

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Magnis Resources Limited ("MNS")

ACN/ARSN ACN 115 111 763

1. Details of substantial holder (1)

Name

- AL Capital Holding Pty Ltd (ACN 613 750 682) as trustee for the AL Capital No 1 Unit Trust; and
- Yunhui Lin,

(each a **"Substantial Holder"** and together the **"Substantial Holders"**)

ACN/ARSN (if applicable) _____

The holder became a substantial holder on 25/09/2018

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully Paid Ordinary Shares in MNS (" MNS Shares ")	33,239,434	33,239,434	5.45% (based on 610,385,996 MNS Shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
AL Capital Holding Pty Ltd (ACN 613 750 682) as trustee for the AL Capital No 1 Unit Trust	Relevant interest arises under section 608(1)(a) of the <i>Corporations Act 2001</i> (Cth) (" Corporations Act ") as AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust is the registered holder of the MNS Shares.	33,239,434 MNS Shares
Yunhui Lin	Relevant interest arises under section 608(3) of the <i>Corporations Act</i> as Yunhui Lin controls, and owns 100% of the issued shares in, AL Capital Holding Pty Ltd.	33,239,434 MNS Shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Each Substantial Holder	AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust	AL Capital Holding Unit Trust, as sole unitholder of AL Capital No 1 Unit Trust.	33,239,434 MNS Shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust	04/09/2018, by way of issue of MNS Shares pursuant to a Subscription Agreement dated 03/09/2018, a copy of which is attached as Annexure A.	A\$11,100,000	30,000,000 MNS Shares
Yunhui Lin	04/09/2018	Nil – deemed relevant interest	30,000,000 MNS Shares
AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust	20/09/2018 via on-market acquisitions	A\$66,999.66	200,000 MNS Shares
Yunhui Lin	20/09/2018	Nil – deemed relevant interest	200,000 MNS Shares
AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust	21/09/2018 via on-market acquisitions	A\$96,478.86	289,434 MNS Shares
Yunhui Lin	21/09/2018	Nil – deemed relevant interest	289,434 MNS Shares
AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust	25/09/2018 via on-market acquisitions	A\$303,084.25	934,778 MNS Shares
Yunhui Lin	25/09/2018	Nil – deemed relevant interest	934,778 MNS Shares
AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust	26/09/2018 via on-market acquisitions	A\$585,920.75	1,815,222 MNS Shares
Yunhui Lin	26/09/2018	Nil – deemed relevant interest	1,815,222 MNS Shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Each Substantial Holder	Level 47, Tower 1, 100 Barangaroo Avenue, Barangaroo, NSW 2000

Signature

Signed on behalf of the Substantial Holders

print name Wayne Mo

capacity Authorised signatory

sign here

date 28/09/2018




DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure "A" of 22 pages (including this page) referred to in the accompanying Form 603.

	Signed on behalf of the Substantial Holders		
print name	Wayne Mo	capacity	Authorised signatory
sign here		date	28/09/2018

AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust
and
Magnis Resources Limited

Subscription Agreement

The Allens contact for this document is Jeremy Low

Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000 Australia
T +61 2 9230 4000
F +61 2 9230 5333
www.allens.com.au

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This Agreement is made on 3 September 2018

Parties

- 1 **AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust** (ACN 613 750 682) of Level 47, Tower 1, 100 Barangaroo Avenue, Barangaroo, NSW 2000 (the **Subscriber**).
- 2 **Magnis Resources Limited** (ABN 26 115 111 763) of Suite 9.03, Level 9, Aurora Place, 88 Phillip Street, Sydney, NSW 2000 (the **Company**).

Recitals

- A. The Company has agreed to issue the Subscription Shares to the Subscriber, and the Subscriber has agreed to subscribe for the Subscription Shares, on the terms and conditions of this agreement.

It is agreed as follows.

1 Definitions and interpretation

1.1 Agreement components

This agreement includes any schedule.

