

## **Fourth Supplementary Target's Statement**

### **1 Introduction**

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This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the fourth supplementary target's statement (**Fourth Supplementary Target's Statement**) issued by Explaurum Limited ACN 114 175 138 (**Explaurum**) in relation to the off market takeover bid for all the ordinary shares in Explaurum by Ramelius Resources Limited ACN 001 717 540 (**Ramelius**).

This Fourth Supplementary Target's Statement supplements and should be read together with Explaurum's Supplementary Target's Statement dated 29 October 2018 (**Third Supplementary Target's Statement**), Explaurum's Supplementary Target's Statement dated 25 October 2018 (**Second Supplementary Target's Statement**), Explaurum's Supplementary Target's Statement dated 24 October 2018 (**First Supplementary Target's Statement**), and Explaurum's Target Statement dated 12 October 2018 (**Target's Statement**).

Unless the context otherwise requires, terms defined in the Target's Statement have the same meaning in this Fourth Supplementary Target's Statement. This Fourth Supplementary Target's Statement prevails to the extent of any inconsistency with the Third Supplementary Target's Statement, the Second Supplementary Target's Statement, the First Supplementary Target's Statement and the Target's Statement.

A copy of this Fourth Supplementary Target's Statement has been lodged with ASIC and ASX. Neither ASIC or ASX, nor any of their respective officers, takes any responsibility for the contents of this Fourth Supplementary Target's Statement.

This Fourth Supplementary Target's Statement is an important document and requires your immediate attention. Your Directors encourage you to seek independent financial, tax or other advice before making a decision as to whether or not to accept Ramelius' Offer.

### **2 Notice of General Meeting**

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Explaurum has announced that a General Meeting of Shareholders of Explaurum will be held at Christie Conference Spaces Brisbane, Mayflower Room, Level 1, 320 Adelaide Street, Brisbane, Queensland at 2.00pm (Brisbane time) on 6 December 2018 to consider a resolution to approve the Alkane Strategic Investment and the grant of performance rights to a key executive. Explaurum's Notice of General Meeting, Explanatory Statement and Proxy Form was released to ASX on 31 October 2018 and is **Annexure A** to this Fourth Supplementary Target's Statement.

### **3 Quarterly reporting**

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On 31 October 2018, Explaurum released the following documents in accordance with its ASX periodic disclosure obligations:

- (a) Appendix 5B (Mining exploration entity and oil and gas exploration entity quarterly report) (**Annexure B** to this Fourth Supplementary Target's Statement); and
- (b) Quarterly Activities Report for the quarter ended 30 September 2018 (**Annexure C** to this Fourth Supplementary Target's Statement).

#### **4 Approval of this Fourth Supplementary Target's Statement**

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This Fourth Supplementary Target's Statement has been approved by a resolution passed by the Directors of Explaurum and lodged with ASIC. This Fourth Supplementary Target's Statement is dated 31 October 2018 and was lodged with ASIC on that date.

Chris Baker  
Chairman  
Explaurum Limited

## Annexure A



Explaurum  
LIMITED

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**EXPLAURUM LIMITED**

**ACN 114 175 138**

**NOTICE OF GENERAL MEETING**

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**TIME:** 2:00pm (Brisbane time)

**DATE:** 6 December 2018

**PLACE:** Christie Conference Spaces Brisbane, Room M, Level 2, 320 Adelaide Street, Brisbane QLD 4000

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 7) 3333 2722.***

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**CONTENTS PAGE**

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Notice of General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	5
Glossary	15
Proxy Form	

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 2:00pm on 6 December 2018 at Christie Conference Spaces, Brisbane, Room M, Level 2, 320 Adelaide Street, Brisbane QLD 4000.

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**YOUR VOTE IS IMPORTANT**

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

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**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7.00pm (AEST time) on 4 December 2018.

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**VOTING IN PERSON**

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

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting ("Meeting") of Shareholders of Explaurum Limited ("Explaurum" or "the Company") will be held 2:00pm on 6 December 2018 at Christie Conference Spaces Brisbane, Room M, Level 2, 320 Adelaide Street, Brisbane QLD 4000.

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

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

## AGENDA

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### 1. RESOLUTION 1 – APPROVAL OF ALKANE STRATEGIC INVESTMENT

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

*"That, for the purposes of ASX Listing Rule 7.1 and 7.9, the purpose of providing a basis for 'unacceptable circumstances' not to arise in relation to a takeover bid announced by Ramelius Resources Ltd on 10 September 2018 (**Ramelius Offer**) and for all other purposes, Shareholders approve the Alkane Strategic Investment on the terms and conditions set out in the Explanatory Statement, including without limitation the issue of the Placement Shares, the grant of the Placement Options and the Anti-Dilution Rights and the payment of the Break Fee (even though the Alkane Strategic Investment will result in the breach of one or more conditions of the Ramelius Offer)."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Alkane Resources Limited and any other person who is expected to obtain a material benefit as a result of the proposed issue (except for a benefit solely by reason of being a Shareholder) or any associates of Alkane Resources Limited. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 2. RESOLUTION 2 – APPROVAL TO ISSUE PERFORMANCE RIGHTS

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

*"That, for the purposes of ASX Listing Rule 7.1 and 7.9, the purpose of providing a basis for 'unacceptable circumstances' not to arise in relation to a takeover bid announced by Ramelius Resources Ltd on 10 September 2018 (**Ramelius Offer**) and for all other purposes, Shareholders approve the issue of 400,000 Performance Rights to Project Manager, Mr Alan Boynton, on the terms and conditions set out in the Explanatory Statement, (even though the proposed issue of Performance Rights will result in the breach of one or more conditions of the Ramelius Offer)."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Alan Boynton and any other person who is

expected to obtain a material benefit as a result of the proposed issue (except for a benefit solely by reason of being a Shareholder) or any associates of Alan Boynton. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Explanatory Notes**

If you wish to appoint a member of the Key Management Personnel (which includes each of the directors and the Chair) as your proxy, please read the voting exclusion above and in the Proxy Form carefully. Shareholders are encouraged to direct their proxies how to vote.

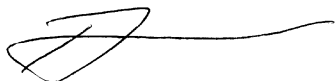
**How the Chair will vote available proxies-** The Chair of the Meeting intends to vote all available proxies in favour of all of the Resolutions set out in the Notice.

**Default to the Chair** – Any directed proxies that are not voted on a poll at the Meeting will automatically default to the Chair of the Meeting, who is required to vote proxies as directed.

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**DATED: 31 OCTOBER 2018**

**BY ORDER OF THE BOARD**



**PAUL FREDERIKS  
COMPANY SECRETARY**



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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held 2:00pm on 6 December 2018 at Christie Conference Spaces Brisbane, Room M, Level 2, 320 Adelaide Street, Brisbane QLD 4000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. RESOLUTION 1 – APPROVAL OF ALKANE STRATEGIC INVESTMENT

#### 1.1 Background

On 15 February 2018, Explaurum raised \$8.3m at an issue price of 10.5 cents per share to fund the development of the Tampia Gold Project, its exploration and resource drilling program and working capital. That program of work is nearing completion and accordingly, the Company requires additional funding to support the next phase of its activities.

The Company recently announced that, subject to Shareholder approval, it would raise an additional \$8m of equity funding through a Strategic Investment from ASX listed Alkane Resources Limited (**Alkane** and the **Alkane Strategic Investment**).

The key features of the Alkane Strategic Investment are:

- (a) strategic technical alliance as part of the funding allows Explaurum to leverage Alkane's technical, operational and financing experience;
- (b) the issue of 66,666,675 Shares at an issue price of 12 cents per Share (**Placement Shares**) which will be held in voluntary escrow during the Restriction Period;
- (c) the grant of the following Options (**Placement Options**):

	Number of Placement Options	Exercise Price	Expiry Date
<b>Tranche 1</b>	18,692,308	\$0.13	1 November 2019
<b>Tranche 2</b>	34,714,286	\$0.14	1 November 2019

The Placement Shares and the Placement Options are together referred to as the **Placement Securities**.

- (d) Alkane will be entitled to appoint 1 Director for so long as its Shareholding is not below 12% of Shares for more than 10 consecutive days on which ASX is open for trading (**Minimum Investment Condition**).
- (e) For so long as the Minimum Investment Condition is satisfied, Alkane will have a first right of refusal to participate in any proposed mezzanine debt, royalty or metal streaming arrangement of an amount by the Company in excess of A\$1 million.

- (f) Alkane will also have a right for 12 months, to participate in any equity offer by the Company up to the number of equity securities required to ensure that Alkane's percentage Shareholding immediately before completion of the equity offer remains the same immediately following the equity offer.
- (g) a Break Fee is payable in certain circumstances if completion does not occur. The Break Fee will not be payable to Alkane simply due to Shareholders not voting in favour of the Alkane Strategic Investment.

Further details of the Alkane Strategic Investment, together with a full copy of the Share Subscription Agreement, are contained in the Company's ASX announcement dated Monday, 29 October 2018 which is attached to this Notice of Meeting (the **Announcement**).

