking will issue the Holder with a new holding statement for the Shares issued upon conversion of a Performance Share under paragraphs 3.1, 3.2 or 3.3 within 10 Business Days following the conversion.

### **3.7 Ranking upon conversion**

A Share which is issued upon conversion of a Performance Share will rank pari passu in all respects with the existing Shares.

### **3.8 Secondary trading restrictions**

- (a) Subject to paragraph (b), Viking must lodge with ASX a duly completed Cleansing Statement within 5 Business Days of issuing Shares upon conversion of a Performance Share under paragraphs 3.1, 3.2 or 3.3 (**Conversion Shares**).
- (b) If Viking is unable to issue a Cleansing Statement in relation to any Conversion Shares due to an inability to satisfy the conditions set out in section 708A(5) or (6) of the Corporations Act (including if the Shares having been suspended from trading on ASX for more than 5 trading days during the 12 months prior to an issue of Conversion Shares):

- (i) Viking must, as soon as reasonably practicable, lodge with ASIC a prospectus prepared in accordance with Chapter 6D of the Corporations Act offering Shares (**Cleansing Prospectus**); and
- (ii) Viking is not required to issue the Conversion Shares prior to the Cleansing Prospectus being lodged with ASIC unless the Holder elects, by notice in writing to Viking, to receive the Conversion Shares (**Issuance Election**), in which case:
  - A. the Holder undertakes not to sell or otherwise dispose of those Shares prior to lodgement of the Cleansing Prospectus with ASIC, otherwise than to a sophisticated investor or a professional investor under section 708(8), section 708(10) or section 708(11) of the Corporations Act; and
  - B. Viking is authorised to instruct its securities registry to place a holding lock on those Shares until the Cleansing Prospectus is lodged.
- (c) Unless the Holder has made an Issuance Election, Viking is not required to issue the Conversion Shares until the date that a Cleansing Prospectus is lodged with ASIC.
- (d) As an alternative to lodging a Cleansing Prospectus, Viking may, in its discretion, apply to ASIC for relief under section 741 of the Corporations Act to permit Viking to issue a Cleansing Statement (**Relief Application**) notwithstanding that it may not satisfy the requirements set out in section 708A(5) or (6) of the Corporations Act, in which case the Holder may make an Issuance Election provided that:
  - (i) the Holder undertakes not to sell or otherwise dispose of those Shares prior to ASIC granting the Relief Application and Viking issuing a Cleansing Statement, otherwise than to a sophisticated investor or a professional investor under section 708(8), section 708(10) or section 708(11) of the Corporations Act; and
  - (ii) Viking is authorised to instruct its securities registry to place a holding lock on those Shares until a Cleansing Statement or Cleansing Prospectus is lodged.

#### 4. Amendments required by ASX

The terms of the Performance Shares may be amended as necessary by Viking board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

#### 5. No Other Rights

A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law or under the Constitution where such rights at law or under the Constitution cannot be excluded by these terms.

#### 6. Governing law

These terms and conditions and the rights and obligations of the Holder are governed by the laws of Western Australia. The Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia in this respect.



## Schedule 3

### TERMS OF CONSIDERATION OPTIONS

#### 1. Definitions

In these terms and conditions:

**Argo Assets** means:

- (a) prospecting licence applications SPA1, SPA2 and SPA3, located in Reung Kiet, Thailand, held by Siam Industrial Metal Co, Ltd, and upon grant, the licences, permits or tenements granted in relation to the any of those prospecting licence applications;
- (b) Takbi Project, located in Phang Nga District, Thailand, held by Argo 1 Metals Group (Thailand) Co., Ltd;
- (c) Reung Kiet West Project, located in Phang Nga District, Thailand, held by Siam Industrial Metal Co, Ltd;
- (d) Reung Kiet North Project, held by Argo 2 Metals Group (Thailand) Co., Ltd;
- (e) any other mining licence applications, which are applied for by a subsidiary of Argo prior to Completion in relation to certain Reung Kiet area related targets which have been identified but are subject to stream sediment work;
- (f) any other mining licences, permits or tenements granted in lieu of or in relation to the same ground as, the assets described in (a) to (g) above; and
- (g) the rights of Argo to acquire from West Mandalay Exploration Pty Ltd, the right to earn management rights and substantial interests in the issued share capital (of up to 75%) in the subsidiaries of Thai Goldfields NL which own (directly or indirectly) or have interests in the Khao Soon Project by satisfying agreed expenditure commitments for the Khao Soon Project.