1.2 Definitions

The meanings of the terms used in this document are set out below.

ASX means ASX Limited (ACN 008 624 691).

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

Authorisation includes:

- (a) any consent, registration, filing, agreement, notice of non-objection, notarisation, certificate, licence, approval, permit, authority or exemption from, by or with a Government Agency; and
- (b) in relation to anything that a Government Agency may prohibit or restrict within a specific period, the expiry of that period without intervention or action or notice of intended intervention or action.

Board means the board of directors of the Company from time to time.

Business Day means a day on which banks are open for business in Sydney, New South Wales excluding a Saturday, Sunday or public holiday.

Company Group means the Company and each of its Subsidiaries.

Company Warranties means the representations and warranties set out in Schedule 1.

Completion occurs on the Completion Date.

Completion Date means the next Business Day following the date of this agreement.

Constitution means the constitution of the Company as amended or varied from time to time.

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

Disclosure Materials means (i) all the documentation and other information which was produced in the virtual data room established by the Company, to which the Subscriber and its advisers have had access and (ii) the written responses by the Company (including attached documents) to the due diligence questions raised by the Subscriber, as evidenced by the USB initialised by the

Company and the Subscriber, or their advisers on their behalf, for the purpose of identification on or about the date of this agreement.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Governmental Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.

Encumbrance means any interest or power:

- (a) reserved in or over any interest in any asset including, but not limited to, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for payment of a debt, any other monetary obligation or the performance of any other obligation, or any trust or any retention of title and includes, but is not limited to, any agreement to grant or create any of the above.

Government Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

GST means goods and services Tax or similar value added Tax levied or imposed in Australia under the GST Law or otherwise on a supply.

GST Law has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Immediately Available Funds means payment by bank cheque or electronic funds transfer into an account nominated by the Company.

Official List means the official list of ASX as defined in the ASX Listing Rules as amended from time to time.

Related Body Corporate the meaning given to that term in the Corporations Act.

Subsidiary the meaning given to that term in the Corporations Act.

Share means an ordinary share in the capital of the Company.

Subscriber Warranties means the representations and warranties set out in Schedule 2.

Subscription Shares means 30,000,000 Shares in the capital of the Company.

Subscription Price means \$11,100,000, being \$0.37 per Subscription Share.

Prospectus refers to the prospectus that the Company issued on ASX on 13 February 2018.

Tax means any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Governmental Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above.

Warranties means the Company Warranties and the Subscriber Warranties.

1.3 Interpretation

In this agreement:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this agreement;
- (b) the singular includes the plural and the plural includes the singular;

- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning;
- (e) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this agreement and a reference to this agreement includes any schedule, attachment and exhibit;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assignees;
- (j) a promise on the part of 2 or more persons binds them jointly and severally;
- (k) a reference to an agreement other than this agreement includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;
- (l) a reference to liquidation or insolvency includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death;
- (m) no provision of this agreement will be construed adversely to a party because that party was responsible for the preparation of this agreement or that provision;
- (n) a reference to a body, other than a party to this agreement (including an institute, association or authority), whether statutory or not:
 - (i) that ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body that replaces it or that substantially succeeds to its powers or functions;
- (o) a reference to any thing (including, but not limited to, any right) includes a part of that thing but nothing in this clause 1.3(o) implies that performance of part of an obligation constitutes performance of the obligation;
- (p) if an act prescribed under this agreement to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (q) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (r) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (s) a reference to \$ is to Australian currency; and
- (t) a reference to time is a reference to Sydney, New South Wales time.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.5 Inclusive expressions

Specifying anything in this agreement after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included.

2 Subscription and issue of Subscription Shares**2.1 Subscription**

On the Completion Date, the Company must issue, and the Subscriber must subscribe for, the Subscription Shares for the Subscription Price.

2.2 Constitution

The Subscriber agrees to be bound by the Constitution once it owns Subscription Shares.