## 1.2 Shareholder approval requirements

Shareholder approval for the issue of the Placement Securities and the Alkane Strategic Investment generally is being sought for the following purposes:

### (a) **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that, subject to certain exceptions, a company must not, without shareholder approval, issue or agree to issue more equity securities (which includes shares and options) during any 12 month period than that number which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period ('**15% Placement Capacity**').

The issue of the Placement Securities will exceed the 15% Placement Capacity. Accordingly, Shareholder approval is sought under ASX Listing Rule 7.1 for the issue of the Placement Securities.

If Shareholder approval is given, the Placement Securities will be excluded from the calculation of the 15% Placement Capacity. By approving the issue of the Placement Securities, the Company will retain the flexibility to issue equity securities in the future up to the 15% Placement Capacity without the requirement to obtain prior Shareholder approval under ASX Listing Rule 7.1.

### (b) **ASX Listing Rule 7.9**

ASX Listing Rule 7.9 provides that, subject to certain exceptions, a company must not, without shareholder approval, issue or agree to issue equity securities (which includes shares and options) for a period of 3 months after it is notified in writing that a person is making, or proposes to make, a takeover bid for securities in it.

On 10 September 2018, the Company received an unsolicited takeover offer from Ramelius Resources Limited (**Ramelius**) to acquire all of the Company's Shares (**Takeover Offer**). Accordingly, Shareholder approval for the issue of the Placement Securities is required under ASX Listing Rule 7.9.

### (c) **Frustrating action**

Where a takeover bid has been made, the Takeovers Panel may declare 'unacceptable circumstances' if the actions of the target directors cause the takeover bid to lapse. Typically, this policy applies to an action that

triggers a condition of a takeover bid or would allow a takeover bid to lapse.

The frustrating action policy is not intended to unduly inhibit target companies from carrying on business during a bid period. Accordingly, in general, the Takeovers Panel is not inclined to declare unacceptable circumstances under the frustrating action policy if a target offers shareholders a choice. Shareholders may be given a choice in different ways, including by the target making the frustrating action conditional on shareholder approval. Accordingly, Shareholder approval is sought for the purpose of providing a basis for 'unacceptable circumstances' not to arise.

The Alkane Strategic Investment results in the breach of a number of conditions of the Ramelius Offer, such as the conditions that Explaurum must not:

- (i) issue shares (other than Explaurum Shares issued as a result of the exercise of existing Explaurum options or performance rights);
- (ii) grant an option over its shares;
- (iii) agree to make such an issue or grant such an option; and
- (iv) enter or agree to enter into any form of agreement, whether binding or otherwise, with respect to the financing, engineering, procurement, construction or development of the Tampia Gold Project or announce an intention to do so.

Ramelius may choose to waive or vary these conditions insofar as it applies to the Alkane Strategic Investment or declare its offer free of these conditions generally.

Ramelius could also however decide to allow its offer to lapse due to breach of the conditions. If the offer was allowed to lapse, Explaurum Shareholders would lose the opportunity to accept the Ramelius Offer.

Explaurum considers that the proposed Alkane transaction is not an unacceptable 'frustrating action' (being an action by Explaurum which would enable the Ramelius bid to lapse) because the capital raising is occurring in the ordinary course of business to fund Explaurum's ordinary activities as disclosed to the market and Explaurum has a need for additional funding. Explaurum also notes that it is open to Ramelius to extend its offer period to provide shareholders with a choice of whether to approve the Alkane investment or accept the Ramelius offer.

### **1.3 Maximum extent of voting power of Alkane**

Alkane currently does not hold shares in Explaurum. The Placement Shares will give Alkane 12.16% of ordinary voting shares in Explaurum.

If before 1 November 2019, Alkane also fully exercises the Placement Options to acquire further Shares at 13 cents per Share, this will increase Alkane's holding to 15.06%.

If before 1 November 2019, Alkane also fully exercises the Placement Options to acquire further Shares at 14 cents per Share, this will further increase Alkane's holding to 19.96%.

## 1.4 Strategic rationale for the Alkane Strategic Investment

The strategic rationale for Explaurum is as follows:

- (a) The Alkane Strategic Investment provides funding through completion of the Tampia Bankable Feasibility Study and toward the point of full funding for the development of Tampia.
- (b) The Alkane Strategic Investment provides funding for ongoing work on Explaurum's exploration assets, including the Mace Discovery, Anomaly 8 target, and other prospects.
- (c) Unlike the Ramelius all-scrip offer, there is no uncertainty as to the value of the cash consideration which Alkane will provide for its shares.
- (d) The placement price of 12 cents is attractive being at a 9.1% premium to the last traded Explaurum price of 11 cents on 25 October 2018,<sup>1</sup> a 3.4% premium to the 30-day VWAP as at close of trade on 25 October 2018,<sup>2</sup> and a 10.3% premium to the implied value of the Ramelius off-market takeover offer price of 10.9 cents per Share as at close of trade on 26 October 2018.<sup>3</sup>
- (e) The Alkane Strategic Investment is structured to meet Explaurum's funding needs without material change of control implications. Whereas Ramelius is seeking control of Explaurum, in contrast the Alkane Placement Shares will only give Alkane 12.2%<sup>4</sup> of Explaurum Shares. Alkane has agreed not to increase its fully diluted interest in Explaurum, except in certain circumstances,<sup>5</sup> for 12 months. The general effect of the standstill is that if Alkane acquires Explaurum shares on market at any time in the next 12 months its fully diluted interest will not exceed 19.96% because for each share acquired, one option (commencing with options with a 13 cents exercise price) will be forfeited and cancelled.
- (f) The Alkane Strategic Investment confirms the development strategy for the Tampia Project because Alkane supports Explaurum's strategy. By contrast, Ramelius has stated that even if its offer is accepted, it will need to undertake a strategic review before deciding whether to integrate Tampia with its Edna May project. Ramelius has not conducted due diligence on Tampia and Ramelius has only recently arrived at a decision to transition underground at Edna May (where the initial mine life is 2.5 years)<sup>6</sup>.

## 1.5 Alkane and its intentions

### (a) About Alkane<sup>7</sup>

Alkane (ASX:ALK) is a multi-commodity company focused in the Central Western region of New South Wales. Currently Alkane has two advanced projects – the Tomingley Gold Operations and the nearby Dubbo Project.

In FY18 Alkane had gold production of 79koz at an AISC of \$1,002/oz, and

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<sup>1</sup> Being the last trading day before the Company went into trading halt on 26 October 2018.

<sup>2</sup> 11.6 cents per share.

<sup>3</sup> Based on a closing price of Ramelius shares on 26 October 2018 of 43.5 cents per share.

<sup>4</sup> 19.96% on a fully diluted basis (assuming that Alkane exercises all of its Placement Options).

<sup>5</sup> See clause 7 of the Share Subscription Agreement.

<sup>6</sup> Ramelius ASX announcement 18 September, 2018.

<sup>7</sup> From Alkane financial results for year ended 30 June, 2018, contained in Alkane's ASX announcement of 30 August, 2018.

net profit after tax of \$24m. As at 30 June, 2018 Alkane had cash and bullion totalling \$80m, including cash of \$72m. As at 19 October, 2018 Alkane had a market capitalisation of \$111m<sup>8</sup>.

Tomingley commenced production in early 2014. As at 30 June, 2018, Tomingley had the following Resource and Reserves<sup>9</sup>:

- Mineral Resource of 6.8Mt at an average grade of 1.8g/t for 437koz contained gold (inclusive of Reserves); and
- Proved and Probable Ore Reserves of 2.2Mt @ 1.8 g/t for 144koz contained gold.

The Dubbo Project is a large in-ground resource of zirconium, hafnium, niobium, yttrium, and rare earth elements, with a potential mine life of 75+ years. The Dubbo Project is development ready subject to financing.

Alkane also has several copper-gold exploration projects.

Alkane's growth strategy includes investing part of its cash balance in junior gold mining companies and projects that meet its investment criteria, namely investments that have high exploration potential and /or require near term development funding. As part of this strategy, on 17 October, 2018 Alkane announced it reached agreement to invest \$3.7m in Calidus Resources for an 8.8% stake, plus share options which if exercised could take Calidus' stake to approximately 10%<sup>10</sup>.

(b) **Alkane's intentions**

Alkane supports Explaurum's current strategy for the Tampia Project and for Explaurum's exploration assets including the Mace Discovery, the Anomaly 8 target, and the wider exploration portfolio.

Alkane has advised Explaurum that it does not have a present intention to increase its stake beyond the Alkane Strategic Investment. As discussed above, the Investment will not give Alkane control of Explaurum.

## 1.6 Use of funds

The funds from the Alkane Strategic Investment will be applied toward Explaurum's ongoing work programs, including the following:

- (a) the Company's ongoing exploration, studies and financing arrangements for the Tampia Project;
- (b) advancing Explaurum's exploration assets including the Mace Discovery, Anomaly 8 target, and the other targets within the regional exploration portfolio; and
- (c) working capital and general corporate purposes.

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<sup>8</sup> Bloomberg.

<sup>9</sup> Alkane ASX announcement 8 October, 2018 ('Tomingley Resource and Reserve Statements FY18').