**Constitution** means the constitution of the Company.

**Cost Curve** means an industry accepted and published comparison of Project Costs for all Lithium or Tungsten (as applicable) mining projects worldwide excluding:

- (a) small-scale mining projects (which produce less than 1,000 tonnes per annual of Lithium or Tungsten concentrate); and
- (b) mining projects incorporating brine production.

**Exercise Date** means the date an exercise notice is received by Viking in accordance with paragraph 2.2(d).

**Expiry Date** has the meaning given in paragraph 2.2(b) of these terms.

**Khao Soon Option Deed** means the option deed described in Annexure 3 of the Share Sale and Purchase Agreement. [Refer to the definition of “KS Option Deed” in the Explanatory Statement]

**Lithium** means  $\text{Li}_2\text{CO}_3$  product, acceptable to the Chinese Lithium market and being at least 99% pure.

**Milestone** means the completion, on or before the Milestone End Date, of a positive definitive feasibility study for one or more of the Argo Assets, which includes a financial model for those Argo Assets that determines that the Project Costs for the Argo Assets are in the bottom 50% of the Cost Curve.

**Milestone End Date** means the 5<sup>th</sup> anniversary of the date on which the Consideration Options are issued..

**Minerals** has the meaning given to that term in the *Mining Act 1978* (WA).

**Project Costs** means the all in cash cost to produce one tonne of Lithium or Tungsten (as applicable) from a mining project.

**Share** means a fully paid ordinary share in Viking.

**Share Sale and Purchase Agreement** means the share sale and purchase agreement dated 17 November 2016 as amended, supplemented and restated by a deed of variation and restatement made between Argo Metals Group Limited, Viking Mines Limited and Paul David Lock and David John Hobby and dated 5 December 2016..

**Tungsten** means WO<sub>3</sub>.

**Vesting Date** has the meaning given in paragraph 2.3 of these terms.

**Viking** means Viking Mines Limited ACN 126 200 280.

**30 day VWAP** means the volume weighted average price of Shares over the 30 day period up to and including the relevant date.

## **2. General terms**

### **2.1 Consideration Options**

- (a) Each Consideration Option entitles the holder (**Option Holder**) to subscribe for one Share.
- (b) No amount is payable on grant of the Consideration Options.
- (c) No certificate will be issued for the Consideration Options.
- (d) The Consideration Options will not be listed for quotation on any stock exchange including the ASX.
- (e) Viking will apply for official quotation of all Shares allotted pursuant to an exercise of the Consideration Options in accordance with the listing rules of ASX.
- (f) The Consideration Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Consideration Options.
- (g) There will be no participating entitlements inherent in the Consideration Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Consideration Option. If Viking is admitted to the ASX, Option Holders will be notified by Viking prior to any new pro-rata issue of securities to Shareholders in accordance with the listing rules of ASX.
- (h) In the event of a bonus issue of securities, the number of Shares over which the Consideration Options are exercisable may be increased by the number of Shares that the Option Holders would have received if the Consideration Options had been exercised before the record date for the bonus issue.

- (i) In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of Viking prior to the Expiry Date, all rights of a Option Holder are to be changed in a manner consistent with the listing rules of ASX.
- (j) There is no right to a change in the exercise price of the Consideration Options or to the number of Shares over which the Consideration Options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro-rata issue) during the currency of the Consideration Options.
- (k) Viking will notify each Option Holder and, if required by the listing rules of ASX, within one month after the record date for a bonus issue or a pro rata issue of the adjustment to the number of Shares over which a Consideration Option exists.