2.3 Rights and ranking

All Subscription Shares issued to the Subscriber will:

- (a) be issued as fully paid;
- (b) be free of Encumbrances; and
- (c) rank equally in all respects with the other Shares on issue in the capital of the Company as at the Completion Date.

3 Completion**3.1 Time for Completion**

Completion must take place on the Completion Date at the Subscriber's office, or such other time, day or place that the parties agree.

3.2 Subscription for Subscription Shares

On Completion, the Subscriber must:

- (a) **(Subscription)** subscribe for and accept the issue of the Subscription Shares by means of an application substantially in the form in Schedule 3; and
- (b) **(Subscription Price)** pay to the Company the Subscription Price in Immediately Available Funds in a form nominated by the Company.

3.3 Issue of Subscription Shares

On Completion, the Company must:

- (a) **(Share issue)** issue or procure the issue of the Subscription Shares to the Subscriber free from any Encumbrance or other third party rights; and
- (b) **(Documentation)** provide an allotment confirmation statement in respect of the Subscription Shares (with a holding statement in respect of the Subscription Shares to be provided following Completion).

3.4 Completion simultaneous

The actions to take place at Completion as contemplated by this clause 3 are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:

- (a) there is no obligation on any party to undertake or perform any of the other actions; and
- (b) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions.

4 Company obligations

4.1 ASX Quotation

As soon as practicable, and in any event within 5 Business Days following the Completion, the Company must apply to ASX for official quotation of the Subscription Shares.

4.2 Appointment of director

- (a) Following the Completion and for so long as the Subscriber holds at least 4% of the total number of Shares on issue, the Subscriber will have the right (**Director Nomination Right**) at any time to,
 - (i) nominate one person to be appointed as a director of the Company; and
 - (ii) where the Subscriber's nominee has been removed or has resigned as a director of the Company, nominate any replacement of the above as a director of the Company,
(each a **Subscriber Nominee**).
- (b) The Subscriber may exercise its Director Nomination Right by providing notice in writing to the Company setting out the name of the Subscriber Nominee. The notice must include a consent to act as a director of the Company signed by the Subscriber Nominee in accordance with the requirements of the Corporations Act.
- (c) Upon receiving a notice under clause 4.2(b), the Company must take all reasonable actions within its control to cause the Subscriber Nominee to be appointed or re-appointed as a director of the Company (including by supporting and recommending the appointment or re-appointment of the Subscriber Nominee) as soon as practicable and by no later than 20 Business Days after the notice is received.
- (d) The Subscriber agrees that the obligations of the Company in clauses 4.2(c) and 4.2(e) are subject to the Board concluding that the Subscriber Nominee is of good character and repute and has the appropriate commercial and professional experience to fulfil the role and that such person otherwise satisfies any ASX Listing Rule requirements. The Subscriber will discuss and consult reasonably on the identity of the Subscriber Nominee (and any replacement director) with the Board.
- (e) If requested by the Subscriber, the Company will take all necessary steps to ensure that a resolution will be put to shareholders at the next annual general meeting of the Company which occurs after a notification is received to elect the Subscriber Nominee as a director of the Company.
- (f) The Subscriber must procure that any director of the Company nominated by the Subscriber under this clause resigns promptly if it ceases to have a Director Nomination Right and the Company makes such request in writing.

- (g) The Company agrees that D&O insurance and all other arrangements of support, other than director fees, provided by the Company to all its directors in their capacity as director (including by way of deeds of indemnity and access or similar) are no more or less favourable with those provided for the other directors and will be provided by the Company for the Subscriber Nominee at the Company's expense (including any relevant insurance premiums).
- (h) The Subscriber agrees that its Subscriber Nominee must adhere to any protocols or other requirements of the Company and/or the Board.

4.3 Re-election of Subscriber Nominee

The Subscriber Nominee will be subject to re-election as required by the ASX Listing Rules or the Constitution and the Company will use reasonable endeavours to encourage shareholders to support any such re-election subject to the Subscriber having a Director Nomination Right.