<sup>10</sup> Alkane ASX announcement 17 October, 2018 ('Strategic Investment in Calidus Resources').

## **1.7 Advantages and benefits of the Strategic Alkane Investment**

The advantages of the Strategic Alkane Investment are set out in Section 1.4, including that it will provide access to funding to enable Explaurum to carry out its stated business objectives and access to the technical, strategic and financing experience of Alkane. In addition, if the Placement Options are exercised, the exercise will provide an additional \$7.3 million to Explaurum.

## **1.8 Disadvantages**

The disadvantages of the Strategic Alkane Investment include the risk that Ramelius could decide to allow its offer to lapse due to breach of the conditions of its takeover offer. If the offer was allowed to lapse, Explaurum Shareholders would lose the opportunity to accept the Ramelius Offer. The percentage ownership of existing Explaurum Shareholders will also be reduced by the Placement Shares issued to Alkane.<sup>11</sup>

There also remain the specific and general risks of remaining an Explaurum Shareholder which are set out in Explaurum's Target's Statement and also Ramelius' Bidder's Statement.

No assurance can be given that the Alkane Strategic Investment will ultimately prove to be a better outcome for Explaurum shareholders than Ramelius obtaining control on the terms of the current Ramelius offer.

## **1.9 Consequences if the Alkane investment is approved**

If the Strategic Alkane Investment is approved, Explaurum will continue with its stated business objectives and Alkane will become a 12.16% Shareholder in Explaurum with options which if exercised would enable it to hold 19.96% of Explaurum (disregarding any future share issues including the exercise of any options or performance rights). The other terms of the investment will also take effect, together with the associated advantages and disadvantages and impact on Explaurum as disclosed in the Announcement and this Notice of Meeting.

## **1.10 Consequences if the Alkane investment is not approved**

If the Strategic Alkane Investment is not approved, Explaurum will need to raise funds immediately, including to repay the \$800,000 deposit from Alkane which is repayable within 30 business days. If it is unable to raise the necessary operation funding, it will not be able to progress its stated business objectives or work program and will need to suspend operations. In addition, if it is unable to raise sufficient funds to repay the deposit there is a risk that it may not be able to continue as a going concern. There is no certainty that Explaurum will be able to raise the required funds either at all or on terms and conditions which are not dilutive to existing shareholders or otherwise on reasonable commercial terms.

Further, subject to exceptions, if the Ramelius Offer remains on foot, the issue of shares at any time before 10 December 2018, being 3 months after the announcement of the Ramelius Offer on 10 September 2018, will require Shareholder approval under ASX Listing Rule 7.9 and the raising of debt funding may result in the breach of a condition of the Ramelius Offer which would entitle Ramelius not to proceed with the Offer resulting in the loss of opportunity for Explaurum Shareholders to accept the Ramelius Offer.

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<sup>11</sup> From 100% to 87.84% on issue of the Placement Shares and from 87.84% to 80.04% if the Placement Options are exercised (assuming no other Shares are issued).

### 1.11 Technical information required by ASX Listing Rule 7.1

The following information is provided, pursuant to ASX Listing Rule 7.3, for the purposes of ASX Listing Rule 7.1:

<b>Number of securities issued</b>	The maximum number of securities to be issued is 66,666,675 Placement Shares and 53,406,594 Placement Options.
<b>Issue price of securities</b>	The issue price of the Placement Shares is \$0.12 and the issue price of the Placement Options is nil cash consideration.
<b>Terms of the securities</b>	The Placement Shares will be fully paid and will rank pari passu in all respects with the Company's other Shares on issue. The Placement Options will be issued on the terms and conditions set out in Schedule 4 of the Share Subscription Agreement.
<b>Allottees</b>	Alkane Resources Limited
<b>Intended use of funds raised</b>	See section 1.6
<b>Issue date</b>	If approved, the Placement Shares and Placement Options will be issued and allotted no later than three months after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). It is intended that the Placement Shares and Placement Options will be issued on one date.
<b>Voting exclusion statement</b>	Refer to Resolution 1 of the Notice of Meeting for details of the voting exclusion statement for this Resolution.

### 1.12 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of this Resolution, and each Director intends to vote, or procure the voting of, any Shares that they own or control in favour of this Resolution, in each case in the absence of a Superior Proposal.

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## 2. RESOLUTION 2 – APPROVAL TO ISSUE PERFORMANCE RIGHTS

### 2.1 Proposed grant of Performance Rights

The Company is seeking shareholder approval for the proposed grant of 400,000 Performance Rights to Project Manager, Alan Boynton.

The Performance Rights are proposed to be granted on the terms and conditions of the Company's Performance Rights Plan. The Plan Rules are available on request from the Company Secretary. Words and expressions used in this paragraph have the same meaning as those words and expressions in the Plan Rules.

The key commercial features of the proposed grant are:

(a) **Grant of Performance Rights**

If approved, the total number of Performance Rights will be granted no later than 3 months after the date of the meeting.

(b) **Performance Conditions**

The Performance Rights will vest if the Company's 10 trading day VWAP is at least \$0.25.

(c) **Exercise period and lapse of Vested Performance Rights**

Vested Performance Rights can be exercised after the Board makes a determination that the applicable Performance Condition has been satisfied and before the date Vested Performance Rights lapse in accordance with the Plan Rules.

All Vested Performance Rights will lapse by no later than 5.00pm (Brisbane time) on the date that is 12 months from the date the Performance Rights are granted (**Expiry Date**).

The Plan Rules provide that Vested Performance Rights may lapse before the Last Exercise Date in certain circumstances such as, if the Participant's employment with the Company ends.

Performance Rights cannot be exercised if at the time of the exercise of the Performance Right the exercise of the Performance Rights would, or in the reasonable opinion of the Board, be likely to result in a contravention of the Constitution of the Company, the ASX Listing Rules or the *Corporations Act 2001* (Cth).

(d) **Change of Control Event**

Where a Change of Control Event has occurred or, in the opinion of the Board there are reasonable grounds to believe that a Change of Control of Event will occur, the Performance Rights granted will vest if, in the Board's absolute discretion, performance is in line with the Performance Conditions attaching to those Performance Rights over the period from the date of grant to the date of the Change of Control Event.

Any Performance Right which the Board determines does not vest will lapse automatically, unless the Board determines otherwise.

A **Change of Control Event** occurs if:

- (i) The Company becomes a subsidiary of another company;
- (ii) The Company sells its main business to a person other than a Group Company;
- (iii) A company which is a subsidiary of the Company which carries on the main business of the Group ceases to be a subsidiary of the Company;
- (iv) There is any other reorganisation of the Company and the other Group Companies which results in a Participant ceasing to be an Eligible Employee; or
- (v) The Company passes a resolution for voluntary winding up or if an order is made for the compulsory winding up of the Company.



(e) **Capital events**

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction in capital, a demerger (in whatever form) or other distribution in specie, the Board may make whatever adjustments it deems necessary or desirable to ensure that the consequences of that application are as fair as between the Participants and the holders of other securities in the Company subject to the ASX Listing Rules.

(f) **Dividends and voting rights**

Participants who hold performance rights have no rights to dividends and no rights to vote at meetings of the Company until that Performance Right is exercised and the participant is the holder of a Share.

## 2.2 Discussion and analysis of the proposed grant of Performance Rights

The Performance Rights will not be quoted on ASX and accordingly have no readily identifiable market value.

The Performance Rights will be valued for accounting purposes using the principles set out in AASB 2 'Share-Based Payment'. This standard requires the valuation models used to take into account the relationship between a number of variables principally being the share price, the nil Performance Right exercise price, the time to expiry and the volatility of the Company's underlying share price.

It is considered that both the Black Scholes, Binomial model are relevant to calculating the value of the Performance Rights to be issued. As there are performance hurdles attached to the Performance Rights, the Binomial value will be adjusted based upon the Monte Carlo Simulation model.

The valuation will be carried out after the date of grant once all of the inputs to the valuation model are certain. However, for illustrative purposes, the Performance Rights could have a value and accounting cost to the Company of 3 cents per performance right.

The material assumptions used in the application of the methodology to arrive at this indicative value are:

Key inputs	Tranche
Grant date	30/11/18
Closing share price on grant date	\$0.12
Exercise price of each Performance Right	\$Nil
Time to expiry	2 years
Risk free rate	2.68%
Volatility of underlying shares	80%
Expected dividend yield	nil

Shareholders should be aware that this is an indicative valuation only for illustrative purposes. The actual accounting expense may be different due to differences in the final inputs such as the date of grant, which, subject to approval is expected to be on or about 7 December 2018.

### 2.3 Impact on capital structure

Until exercised, the grant of Performance Rights will not impact on the number of Shares on issue. If all of the proposed Performance Rights were exercised, an additional 400,000 Shares may be issued, representing approximately 0.08% of the issued share capital of the Company as at the date of this notice (assuming that no other Performance Rights were exercised or shares issued by the Company between the date the Performance Rights were granted and the date on which those Performance Rights were exercised).