## 2.2 Exercise

- (a) The exercise price of the Consideration Options will be a 20% discount to the 30 day VWAP at the Vesting Date (**Exercise Price**) and will be payable in full on exercise.
- (b) Each Consideration Option which has vested may be exercised at any time before 5.00pm Perth, Western Australia local time on date which is the earlier of:
  - (i) the second anniversary of the Vesting Date; and
  - (ii) the Milestone End Date,**(Expiry Date)**.
- (c) Consideration Options may only be exercised if they have vested in accordance with the vesting conditions in paragraph 2.3 of these terms.
- (d) Consideration Options are exercisable by the delivery to Viking at its principal office a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Consideration Options held by the Option Holder and a cheque made payable to Viking for the subscription price for the exercise of the specified Consideration Options. An exercise of only some of the Consideration Options will not affect the rights of the Option Holder to the balance of the Consideration Options held by him.
- (e) Consideration Options will be deemed to have been exercised on Exercise Date.
- (f) Viking will allot the resultant Shares and deliver the holding statement within five business days after the Exercise Date.
- (g) Shares allotted pursuant to an exercise of Consideration Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of Viking. For the avoidance of doubt, subject to the application of the listing rules of ASX, all Shares allotted pursuant to an exercise of Consideration Options will be transferrable.

## 2.3 Vesting

The Consideration Options will vest on the date that the Milestone is satisfied (**Vesting Date**).

## 2.4 Change of control

Notwithstanding the Milestone has not been satisfied, upon the occurrence of either:

- (a) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

**(Change of Control Event)** all of the Consideration Options will immediately vest.

## **2.5 Deferral of vesting**

If the vesting of any Consideration Options (or any part thereof) under paragraphs 2.3 or 2.4 would result in any person being in contravention of section 606(1) of the Corporations Act (**Takeover Restriction**) then:

- (a) The vesting of those Consideration Options (or any part thereof) under paragraphs 2.3 or 2.4 will be deferred until such later time or times that the vesting would not result in a contravention of the Takeover Restriction.
- (b) A Holder shall give written notification to Viking if they consider that the vesting of those Consideration Options (or any part thereof) under paragraphs 2.3 or 2.4 may result in the contravention of the Takeover Restriction, failing which Viking may assume the vesting of those Consideration Options will not result in any person being in contravention of the Takeover Restriction.
- (c) Viking may (but is not obliged to) by written notice to a Holder, request a Holder to provide the written notice referred to in paragraph 2.5(b) within 7 days if Viking considers that the vesting of those Consideration Options (or any part thereof) under paragraphs 2.3 or 2.4 may result in a contravention of the Takeover Restriction. If the Holder does not give notification to Viking within 7 days that they consider the vesting of the Consideration Options (or part thereof) may result in the contravention of the Takeover Restriction, then Viking may assume that the vesting of those Consideration Options (or part thereof) will not result in any person being in contravention of the Takeover Restriction.

## **2.6 Lapsing of Consideration Option**

The Consideration Options will lapse on the earlier to occur of:

- (a) the Milestone not being satisfied on or before the Milestone End Date; and
- (b) the Expiry Date.

## **2.7 Dealing with Consideration Options**

- (a) An Option Holder may not, except with the approval of the Board (in its sole and absolute discretion), sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Consideration Options. The approval of the Board may be given subject to satisfaction of certain conditions in which event such approval will be deemed not to occur until any such conditions have been satisfied, including without limitation a covenant with Viking pursuant to which the proposed new holder acknowledges and agrees to be bound by these terms of Consideration Options.
- (b) An instrument of transfer of a Consideration Option must be:
  - (i) in writing;

- (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
  - (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by Viking, the transferee; and
  - (iv) delivered to Viking, at the place where Viking's register of Option Holders is kept, together with the certificate (if any) of the Consideration Options to be transferred and any other evidence as the Directors require to prove the title of the transferor to those Consideration Options, the right of the transferor to transfer those Consideration Options and the proper execution of the instrument of transfer.
- (c) Consideration Options are exercisable by the delivery to the registered office of Viking of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Consideration Options held by the Option Holder accompanied by a Consideration Option certificate and a cheque made payable to Viking for the subscription price for the exercise of the specified Consideration Options. An exercise of only some of the Consideration Options will not affect the rights of the Option Holder to the balance of the Consideration Options held by him.
- (d) Viking will allot the resultant Shares and deliver the holding statement within five business days after the exercise of the Consideration Option.
- (e) Shares allotted pursuant to an exercise of Consideration Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of Viking. For the avoidance of doubt, subject to the application of the listing rules of ASX, all Shares allotted pursuant to an exercise of Consideration Options will be transferrable.
- (f) These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the jurisdiction of the courts of Western Australia.