4.4 Prospectus

The Company undertakes to lodge with ASIC and ASX on the date of this Agreement, a supplementary or replacement prospectus in accordance with section 719 of the Corporations Act in relation to the Prospectus to extend the closing date for the offer of Shares under the Prospectus to 30 September 2018.

5 Warranties

5.1 Company Warranties

The Company gives the Company Warranties to and for the benefit of the Subscriber, subject to clause 5.4.

5.2 Subscriber Warranties

The Subscriber gives the Subscriber Warranties to and for the benefit of the Company.

5.3 Repetition warranties

The Warranties given by the Company and the Subscriber:

- (a) are given in respect of each Warranty which is expressed to be given on a particular date, on that date; and
- (b) are given in respect of each other Warranty, on the date of this agreement and immediately before the Completion;
- (c) survive the execution and completion of this agreement; and
- (d) are separate and independent and not limited by reference to any other Warranty or any notice or waiver given by any party in connection with anything in this agreement.

5.4 Qualifications to Company Warranties

The Subscriber acknowledges and agrees that the Company has disclosed or is deemed to have disclosed against the Company Warranties, and the Subscriber is aware of, will be treated as having actual knowledge of, all facts, matters and circumstances that:

- (a) are provided for or described in this agreement;
- (b) are fully and fairly disclosed in the Disclosure Materials;
- (c) are contained in any announcement or filing published on the website of the ASX; or

- (d) are available by public searches or inspection of the following public records in relation to the Company Group at least 2 Business Days prior to the date of this agreement:
 - (i) the company registers maintained by ASIC;
 - (ii) the 'register' as defined in the Personal Property Securities Act 2009 (Cth);
 - (iii) trade marks, patents and design rights registers maintained by IP Australia; and
 - (iv) public records maintained by the High Court, the Federal Court and Supreme Courts in every State and Territory in Australia.

For the purposes of this clause, a fact, matter or circumstance is 'fully and fairly disclosed' if sufficient information has been disclosed in the Disclosure Materials such that a sophisticated investor, experienced in transactions as contemplated by this agreement, undertaking reasonable due diligence inquiries in the circumstances and taking advice from financial, legal and tax advisers experienced in such transactions should be aware of the substance and significance of the information.

6 Confidentiality and announcements

6.1 Confidentiality

Each party (**recipient**) must keep secret and confidential, and must not divulge or disclose any information relating to another party or its business (which is disclosed to the recipient by the other party, its representatives or advisers), this agreement other than to the extent that:

- (a) the information is in the public domain as at the date of this agreement (or subsequently becomes in the public domain other than by breach of any obligation of confidentiality binding on the recipient);
- (b) the recipient is required to disclose the information by applicable law or the rules of any recognised stock exchange on which its shares or the shares of any of its Related Bodies Corporate are listed or proposed to be listed;
- (c) the disclosure is made by the recipient to its financiers or lawyers, accountants, investment bankers, consultants or other professional advisers to the extent necessary to enable the recipient to properly perform its obligations under this agreement or to conduct their business generally, in which case the recipient must ensure that such persons keep the information secret and confidential and do not divulge or disclose the information to any other person;
- (d) the disclosure is required for use in legal proceedings regarding this agreement; or
- (e) the party to whom the information relates has consented in writing before the disclosure.

6.2 Extent of obligation

Each recipient must ensure that its directors, officers, employees, agents, representatives, financiers, advisers and Related Bodies Corporate comply in all respects with the recipient's obligations under clause 6.1.

6.3 No Public Announcements

Neither party will make any public announcements or statements to the media in relation to this agreement or its subject matter (other than any announcements or statements required to be made by applicable law or the rules of any recognised stock exchange on which its shares or the shares of any of its Related Bodies Corporate are listed or proposed to be listed) except in accordance with the earlier written approval of the other, which approval will not be unreasonably withheld or delayed.