### 2.4 Tax consequences

As far as the Company is aware, there are no adverse taxation consequences to the Company arising from the proposed issue of Performance Rights.

### 2.5 Shareholder approval requirements

Shareholder approval is being sought for the purpose of ASX Listing Rule 7.1 and 7.9 and for the purpose of providing a basis for 'unacceptable circumstances' not to arise in relation to the Ramelius Offer.

Details of these provisions is contained in section 1.2. As regards, the Takeovers Panel's frustrating action policy, it may apply because the proposed grant of Performance Rights may result in the breach of the bid condition of the Ramelius Offer that Explaurum not grant or agree to grant an option over its shares.

### 2.6 Technical information required by ASX Listing Rule 7.1

The following information is provided, pursuant to ASX Listing Rule 7.3, for the purposes of ASX Listing Rule 7.1:

<b>Number of securities issued</b>	400,000 Performance Rights
<b>Issue price of securities</b>	The issue price of the Performance Rights is nil cash consideration.
<b>Terms of the securities</b>	The Performance Rights will be will be issued on the terms and conditions set out in section 2.1.
<b>Allottees</b>	Alan Boynton
<b>Intended use of funds raised</b>	No funds will be raised from the granting of the Performance Rights.
<b>Issue date</b>	If approved, the Performance Rights will be issued and allotted no later than three months after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). It is intended that the Performance Rights will be issued on one date.
<b>Voting exclusion statement</b>	Refer to Resolution 2 of the Notice of Meeting for details of the voting exclusion statement for this Resolution.

### 2.7 Board Recommendation

The Board recommends that Shareholders vote in favour of this Resolution.

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## 3. ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+ 61 7) 3333 2722 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**Alkane** means Alkane Resources Limited ACN 000 689 216.

**Alkane Strategic Investment** has the meaning given in Section 1.1.

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

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Break Fee** means \$400,000, as set out in the Share Subscription Agreement.

**Company** means Explaurum Limited (ACN 114 175 138).

**Constitution** means the Company's constitution.

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

**Directors** mean the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Group** means the Company, its Subsidiaries and any other entity declared by the Board to be a member of the group for the purposes of the Plan.

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

**Minimum Investment Condition** has the meaning given in Section 1.1.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Option Holder** means a holder of an Option.

**Anti-Dilution Rights** has the meaning given in clause 11 of the Share Subscription Agreement.

**Performance Right** means a Performance Right granted pursuant to the Company's Performance Rights Plan approved by Shareholders.

**Placement Options** has the meaning given in Section 1.1.

**Placement Shares** has the meaning given in Section 1.1.

**Placement Securities** has the meaning given in Section 1.1.

**Proxy Form** means the proxy form accompanying the Notice.

**Ramelius Offer** or **Takeover Offer** means the takeover offer by Ramelius Resources Limited announced on 10 September 2018 for all of the Shares.

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

**Restriction Period** has the meaning given in clause 1.1 of the Share Subscription Agreement.

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

**Share Subscription Agreement** means the Share Subscription Agreement between the Company and Alkane dated 28 October 2018.

**Shareholder** means a holder of a Share.

**Standstill Period** has the meaning in clause 1.1 of the Share Subscription Agreement.

**Superior Proposal** has the meaning in clause 1.1 of the Share Subscription Agreement.

**Tampia Gold Project** means the Company's gold exploration project located in Western Australia.

**VWAP** means the volume weighted average market price of trading in the Company's securities on the ASX market over a relevant period, excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded option exercises.



Explaurum  
LIMITED

ABN 50 114 175 138



**Lodge your vote:**



**Online:**

[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

EXU

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Proxy Form**

**XX**



**Vote and view the notice of meeting online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by 2:00pm (Brisbane time) Tuesday 4 December 2018**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Explaurum Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Explaurum Limited to be held at the **Christie Conference Spaces Brisbane, Room M, Level 2, 320 Adelaide Street, Brisbane QLD 4000 at 2.00pm (Brisbane time) on Thursday, 6 December 2018** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 2** (except where I/we have indicated a different voting intention below) even though **Item 2** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 2** by marking the appropriate box in step 2 below.

### STEP 2 Items of Business

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

	For	Against	Abstain
1 APPROVAL OF ALKANE STRATEGIC INVESTMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 APPROVAL TO ISSUE PERFORMANCE RIGHTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

EXU

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Computershare

## STRATEGIC INVESTMENT BY ALKANE RESOURCES

29 October 2018

Explaurum Limited (ASX:EXU) (**Explaurum**) is pleased to advise that ASX-listed Alkane Resources Ltd (ASX:ALK) (**Alkane**) has agreed to make a strategic investment in Explaurum, subject to Explaurum shareholder approval.

### HIGHLIGHTS

- Alkane to invest A\$8.0 million in Explaurum through placement of 66,666,675 ordinary shares at an issue price of 12.0 cents per share to become a 12.2% shareholder in Explaurum
- Issue price represents a 9.1% premium to the last traded Explaurum price of 11.0 cents on 25 October 2018, a 3.4% premium to the 30-day VWAP price as at close of trade on 25 October 2018<sup>1</sup>, and a 10.3% premium to the implied value of the Ramelius off-market takeover offer of 10.9 cents as at close of trade on 26 October 2018<sup>2</sup>
- Funds to be used to aggressively accelerate extensional drilling of Mace to fully test scale potential, intensive exploration drilling of highly prospective gravity and gold-in-soil confirmed regional Tampia targets (starting with Anomaly 8) and completion of the Tampia Project BFS
- Placement shares to be escrowed until 30 June 2019 subject to 'competing deal' conditions
- Strategic technical alliance to leverage Alkane's technical, operational and financing experience
- Explaurum to grant Alkane 53,406,594 Explaurum options exercisable on or before 1 November 2019 in two tranches comprising: (i) 18,692,308 options exercisable at 13.0 cents per share; and (ii) 34,714,286 options exercisable at 14.0 cents per share
- Alkane entitled to appoint one Explaurum Director and a 12 month anti-dilution right (subject to obtaining any necessary ASX Listing Rule waiver) and, as long as it has a shareholding of at least 12% for more than 10 ASX trading days, a first right of refusal in relation to any proposed mezzanine debt, royalty or metal streaming over \$1 million
- Transaction subject to Explaurum shareholder approval to be sought at a general meeting to be held in early December 2018

Commenting on the Alkane strategic investment, Explaurum Chairman, Chris Baker, said:

*"I would like to warmly welcome Alkane and its shareholders in their agreed entry to the Explaurum register. If approved by Explaurum shareholders, this strategic investment will deliver Explaurum the opportunity it has sought for the better part of the last year. That is the chance to go after the potential exploration upside that the Tampia district offers. Alkane's belief in this potential, and their willingness to express it through this significant investment in Explaurum, is a strong validation for our shareholder base as to the potential significance of the opportunity that lies in front of us with the Tampia asset."*

<sup>1</sup> 11.6 cents per share.

<sup>2</sup> Based on a closing price of Ramelius shares on 26 October 2018 of 43.5 cents per share.

*“The funds will allow aggressive acceleration of our Tampia drilling program. First stop will be extensional testing of the shallow and potentially valuable Mace supergene system. This mineralisation remains open to the west and will be step-out drilled as a priority. Our best regional gravity and gold-in-soil confirmed targets will also now have the opportunity to be subject to exploration drilling programs over the coming months. Anomaly 8 is currently underway and will be followed by another group of highly prospective target zones that demand drill testing in the short term – and now have the opportunity to get it.*

*“The Alkane investment is a highly attractive transaction for Explaurum shareholders. It will provide your company with the very real opportunity to progress the Tampia Project to a final investment decision in the first quarter of next year, as well as seek to drive value aggressively through the drill-bit in coming months. It is also struck at a premium to the implied Ramelius takeover offer price and is without any opportunistic change of control implications.*

*Explaurum directors unanimously recommend that shareholders vote in favour of the Alkane investment in the absence of a superior offer.”*

### **Capital raising**

Explaurum today announces a placement of 66,666,675 ordinary shares to Alkane at an issue price of 12.0 cents per share, to raise A\$8.0 million (**Placement Shares**). The Placement Shares will be escrowed until earlier of 30 June 2019, a competing takeover bid being made for all or a majority of Explaurum's Shares, if an improved Ramelius takeover offer is announced, Ramelius acquires a relevant interest in 50% or more of Explaurum shares or Explaurum reaching an agreement with a third party in relation to the sale of all of its shares or substantially all of its assets.

Explaurum will also grant Alkane 53,406,594 Explaurum options exercisable on or before 1 November 2019 in two tranches comprising 18,692,308 options exercisable at 13.0 cents per share and 34,714,286 options exercisable at 14.0 cents per share.

A deposit of A\$800,000 will be provided within 5 business days. If the Alkane strategic investment is not approved by shareholders Explaurum is required to repay the deposit within 30 business days. This will provide Explaurum time to secure refinancing and, if necessary, associated shareholder approval.