### **3. Amendments required by ASX**

The terms of the Consideration Option may be amended as necessary by Viking board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Option Holder are not diminished or terminated.

### **4. No Other Rights**

A Consideration Option gives the Option Holder no rights other than those expressly provided by these terms and those provided at law or under the Constitution where such rights at law or under the Constitution cannot be excluded by these terms.

### **5. Governing law**

These terms and conditions and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia in this respect.

## Schedule 4

### TERMS OF ADVISER OPTIONS

The Adviser Options entitle the holder (**Optionholder**) to subscribe for fully paid ordinary shares in the capital of the Company on the following terms and conditions:

- (a) Subject to paragraph (k), each Option gives the Optionholder the right to subscribe for one fully paid ordinary share in the capital of the Company (**Share**).
- (b) The Options will expire at 5.00pm (WST) on 30 June 2020 (**Expiry Date**). Any Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.046 (**Exercise Price**).
- (d) The Options held by the Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,**(Exercise Notice)**.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 3 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of the Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 3 Business Days after the date of issue of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent to the Options and the Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining the entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (m) Subject to paragraph (k), an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.



## **PROXY AND VOTING ENTITLEMENT INSTRUCTIONS**

### **PROXY INSTRUCTIONS**

Shareholders are entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company Secretary's office, **Suite 2, 47 Havelock Street, West Perth WA 6005, +61 8 9324 2977**, not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual or body corporate named in the proxy form proposes to vote.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a Shareholder of the Company.

In the case of Shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

### **VOTING ENTITLEMENT**

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 5.00pm (WST) on Friday, 31 March 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

**VIKING MINES LIMITED**  
**ACN 126 200 280**

**PROXY FORM**

The Company Secretary

Viking Mines Limited, Suite 2, 47 Havelock Street, West Perth WA 6005,

Facsimile +61 8 9324 2977

I/We \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/(s) of Viking Mines Limited ("**Company**") and entitled to

\_\_\_\_\_ Shares in the Company

hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her/it \_\_\_\_\_

of \_\_\_\_\_

or failing him/her/it the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Suite 2, 47 Havelock Street, West Perth, Western Australia at 11.00am (WST) on Tuesday, 4 April 2017 and at any adjournment thereof in respect of \_\_\_\_\_ of my/our Shares or, failing any number being specified, **ALL** of my/our Shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [     ]%.  
(An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his/her/its discretion.

In relation to undirected proxies, the Chairman intends to vote in favour of all of the Resolutions.

I/we direct my/our proxy to vote as indicated overleaf:

## INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

		In favour	Against	Abstain*
Resolution 1	Approve a change in scale of the Company’s activities			
Resolution 2	Approval to create Class A Performance Shares			
Resolution 3	Approval to create Class B Performance Shares			
Resolution 4	Approval to issue to Completion Shares to Vendors			
Resolution 5	Approval to issue Class A Performance Shares to Vendors			
Resolution 6	Approval to issue Class B Performance Shares to Vendors			
Resolution 7	Approval to issue Consideration Options to Vendors			
Resolution 8	Ratify past placement			
Resolution 9	Approval to issue Advisor Options			

As witness my/our hand/s this                      day of                      2017

**If a company:**

SIGNED by \_\_\_\_\_ ) EXECUTED by \_\_\_\_\_ )  
 ) in accordance with its )  
 ) constitution )

Director

Director/Secretary

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Name (Printed)

---

Name (Printed)

---

Name (Printed)

**If by power of attorney:**

SIGNED for and on behalf of \_\_\_\_\_ )  
by \_\_\_\_\_ )  
under a Power of Attorney dated \_\_\_\_\_ )  
and who declares that he/she has not received any \_\_\_\_\_ )  
revocation of such Power of Attorney in the presence of : \_\_\_\_\_ )

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Signature of Witness

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Signature of Witness