7 Duty, costs and expenses**7.1 Duties**

The Subscriber must pay all Duty in respect of the execution, delivery and performance of this agreement and any agreement, transaction or document entered into or signed under this agreement.

7.2 Costs and expenses

- (a) Unless otherwise provided for in this agreement, each party must pay its own costs and expenses in respect of the negotiation, preparation, execution, delivery and registration of this agreement and any other agreement or document entered into or signed under this agreement.
- (b) Any action to be taken by the Subscriber or the Company in performing their obligations under this agreement must be taken at their own cost and expense unless otherwise provided in this agreement.

8 GST**8.1 Definitions**

Words used in this clause 8 that have a defined meaning in the GST Law, have the same meaning as in the GST Law unless the context indicates otherwise.

8.2 GST

- (a) Unless expressly included, the consideration for any supply under or in connection with this agreement does not include GST.
- (b) To the extent that any supply made under or in connection with this agreement is a taxable supply (other than any supply made under another agreement that contains a specific provision dealing with GST), the recipient must pay, in addition to the consideration provided under this agreement for that supply (unless it expressly includes GST) an amount (additional amount) equal to the amount of that consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. The recipient must pay the additional amount at the same time as the consideration to which it is referable.
- (c) Whenever an adjustment event occurs in relation to any taxable supply to which clauses 8.2(a) and 8.2(b) applies:
 - (i) the supplier must determine the amount of the GST component of the consideration payable; and
 - (ii) if the GST component of that consideration differs from the amount previously paid, the amount of the difference must be paid by, refunded to or credited to the recipient, as applicable.

8.3 Tax invoices

The supplier must issue a Tax invoice to the recipient of a supply to which clause 8.2 applies no later than 7 days following payment of the GST inclusive consideration for that supply under that clause.

8.4 Reimbursements

If either party is entitled under this agreement to be reimbursed or indemnified by the other party for a cost or expense incurred in connection with this agreement, the reimbursement or indemnity

payment must not include any GST component of the cost or expense to the extent that the cost or expense is the consideration for a creditable acquisition made by the party being reimbursed or indemnified, or by its representative member.

9 Notices

9.1 How and where Notices may be sent

A notice or other communication under this agreement (**Notice**) must be:

- (a) in writing and in English;
- (b) addressed in accordance with the details nominated below or as otherwise specified by a party by Notice; and
- (c) delivered by hand or sent by pre-paid post or email.

Company Magnis Resources Limited

Address Suite 9.03, Level 9, Aurora Place, 88 Phillip Street, Sydney, NSW 2000

Attention Doug Richardson (Company Secretary)

Email doug.richardson@magnis.com.au

Subscriber AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust

Address Level 47, Tower 1, 100 Barangaroo Avenue, Barangaroo, NSW 2000

Attention Wayne Mo (Chief Executive Officer) and Leonard Blundell (General Counsel)

Email wayne.mo@alcapital.com.au and leonard.blundell@aqualand.com.au

9.2 When Notices are taken to have been given and received

- (a) A Notice delivered by hand is regarded as given at the time of delivery.
- (b) A Notice sent by pre-paid post within Australia is regarded as given and received at 9.00am on the second Business Day following the date of postage.
- (c) A Notice sent by pre-paid post between countries is regarded as given and received at 9.00am on the fifth Business Day following the date of postage.
- (d) A Notice sent by email is taken to be received at the time the email is sent by the sender and the sending party's electronic equipment reports the email has been sent, unless the sender received an automated message that the email has not been delivered or that the recipient is unavailable.
- (e) A Notice delivered or received other than on a Business Day or after 5.00pm (recipient's time) is regarded as received at 9.00am on the following Business Day and a Notice delivered or received before 9.00am (recipient's time) is regarded as received at 9.00am.