### **Strategic alliance**

The agreement with Alkane will create an important strategic relationship between Explaurum and Alkane under which the current skills and expertise of the Explaurum Board and management team will be supplemented by the technical, strategic and financing experience of Alkane. The strategic relationship will broaden Explaurum's exposure to a wider range of investors, financiers and other commercial partners through Alkane's network and with the objective of assisting Explaurum to progress the feasibility and development of Tampia.

Representatives of Explaurum and Alkane will participate in a technical steering committee to review and assess Explaurum's exploration and development work and provide non-binding advice and recommendations to the Explaurum Board.

Alkane will be entitled to appoint 1 Explaurum Director for so long as its shareholding is not below 12% of Explaurum shares for more than 10 consecutive days on which ASX is open for trading (**Minimum Investment Condition**).

### **Other rights**

For so long as the Minimum Investment Condition is satisfied, Alkane will have a first right of refusal to participate in any proposed mezzanine debt, royalty or metal streaming arrangement of an amount by Explaurum in excess of A\$1 million.



Alkane will also have a right for 12 months, to participate in any equity offer by Explaurum up to the number of equity securities required to ensure that Alkane's percentage holding immediately before completion of the equity offer remains the same immediately following the equity offer (**Anti-Dilution Right**). This right is on the proviso that such participation is for cash consideration that is:

- no more favourable to Explaurum than any cash consideration paid by third parties (in the case of issues of equity securities to third parties for cash consideration); or
- equivalent in value to non-cash consideration offered by third parties (in the case of issues of equity securities to third parties for non-cash consideration).

The grant of the Anti-Dilution Right is conditional on the receipt of an ASX waiver to the extent necessary to permit the Anti-Dilution Right. The Anti-Dilution Right does not apply to shares issued under certain equity incentive schemes.

Alkane may terminate the Share Subscription Agreement in certain circumstances, including if Ramelius acquires 30% or more of Explaurum before the completion date, any Board member changes, qualifies or withdraws his recommendation or the Board recommends a competing proposal.

### **Break fee**

Explaurum has agreed to pay a A\$400,000 break fee to Alkane to compensate it for the costs and expenses incurred in pursuing the transaction if completion does not occur in certain circumstances, including where the Explaurum Board, prior to the Shareholders Meeting to approve the Alkane placement, recommends to Explaurum shareholders to accept a competing proposal. A break fee will not be payable to Alkane simply due to Explaurum shareholders not voting in favour of the Alkane strategic investment at the Shareholders Meeting.

### **Effect on Explaurum capital structure**

At completion of the Placement, Alkane will hold approximately 12.16% of Explaurum's issued securities. If Alkane were to exercise the 53,406,594 options, it would hold 19.96% of Explaurum (assuming there are no other share issues during this period, including the exercise of any options or performance rights).

Alkane has agreed not to increase its fully diluted interest in Explaurum, except in certain circumstances, for 12 months. The general effect of the standstill is that, subject to exceptions, if Alkane acquires Explaurum shares on market at any time in the next 12 months its fully diluted interest will not exceed 19.96% because for each share acquired, one option (commencing with options with a 13.0 cents exercise price) will be forfeited and cancelled.

### **Use of proceeds**

The funds raised will be used to fund Explaurum's ongoing exploration, studies and financing arrangements for the Tampia Project and general corporate purposes through to a final investment decision targeted for 1Q CY2019.

### **Effect on Ramelius Offer**

The Alkane transaction breaches a number of conditions of the current Ramelius Offer including the conditions that Explaurum does not agree to issue shares or grant an option over its shares and that Explaurum does not enter into any agreement with respect to the financing, engineering, procurement, construction or development of the Tampia Project. Ramelius may choose to waive or vary these conditions insofar as it applies to the Alkane transaction or declare its offer free of these conditions generally. Ramelius could also decide to allow its offer to lapse due to breach of the conditions. If the offer was allowed to lapse, Explaurum Shareholders would lose the opportunity to accept the Ramelius Offer.

Explaurum considers that the proposed Alkane transaction is not an unacceptable 'frustrating action' (being an action by Explaurum which would enable the Ramelius bid to lapse) because:

- the capital raising is occurring in the ordinary course of business to fund Explaurum's ordinary activities as disclosed to the market;
- Explaurum has a need for additional funding; and
- Explaurum is providing its shareholders with a choice of whether to approve the Alkane investment or accept the Ramelius offer.

### **Shareholder approvals**

The Alkane investment is subject to Explaurum shareholder approval to be sought at a general meeting to be held in early December 2018. Shareholder approvals will be sought for the purposes of listing rules 7.1 and 7.9 and also for the purpose of providing a basis for 'unacceptable circumstances' not to arise in relation to the Ramelius Offer. If approved by shareholders, completion of the Alkane strategic investment will occur 2 business days after it is approved.

A full copy of the Share Subscription Agreement is annexed.

### **For further information, contact:**

**John Lawton**  
Managing Director  
Explaurum Limited  
+61 7 3333 2722

**Brian Kinsella**  
**Greg Arandt**  
Ironstone Capital  
+61 2 9133 9000

**Michael Vaughan (media)**  
Executive Director  
Fivemark Partners  
+61 422 602 720

# **SHARE SUBSCRIPTION AGREEMENT**

**DATED 28 OCTOBER 2018**

**Between**

**EXPLAURUM LIMITED  
(as the “Company”)**

**and**

**ALKANE RESOURCES LIMITED  
(as the “Subscriber”)**

**ALLEN & OVERY**

**Allen & Overy LLP**

PERSONAL-NICHOLLJ AU:10198224.2

## CONTENTS

Clause	Page
1. Interpretation .....	1
2. Conditions precedent .....	8
3. Subscription .....	9
4. Pre-Completion period .....	10
5. Completion .....	11
6. Post-Completion Obligations .....	12
7. Securities Dealings .....	13
8. Strategic Relationship.....	14
9. Board of Directors .....	15
10. Alternative Capital Raisings.....	16
11. Anti-Dilution Right.....	16
12. Break Fee.....	18
13. Warranties.....	20
14. Confidentiality .....	21
15. GST.....	21
16. Notices .....	22
17. General.....	24
18. Governing Law and Jurisdiction.....	26
 <b>Schedule</b>	
1. Application to Subscribe for Securities.....	28
2. Company Warranties .....	29
3. Subscriber Warranties.....	32
4. Terms and Conditions of Options.....	33
5. Execution Page .....	35

**THIS AGREEMENT** is made on 28 October 2018

**PARTIES:**

- (1) **EXPLAURUM LIMITED** ACN 114 175 138 of Unit 101, 27 Cunningham Street, Newstead, Queensland 4006 (**Company**); and
- (2) **ALKANE RESOURCES LIMITED** ACN 000 689 216 of Ground Floor, 89 Burswood Road, Burswood, Western Australia (**Alkane**).

**BACKGROUND:**

The Company has agreed to issue or grant (as applicable) the Subscription Securities to the Subscriber and the Subscriber has agreed to subscribe for or acquire (as applicable) the Subscription Securities and pay the Subscription Amount to the Company on the terms and conditions of this agreement.

**IT IS AGREED** as follows:

**1. INTERPRETATION**

**1.1 Definitions**

In this agreement:

**Additional Amount** has the meaning given to that term in clause 15.3.

**Associates** means associates for the purposes of Chapter 6 of the Corporations Act

**ASX** means the Australian Securities Exchange or ASX Limited, as the context requires.

**ASX Listing Rules** means the listing rules of ASX as waived or modified in respect of the Company.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Operating Rules** means the ASX Settlement Operating Rules published by the ASX, as in operation on the date of this agreement.

**Authorisation** includes:

- (a) a 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 which a Government Agency may prohibit or restrict within a specific period, the expiry of that period without intervention or action.

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

**Break Fee** means \$400,000.

**Business Day** means a day on which banks are open for business excluding Saturdays, Sundays or public holidays in Perth, Western Australia and Brisbane, Queensland.

**Claim** means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise.

**Company Warranties** means the representations and warranties set out in clause 13.1.

**Competing Proposal** means any offer, proposal or expression of interest in respect of a takeover bid, scheme of arrangement, reverse takeover, capital reduction, sale of assets, sale of securities, strategic alliance, joint venture, partnership, dual listed companies structure, economic or synthetic merger or combination, deed of company arrangement, any debt for equity arrangement or other transaction or arrangement which, if completed, would result in a Third Party:

- (a) directly or indirectly acquiring or being entitled to acquire a relevant interest or any other direct or indirect interest in more than 50% of the Shares;
- (b) directly or indirectly acquiring or being entitled to acquire a direct or indirect interest in, or control of the whole or a substantial part of the business or assets of the Company;
- (c) acquiring control of the Company or merging or amalgamating with the Company,

or which would otherwise require the Company to abandon, or otherwise fail to proceed with, the Transaction and includes the Ramelius Takeover Offer or an Improved Ramelius Takeover Offer.

**Completion** means the completion of the issue and allotment of the Subscription Shares and the grant of the Subscription Options in accordance with this agreement on the Completion Date and **Complete** has a corresponding meaning.

**Completion Amount** means the Subscription Amount less the Deposit.

**Completion Date** means the date that is the second Business Day after the date on which the last of the conditions in clause 2.1 have been satisfied or waived in accordance with clause 2.5.

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

**Corporations Act** means the *Corporations Act 2001* (Cth) as exempted or modified in respect of the Company.

**Cut Off Date** means 15 December 2018.

**Deposit** means \$800,000.

**Dispose** in respect of a Share means to:

- (a) dispose of, or agree or offer to dispose of, that Share or any legal, beneficial or economic interest in that Share;
- (b) create, or agree or offer to create, any Security Interest in that Share or any legal, beneficial or economic interest in that Share; or
- (c) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of that Share or any legal, beneficial or economic interest in that Share; or
- (d) agree to any of the things described in paragraphs (a) to (c) (inclusive),

**Duty** means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and any penalty, fine, interest or additional charge payable in relation to any such duty or charge, but excludes any Tax.

**Equity Offer** means an offer by the Company to issue any Equity Securities.

**Equity Securities** has the meaning given to that term in the ASX Listing Rules.

**External Administrator** means an administrator, controller or managing controller (each as defined in the Corporations Act), trustee, provisional liquidator, liquidator or any other person (however described) holding or appointed to an analogous office or acting or purporting to act in an analogous capacity.

**Government Agency** means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity, whether foreign, federal, state, territorial or local.

**GST** has the meaning given in the GST Law.

**GST Exclusive Consideration** has the meaning given in clause 15.2.

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

**Holding Lock** has the meaning given to that term in Section 2 of the ASX Settlement Operating Rules.

**Immediately Available Funds** means payment by electronic funds transfer of cleared funds into an account nominated by the Company.

**Improved Ramelius Takeover Offer** means the Ramelius Takeover Offer varied to provide for an increase to the implied offer price and/or an additional form of consideration.

**Insolvency Event** in relation to a person, means any of the following events occur in respect of the person (where references to sections or Parts are to sections and Parts of the Corporations Act):

- (a) it becomes insolvent within the meaning of section 95A, or is taken to have failed to comply with a statutory demand under section 459F(1), or must be presumed by a court to be insolvent under section 459C(2), or is the subject of a circumstance specified in section 461 (whether or not an application to court has been made under that section) or, if the person is a Part 5.7 body, is taken to be unable to pay its debts under section 585;
- (b) it is the subject of a Liquidation;
- (c) an External Administrator is appointed to it or any of its assets or a step is taken to do so, except an application made to a court for the purposes of such appointment which is discharged, stayed or dismissed within 20 Business Days of commencement, or its Related Entity requests such an appointment;
- (d) if a registered corporation under the Corporations Act, a step is taken under sections 601AA, 601AB or 601AC to cancel its registration;

- (e) if a trustee of a trust, it is unable to satisfy out of the assets of the trust the liabilities incurred by it for which it has a right to be indemnified from the assets of the trust as and when those liabilities fall due;
- (f) an analogous or equivalent event to any listed above occurs in any jurisdiction; or
- (g) it stops or suspends payment to creditors generally.

**Issuer Sponsored Subregister** means the part of the Company's register for Shares that is administered by the Company (and not ASX Settlement) and records uncertificated holdings of Shares.

**Liquidation** means:

- (a) a winding up, dissolution, liquidation, provisional liquidation, administration, bankruptcy or other proceeding for which an External Administrator is appointed, or an analogous or equivalent event or proceeding in any jurisdiction; or
- (b) an arrangement, moratorium, assignment or composition with or for the benefit of creditors or any class or group of them.

**Loss** means all losses, damages, costs, expenses, charges and other liabilities whether present or future, fixed or unascertained, actual or contingent.

**Nominated Director** means the person/s nominated from time to time by the Subscriber to be appointed to the Board, in a non-executive capacity.

**Officer** means, in relation to a body corporate, a director, managerial personnel or secretary of that body corporate.

**Option** means an option to subscribe for Shares on the terms and conditions set out in Schedule 4.

**Percentage Holding** means the Equity Securities in the Company held by the Subscriber divided by the total number of issued Equity Securities in the Company expressed as a percentage (on a fully diluted basis).

**PPS Act** means the *Personal Property Securities Act 2009* (Cth).

**Ramelius** means Ramelius Resources Limited ABN 51 001 717 540.

**Ramelius Takeover Offer** means the offer under the off-market takeover bid under Chapter 6 of the Corporations Act for all of the Shares as contained in its bidder's statement dated 10 September 2018.

**Related Entity** means, in respect of any person, a second person that:

- (a) controls the first person;
  - (b) is under the control of the first person; or
  - (c) is under the control of a third person that also controls the first person,
- with control having the meaning given in section 50AA of the Corporations Act.



**Relevant Interest** has the meaning given in section 608 of the Corporations Act.

**Representative** means in relation to a person, any director, officer or employee or agent of, and any accountant, auditor, financier, financial adviser, legal adviser, technical adviser or other expert adviser or consultant to, that person.

**Restriction Period** means the period commencing on the Completion Date and ending on the first to occur of:

- (a) 30 June 2019;
- (b) the date a takeover bid is made by a Third Party to acquire all or a majority of the Shares, other than the Ramelius Takeover Offer;
- (c) the date on which an Improved Ramelius Takeover Offer is announced;
- (d) the date on which Ramelius acquires a Relevant Interest in 50% or more of the Shares;
- (e) the date on which a majority of the Board recommends that Shareholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any Shares held by the Directors), a Competing Proposal;
- (f) the date on which the Company accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal;
- (g) an Insolvency Event occurs in respect of the Company or any of its material subsidiaries; and
- (h) the Company announces any proposal to de-list from the official list of the stock exchange operated by ASX.

**Securities** means:

- (a) Shares or any other class of shares in the capital of the Company; and
- (b) options, warrants, notes, bonds or other securities convertible into, or exchangeable for, Shares or any other class of shares in the Company.

**Security Interest** means with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind (including a “security interest” within the meaning of section 12(1) of the PPS Act but excluding any deemed security interest referred to in section 12(3) of the PPS Act that does not secure the payment or performance of an obligation) in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable.

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

**Standstill Period** means the period commencing on the date of this agreement and ending on the first to occur of:

- (a) the date that is 12 months after the date of this agreement;

- (b) the date a takeover bid is made by a Third Party to acquire all or a majority of the Shares, other than the Ramelius Takeover Offer;
- (c) the date on which an Improved Ramelius Takeover Offer is announced;
- (d) the date on which Ramelius acquires a Relevant Interest in 50.1% of the Shares;
- (e) the date on which a majority of the Board recommends that Shareholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any Shares held by the Directors), a Competing Proposal; and
- (f) the date on which the Company accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal.

**Subscriber** means:

- (a) Alkane; or
- (b) a Subsidiary of Alkane notified in writing to the Company prior to Completion.

**Subscriber Warranties** means the representations and warranties set out in Schedule 3.

**Subscription Amount** means the amount equal to the Subscription Shares multiplied by the Subscription Price.

**Subscription Application** means an application to subscribe for the Subscription Securities materially in the form set out in Schedule 1.

**Subscription Options** means 53,406,594 Options.

**Subscription Price** means \$0.12 per Share.

**Subscription Securities** means the Subscription Shares and the Subscription Options.

**Subscription Shares** means 66,666,675 Shares.

**Subsidiary** means a subsidiary for the purposes of the Corporations Act.

**Superior Proposal** means a bona fide Competing Proposal received after the date of this agreement that the Board determines, acting in good faith and after having taken advice from its external financial and legal advisers:

- (a) is reasonably capable of being implemented, taking into account all aspects of the Competing Proposal; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Shareholders (as a whole) than the Transaction, taking into account all the terms and conditions of the Competing Proposal and the Transaction.

**Supplier** has the meaning given to that term in clause 15.3.

**Surviving Clauses** means clause 1 (interpretation), clause 12 (Break Fee), clause 13 (confidentiality and announcements), clause 15 (GST), clause 16 (notices), clause 17 (general) (other than clause 17.11 (further assurance)) and clause 18 (governing law and jurisdiction).

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

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

**Third Party** means a person other than a party or any of their respective Related Entities or Associates.

**Transaction** means the subscription for or grant of the Subscription Securities in accordance with the terms of this agreement.

**Warranties** mean the Company Warranties and the Subscriber Warranties.

## **1.2 Things required to be done other than on a Business Day**

Unless otherwise indicated, where the day on which any act, matter or thing is to be done is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

## **1.3 Other rules of interpretation**

In this agreement:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
  - (i) that legislation as amended, extended or applied by or under any other legislation made before or after signature of this agreement;
  - (ii) any legislation which that legislation re-enacts with or without modification; and
  - (iii) any subordinate legislation made before or after signature of this agreement under that legislation, including (where applicable) that legislation as amended, extended or applied as described in clause 1.3(a)(i), or under any legislation which it re-enacts as described in clause 1.3(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;
- (d) a reference to a clause, schedule or annex is a reference to a clause, schedule or annex of or to this agreement (and the schedules and annexes form part of this agreement);
- (e) subject to clause 17.6, references to a party to this agreement include the successors or assigns (immediate or otherwise) of that party;
- (f) a reference to any instrument or document includes any variation or replacement of it;

- (g) unless otherwise indicated, a reference to any time is, a reference to that time in Perth, Australia;
- (h) a reference to \$, A\$ or dollars is to Australian currency;
- (i) singular words include the plural and vice versa;
- (j) a word of any gender includes the corresponding words of any other gender;
- (k) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (l) general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words;
- (m) nothing is to be construed adversely to a party just because that party put forward this agreement or the relevant part of this agreement; and
- (n) the headings do not affect interpretation.