10 General

10.1 Governing law and jurisdiction

- (a) This agreement is governed by the law in force in New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this agreement. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

10.2 Invalidity and enforceability

- (a) If any provision of this agreement is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 10.2(a) does not apply where enforcement of the provision of this agreement in accordance with clause 10.2(a) would materially affect the nature or effect of the parties' obligations under this agreement.

10.3 Waiver

Neither party to this agreement may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 10.3 are set out below.

conduct includes delay in the exercise of a right.

right means any right arising under or in connection with this agreement and includes the right to rely on this clause.

waiver includes an election between rights and remedies, and conduct that might otherwise give rise to an estoppel.

10.4 Variation

A variation of any term of this agreement must be in writing and signed by the parties.

10.5 Assignment of rights

- (a) Rights arising out of or under this agreement are not assignable by a party.
- (b) A breach of clause 10.5(a) by a party entitles the other party to terminate this agreement.
- (c) Clause 10.5(b) does not affect the construction of any other part of this agreement.

10.6 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this agreement and the transactions contemplated by it.

10.7 Entire agreement

This agreement:

- (a) contains the entire agreement, arrangement and understanding between the parties on everything connected with the subject matter of this agreement, including the issue of and subscription for the Subscription Shares; and

- (b) supersedes all prior discussions, negotiations, understandings, arrangements and agreements, express or implied in respect of its subject matter.

10.8 No merger

The Warranties and undertakings in this agreement will not merge on the Completion.

10.9 No reliance and qualifications

- (a) Neither party has relied on any statement by the other party not expressly included in this agreement.
- (b) The Company does not make any representations or warranties that any estimates, projections, forecasts or other forward looking information, if any, provided to the Subscriber at any time is accurate or complete or will be achieved.

10.10 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this agreement by signing any counterpart.

10.11 Relationship of the parties

- (a) Nothing in this agreement gives a party authority to bind any other party in any way.
- (b) Nothing in this agreement imposes any fiduciary duties on a party in relation to any other party.

10.12 Exercise of discretions

- (a) Unless expressly required by the terms of this agreement, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this agreement.
- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this agreement. Any conditions must be complied with by the party relying on the consent, approval or waiver.

Schedule 1**Company Warranties**

The Company warrants that:

- (a) **(Registration)** it is a corporation registered (or taken to be registered) and validly existing under the Corporations Act.
- (b) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement.
- (c) **(Corporate authorisations)** all necessary Authorisations for the execution, delivery and performance by the Company of this agreement in accordance with its terms have been obtained or will be obtained prior to the Completion.
- (d) **(No legal impediment)** the execution and performance of this agreement:
 - (i) complies with its constitution; and
 - (ii) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it is bound and that would prevent it from entering into and performing its obligations under this agreement.
- (e) **(Solvency):**
 - (i) it has not gone, or proposed to go, into liquidation;
 - (ii) it has not passed a winding-up resolution or commenced steps for winding-up or dissolution;
 - (iii) it has not applied for deregistration under section 601AA of the Corporations Act or received a deregistration notice under section 601AB of the Corporations Act;
 - (iv) it has not been presented or threatened with a petition or other process for winding-up or dissolution and, so far as the Company is aware, there are no circumstances justifying a petition or other process;
 - (v) no receiver, receiver and manager, judicial manager, liquidator, administrator, official manager has been appointed, or is threatened or expected to be appointed, over the whole or a substantial part of the undertaking or property of the Company, and, so far as the Company is aware, there are no circumstances justifying such an appointment; or
 - (vi) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them.
- (f) **(Ownership)** the Subscriber will acquire at Completion:
 - (i) the full legal and beneficial ownership of the Subscription Shares free and clear of all Encumbrances, subject to registration of the Subscriber in the register of shareholders;
 - (ii) the Subscription Shares free of competing rights, including pre-emptive rights or rights of first refusal;
 - (iii) the Subscription Shares that are fully paid and have no money owing in respect of them; and
 - (iv) the Subscription Shares which will have no restriction on their issue or transfer.
- (g) **(Quotation)**
 - (i) it has been admitted to and is listed on the Official List;

- (ii) it has not been removed from the Official List and no removal from the Official List has been threatened by ASX; and
 - (iii) the Shares are quoted on the ASX and have not been suspended from quotation and no suspension has been threatened by the ASX.
- (h) **(Accuracy and completeness)** the information contained in the Disclosure Materials was, as at the date the relevant Disclosure Materials were provided, true, accurate and complete in all material respects and not misleading or deceptive or likely to mislead or deceive in any material respect. It was prepared in good faith for the purpose of informing the Subscriber about the Company.
- (i) **(Disclosure compliance)** it has complied in all material respects with all its continuous disclosure requirements under the Corporations Act and the ASX Listing Rules and there is no material information or circumstance not already notified to the ASX which the Company is obliged to notify ASX about pursuant to ASX Listing Rule 3.1 and it has not withheld any information in reliance on the exemption in ASX Listing Rule 3.1A, other than in respect of the transactions contemplated by this agreement or other information disclosed to the Subscriber before the date of this agreement.
- (j) **(Capitalisation)** it has 572,878,488 Shares on issue as at the date of this agreement and no other classes of shares and the Subscription Shares will, immediately following their issue, represent 4.98% of the total number of Shares in the Company as at the Completion Date on a fully diluted basis.
- (k) **(on-sale)** it is not issuing the Subscription Shares for the purpose of the Subscriber selling or transferring all or any of the Subscription Shares, or granting, issuing or transferring interests in, or options over, the Subscription Shares.
- (l) **(no contravention)** ASIC has not made a determination for contravention by the Company within the previous 12 months of any of the provisions listed in section 708A(2) of the Corporations Act.
- (m) **(no on sale restrictions)** each offer for sale and each sale of Subscription Shares will not be an offer or sale to which section 707(3) or 707(4) applies so as to require the offeror or seller to prepare and lodge with ASIC a prospectus or other document relating to the offer or sale.
- (n) **(Prospectus):**
 - (i) the Prospectus was lodged with ASIC and ASX on 13 February 2018 and offers of the Company's ordinary shares under the Prospectus remains (or will remain) open for acceptance on the Completion Date;
 - (ii) there have not been any, and there will be no, omissions from the Prospectus of material required by the Corporations Act;
 - (iii) the Prospectus does not and will not contain any statements which are misleading or deceptive (including, without limitation, misleading statements within the meaning of section 728(2) of the Corporations Act or false or misleading statements within the meaning of section 1041E of the Corporations Act);
 - (iv) any statement of opinion or belief contained in the Prospectus was (at the time made), and is, truly and honestly held by the person making the statement, and the maker of the statement has reasonable grounds for holding the opinion or belief; and
 - (v) there are reasonable grounds for the making of all statements contained in the Prospectus provided by the Company relating to future matters (including, without limitation, financial forecasts) and such statements were made in good faith and using assumptions believed by the management and directors of the Company to be reasonable.

- (o) **(Section 708A(11))** the Subscriber will be relying on "Sale offer of quoted securities - case 2" of section 708A(11) of the Corporations Act and that:
- (i) the Subscription Shares are in a class of securities that are quoted securities of the Company;
 - (ii) the Prospectus was lodged with ASIC before the day on which the Subscription Shares are issued and offers of securities that have been made under the Prospectus are still open for acceptance on the day on which the Subscription Shares are to be issued; and
 - (iii) the Prospectus is for an offer of securities issued by the Company that are in the same class of securities as the relevant securities.