## **2. CONDITIONS PRECEDENT**

### **2.1 Conditions precedent**

The obligations of the parties under clauses 3.1 and 5 are conditional on, and do not become binding unless and until each of the following conditions has been satisfied or waived in accordance with clause 2.5:

- (a) the ASX has not indicated to the Company it will refuse to grant quotation of the Subscription Shares or otherwise make quotation conditional;
- (b) Shareholders in general meeting have approved by the requisite majority the issue of the Subscription Securities to the Subscriber for all purposes, including (without limitation) for the purposes of ASX Listing Rule 7.1 and ASX Listing Rule 7.9.

### **2.2 Best endeavours to satisfy conditions precedent**

- (a) The Company must use best endeavours to ensure that the conditions in clause 2.1 are satisfied as expeditiously as possible and in any event on or before the Cut Off Date.
- (b) The Subscriber must provide:
  - (i) reasonable assistance to the Company as is necessary to satisfy the conditions in clause 2.1; and
  - (ii) all information as may be reasonably requested by the other party in connection with any notices or applications for approvals.

### **2.3 Shareholder approval**

Without limiting clause 2.2, in connection with satisfying the condition in clause 2.1(b), the Company must:

- (a) promptly prepare a notice of meeting to seek the approval of Shareholders, which must include:
  - (i) a unanimous recommendation by the Board that Shareholders vote in favour of the required resolutions in the absence of a Superior Proposal; and
  - (ii) a statement that each Director intends to vote or procure the voting of, their Shares in favour of the resolutions in the absence of a Superior Proposal;
- (b) consult in good faith with the Subscriber in relation to the form and content of the notice of meeting including providing the Subscriber with a draft of the notice of meeting and taking into account each Subscriber's comments prior to providing the draft notice of meeting to ASX for its review; and
- (c) as soon as reasonably practicable and, in any case, no later than 10 Business Days after the date of this agreement, convene a general meeting of Shareholders and despatch the notice of meeting to Shareholders.

## **2.4 Notice**

Each party must promptly notify the others in writing if it becomes aware that any condition in clause 2.1 has been satisfied or has become incapable of being satisfied.

## **2.5 Waiver**

The conditions in clause 2.1 are for the benefit of both parties and may only be waived by both parties in writing.

## **2.6 Cut Off Date**

A party may, by not less than 2 Business Days' notice to the other party, terminate this agreement at any time if the conditions in clause 2.1:

- (a) are not satisfied, or waived in accordance with clause 2.5; or
- (b) become incapable of satisfaction or the parties agree that any of the conditions in clause 2.1 cannot be satisfied,

at any point prior to the Cut-Off Date, provided that, the Company may only terminate this agreement if it has first paid the Break Fee to the Subscriber in accordance with clause 12.2(b) if the Break Fee is payable in the circumstances.

# **3. SUBSCRIPTION**

## **3.1 Subscription for Shares**

Subject to the terms and conditions of this agreement, the Company must allot and issue or grant (as applicable), and the Subscriber must subscribe for or acquire (as applicable), the Subscription Securities, for the Subscription Amount on the Completion Date.

## **3.2 Deposit**

- (a) Within 5 Business Days of the date of this agreement, the Subscriber will pay the Deposit to the Company.

- (b) No interest will accrue on the Deposit.

### **3.3 Ranking and rights**

The Subscription Securities will be free from any Security Interest and rank equally in all respects with all other Shares.

### **3.4 Nominee subscription**

If the Subscriber is a Subsidiary of Alkane:

- (a) Alkane will take all necessary steps to ensure the Subscriber assumes all the rights and performs all the obligations of the Subscriber under this agreement; but
- (b) Alkane is and will remain liable to perform the obligations of the Subscriber under this agreement to the extent the Subscriber fails to do so.

### **3.5 Consent to become a member and Constitution**

Upon issuance or grant (as applicable) of the Subscription Securities, the Subscriber agrees to:

- (a) become a member of the Company; and
- (b) be bound by the constitution of the Company.

## **4. PRE-COMPLETION PERIOD**

### **4.1 Prohibited conduct**

Except to the extent contemplated by this agreement, the Company will not, prior to Completion, without the Subscriber's prior written consent:

- (a) dispose of or agree to dispose of any of its right, title or interest in and to any material asset that it may own or to which it may become entitled;
- (b) charge or agree to grant a Security Interest over the whole or any part of its right, title and interest in and to any material asset that it may own or to which it may become entitled;
- (c) issue or grant, or agree to issue or grant, any Equity Securities, except for:
  - (i) the issue of Shares pursuant to the terms of any Equity Securities on issue at the date of this document; and
  - (ii) the grant of 400,000 performance rights;
- (d) grant any special voting or other rights that attach to Shares; or
- (e) carry on any business except a business of a type that is currently being carried on by the Company.

### **4.2 Termination**

The Subscriber may terminate this agreement by giving written notice in writing to the Company if:

- (a) Ramelius acquires a Relevant Interest in 30% or more of the Shares prior to the Completion Date;
- (b) any member of the Board fails to make the recommendation referred to in clause 2.3(a)(i) or to give the undertaking referred to in clause 2.3(a)(ii) or changes, qualifies or withdraws that recommendation or undertaking once made or makes any statement inconsistent with that recommendation or undertaking;
- (c) a majority of the Board recommends that Shareholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any Shares held by the Directors), a Competing Proposal;
- (d) the Company accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal; or
- (e) subject to applicable law, an Insolvency Event occurs in respect of the Company or any of its Related Entities.

## **5. COMPLETION**

### **5.1 Time and place for Completion**

Completion shall take place at 12.00pm (Perth time) on the Completion Date at the office with the address of Level 2, 88 Colin Street, West Perth, Western Australia of the Company or any other time and place agreed in writing between the Company and the Subscriber.

### **5.2 Subscriber's obligations**

The Subscriber must:

- (a) subject to the Company having complied with its obligations under clause 5.3(a), on or before the Business Day immediately preceding the Completion Date, irrevocably instruct its bank to transfer the Completion Amount to the Company in Immediately Available Funds and provide SWIFT confirmation to the Company; and
- (b) give to the Company a completed and signed Subscription Application.

### **5.3 Company's obligations at or before Completion**

- (a) The Company must procure that before the Business Day immediately preceding the Completion Date:
  - (i) the Board of the Company passes an irrevocable resolution approving the allocation, issuance and/or grant of the Subscription Securities to the Subscriber in consideration of the Subscription Amount; and
  - (ii) if requested by the Subscriber, give to the Subscriber a certified copy of the resolution referred to in clause 5.3(a)(i).
- (b) At Completion subject to receipt of the Completion Amount and Subscription Application, the Company must:
  - (i) **Subscription Shares:**

- (A) issue and allot the Subscription Shares to the Subscriber free from any Security Interest;
  - (B) register the Subscription Shares in the Company's register of members, or ensure that the Company's share registry does so, in the name of the Subscriber, free from any Security Interest; and
  - (C) give the Subscriber the issuer sponsored holding statement for the Subscription Shares or such other reasonable evidence of issue of the Subscription Shares to the Subscriber.
- (ii) **Subscription Options:**
- (A) grant the Subscription Options to the Subscriber free from any Security Interest;
  - (B) register the Subscription Options in the Company's register of optionholders, or ensure that the Company's share registry does so, in the name of the Subscriber, free from any Security Interest; and
  - (C) give the Subscriber the certificate in respect of the Subscription Options.

#### **5.4 Performance of completion obligations**

No party is obliged to complete any of its obligations under this clause 5 and Completion will not occur unless all of the obligations of the other parties which are to be performed on Completion are performed on the same date and in accordance with the terms of this agreement. If for any reason any of those obligations is not performed and Completion does not occur then, without prejudice to any other rights of the parties, if a party has performed any of the obligations which it is to perform on Completion, the other parties must take all action necessary to restore that party to the position it was in before that obligation was performed.

#### **5.5 Notice to complete**

If, for any reason, Completion does not occur because of the failure of any party (**Defaulting Party**) to simultaneously satisfy any of its obligations under this agreement as contemplated by this clause 5 then any party other than the Defaulting Party (each a **Non-Defaulting Party**) may give the Defaulting Party notice requiring the Defaulting Party to satisfy those obligations within a period of 3 Business Days after the date of the notice and specifying that time is of the essence in relation to that notice.

#### **5.6 Remedies for failure to comply with notice to complete**

If the Defaulting Party fails to comply with a notice given under clause 5.5, any Non-Defaulting Party may, without prejudice to any other rights or remedies available to it under this agreement or at law, in its absolute discretion terminate this agreement or seek specific performance of this agreement and, in either case, may seek damages for any Loss incurred or suffered as a result of the relevant breach.