Schedule 2

Subscriber Warranties

The Subscriber warrants that:

- (a) **(Registration)** it is a corporation registered (or taken to be registered) and validly existing under the Corporations Act.
- (b) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement.
- (c) **(Authorisations)** all necessary Authorisations for the execution and performance by the Subscriber of this agreement in accordance with its terms have been obtained or will be obtained prior to the Completion.
- (d) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (i) complies with its constitution or other constituent documents (as applicable); and
 - (ii) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it is bound and which would prevent it from entering into and performing its obligations under this agreement.
- (e) **(Solvency):**
 - (i) it has not gone, or proposed to go, into liquidation;
 - (ii) it has not passed a winding-up resolution or commenced steps for winding-up or dissolution;
 - (iii) it has not applied for deregistration under section 601AA of the Corporations Act or received a deregistration notice under section 601AB of the Corporations Act;
 - (iv) it has not been presented or threatened with a petition or other process for winding-up or dissolution and, so far as the Subscriber is aware, there are no circumstances justifying a petition or other process;
 - (v) no receiver, receiver and manager, judicial manager, liquidator, administrator, official manager has been appointed, or is threatened or expected to be appointed, over the whole or a substantial part of the undertaking or property of the Subscriber, and, so far as the Subscriber is aware, there are no circumstances justifying such an appointment; or
 - (vi) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them.
- (f) **(Sophisticated investor)** it is a sophisticated or professional investor for the purposes of Chapter 6D of the Corporations Act.
- (g) **(Establishment of AL Capital No 1 Unit Trust):**
 - (i) the AL Capital No 1 Unit Trust (**Trust**) is validly established, organised and subsisting in accordance with the laws of its place of establishment;
 - (ii) it is the only trustee of the Trust;
 - (iii) it has the power under law and the trust deed governing the establishment and powers of the Trust (**Trust Deed**) to:
 - (A) execute and deliver this agreement; and
 - (B) perform its obligations under this agreement;

- (iv) all action required by the Trust Deed and law to authorise it to:
 - (A) execute and deliver this agreement; and
 - (B) perform its obligations under this agreement,
has been taken;
- (v) its execution of this agreement and the performance of its obligations or the exercise of its rights under this agreement does not contravene the Trust Deed or law;
- (vi) no action is currently taking place or pending to remove it as trustee of the Trust or to appoint a new or additional trustee of the Trust;
- (vii) it has a right to be fully indemnified out of the assets of the Trust (subject to law) in respect of the obligations incurred by it under this agreement;
- (viii) it is not and has never been in breach of the Trust Deed or the law in a way that would limit the amount recoverable under the indemnity referred to in paragraph Schedule 2(g)(vii) of this agreement; and
- (ix) the Trust has not been terminated and no action is pending to terminate the Trust.

Schedule 3

Application for Subscription Shares

To: The Directors

Magnis Resources Limited (**Company**)

AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust (**Subscriber**), in accordance with the terms of the Subscription Agreement dated 3 September 2018 between the Company and the Subscriber (**Agreement**):

- 1 applies to have issued to it **30,000,000** fully paid ordinary shares in the capital of the Company;
- 2 has made payment to the Company in the sum of **\$11,100,000** representing the Subscription Price payable in respect of the shares in Immediately Available Funds; and
- 3 agrees to hold all shares issued to it on and subject to the provisions of the Constitution of the Company from time to time and to be bound by and observe such provisions.

Capitalised terms used but not defined in this application have the meaning they are given in the Agreement.

**Signed by AL Capital Holding Pty Ltd as
trustee for the AL Capital No 1 Unit Trust by
its representative:**


Representative Signature

Shangjin Lin
Print Name

Each attorney executing this Agreement states that he or she has no notice of the revocation or suspension of his or her power of attorney.


Executed in Sydney.

Executed in accordance with section 127 of the *Corporations Act 2001* by **Magnis Resources Limited**:



Director Signature
FRANK POULLOS


Print Name



Director/Secretary Signature
DOUG RICHARDSON

Print Name

Signed for AL Capital Holding Pty Ltd as trustee for the AL Capital No 1 Unit Trust by its attorney under power of attorney dated 8 August 2016 in the presence of:



Witness Signature
Wei Ma

Print Name



Attorney Signature
Shansin Lin

Print Name