### **6. POST-COMPLETION OBLIGATIONS**

As soon as possible following Completion (and in any event no later than the second Business Day following Completion), the Company must:



- (a) apply for official quotation of the Subscription Shares by ASX; and
- (b) either:
  - (i) lodge with ASX a notice in accordance with section 708A(5)(e) of the Corporations Act that complies with section 708A(6) of the Corporations Act in respect of the Subscription Shares; or
  - (ii) if the Company is unable to issue a notice that complies with section 708A(6) of the Corporations Act, the Company must, as soon as practicable, and in any event, by no later than 20 Business Days after Completion, issue a disclosure document that complies with Part 6D.2 of the Corporations Act in respect of the Subscription Securities.

## **7. SECURITIES DEALINGS**

### **7.1 No dealing during Restriction Period**

- (a) Subject to clause 7.3, during the Restriction Period the Subscriber must not Dispose of the Subscription Shares without the prior written consent of the Company.
- (b) The Subscriber acknowledges and agrees that:
  - (i) on the issue of the Subscription Shares to the Subscriber, those Shares will be registered and held for the Subscriber on the Issuer Sponsored Subregister; and
  - (ii) the Company will apply a Holding Lock to the Subscription Shares as soon as practicable after registration of the Subscription Shares on the Issuer Sponsored Subregister.
- (c) The Company must do all things necessary to ensure that the Holding Lock is released:
  - (i) to the extent necessary to permit Disposals of Subscription Shares permitted by this agreement; and
  - (ii) at the expiry of the Restriction Period,

including notifying ASX that the Subscription Shares will be released from the Holding Lock in accordance with the timing requirements set out in ASX Listing Rule 3.10A.

### **7.2 Standstill**

- (a) During the Standstill Period, the Subscriber must not, and must procure that each of its Related Entities (alone or with others) do not, in any manner, acquire or purchase, or agree or offer, or announce an intention to offer (including for the avoidance of doubt an offer conditional on waiver of any part of this clause 7.2), to acquire or purchase, any Relevant Interest in any Equity Securities or direct or indirect rights, warrants or options to acquire any Equity Securities, other than:
  - (i) with the prior written consent of the Company;
  - (ii) in relation to taking up an entitlement in a pro rata entitlement offer of Shares or any other Securities or participating in a dividend reinvestment plan;

- (iii) via an on-market acquisition of up to 53,406,594 Shares for less than \$0.13 per Share, without relying on section 611, item 9 of the Corporations Act; or
  - (iv) under or in accordance with this agreement;
- (b) For each Share acquired by the Subscriber during the Standstill Period in reliance on the exception in clause 7.2(a)(iii), the Subscriber agrees to forfeit one Option and the Company may cancel the Option without any further action required from the Subscriber, commencing with options with a \$0.13 per Share exercise price.

### **7.3 Transfers to a Related Entity**

Notwithstanding any condition to the contrary in this agreement, during the Restriction Period, the Subscriber may transfer all of the Subscription Shares to a Related Entity of the Subscriber, provided that such Related Entity is a Subsidiary of Alkane and enters into a deed poll in favour of the Company agreeing to be bound by the terms and conditions of this clause 7 as if it was the Subscriber.

## **8. STRATEGIC RELATIONSHIP**

### **8.1 Nature of relationship**

The parties acknowledge that the introduction of the Subscriber as a new investor in the Company creates an important strategic relationship between the Company and the Subscriber that will allow the Company to benefit from the Subscriber's technical and strategic expertise and financial capacity. In particular:

- (a) the current skills and expertise of the Board and management team of the Company will be supplemented by the technical, strategic and financing experience of the Subscriber and its related bodies corporate;
- (b) it will broaden the Company's exposure to a wider range of investors, financiers and other commercial partners through the network of the Subscriber and its related bodies corporate; and
- (c) it is anticipated that the above will assist the Company to fast-track the feasibility and development of the Company's projects.

### **8.2 Technical steering committee**

- (a) Subject to clause 8.2(b), the Company agrees that on and from Completion,
  - (i) it will establish and maintain a technical steering committee, whose members will include appropriately qualified persons nominated by the Company and the Subscriber, to review and assess the Company's exploration and feasibility programs and monthly reports to the Board, and provide non-binding advice and recommendations to the Board;
  - (ii) the Subscriber will be entitled to, upon reasonable notice to the Company, inspect and make copies of information from the Company including, but not limited to, all books, records, accounts, working papers, budgets and cash flows, financial information, technical studies and documents to which a director of the Company would otherwise have access in the possession, custody or control of the Company or its Subsidiaries; and

- (iii) the Company must ensure that the Subscriber has reasonable access to senior management for the purpose of regular consultation regarding the business affairs and activities of the Company and its Related Bodies Corporate.
- (b) If at any time after the date which is 12 months from the date of Completion, the Subscriber's Percentage Holding falls below 12% for more than 10 consecutive days on which the ASX is open for trading, the obligation under clause 8.2 will cease to apply.
- (c) The Subscriber bears its costs of attending and participating in the technical steering committee. The committee can meet in any way that the directors of the Company can meet including by telephone.

### **8.3 Advisory support services**

On request of the Company, the Subscriber may (in its absolute discretion) provide further advisory support services to the Company through the use of the Subscriber's technical engineering and project development, capital markets and strategic expertise in the mining sector for fees as agreed between the parties in advance.

## **9. BOARD OF DIRECTORS**

### **9.1 Changes to the Board**

From the date of this agreement until the Business Day immediately after the Company's 2019 annual general meeting, the Company undertakes for the benefit of the Subscriber not to increase the size of the Board or remove or replace any member of the Board other than in accordance with the terms of this agreement or the Corporations Act.

### **9.2 Appointment of director**

- (a) Subject to:
  - (i) compliance with all relevant regulations and laws;
  - (ii) receipt by the Company of a consent to act as a director for the purposes of sections 205B and 205C of the Corporations Act from the Nominated Director,on and from the date the Subscriber's Percentage Holding equals or exceeds 12%, the Subscriber shall be entitled to appoint one Nominated Director to the Board, and the Company shall procure that the Board appoints the Nominated Director to the Board.
- (b) The Company must ensure that a Nominated Director is proposed for election at the next annual general meeting of the Company after their appointment and recommend the election of the Nominated Director at that annual general meeting and do all things as may reasonably be necessary or expedient on its part to ensure that such election is approved by the requisite majority.
- (c) If a Nominated Director is not re-elected at an annual general meeting of the Company:
  - (i) the Subscriber may nominate another Nominated Director in place of that director in accordance with clause 9.2(a); and
  - (ii) the Board must not appoint a person as director who is not a Nominee Director in respect of that vacancy.

- (d) For the avoidance of doubt, the Nominated Director will be subject to the obligations applicable to all Directors under applicable law including in respect of re-election by Shareholders pursuant to the ASX Listing Rules and the Constitution.

### **9.3 Information access and sharing rights**

The Nominated Director may provide the Subscriber with any information acquired by the Nominated Director (in his or her capacity as a director of the Company) provided that such information is provided to the Subscriber in a manner that does not conflict with any information protocols that may be agreed between the Subscriber and the Company and such information is to be maintained by the Subscriber in accordance with the confidentiality obligations in clause 14.

### **9.4 Cessation of rights**

If at any time after the appointment of a Nominated Director, the Subscriber's Percentage Holding falls below 12% for more than 10 consecutive days on which the ASX is open for trading:

- (a) the Subscriber must procure that the Nominated Director tenders his or her resignation to the Board for consideration; and
- (b) the Subscriber's rights under this clause 9 will cease to apply.

## **10. ALTERNATIVE CAPITAL RAISINGS**

- (a) On and from the date the Subscriber's Percentage Holding equals or exceeds 12%, prior to the Company undertaking any proposed mezzanine debt, royalty or metal streaming of an amount in excess of \$1,000,000 (**Prescribed Alternative Raising**) the Company must:
  - (i) provide a written notice to the Subscriber specifying the material terms of the Prescribed Alternative Raising and a statement to the effect that the Subscriber has an option to participate in the Prescribed Alternative Raising on the material terms set out in the notice; and
  - (ii) must not undertake the Prescribed Alternative Raising prior to fully complying with this clause 10.
- (b) The Subscriber may exercise the option stated in the notice given under clause 10(a)(i) by giving notice to that effect to the Company within 10 Business Days after the date of the Subscriber's receipt of the notice given under clause 10(a)(i).
- (c) If the Subscriber's Percentage Holding falls below 12% for more than 10 consecutive days on which the ASX is open for trading, the rights under clause 10(a) will cease to apply.

## **11. ANTI-DILUTION RIGHT**

### **11.1 Grant of Anti-Dilution Right**

- (a) On Completion until the date that is 12 months after the date of this agreement, and subject to the following provisions of this clause 11, the Subscriber will have the right to participate in any Equity Offer by the Company up to the number of Equity Securities required to ensure that the Subscriber's Percentage Holding immediately before completion of the Equity Offer remains the same immediately following the Equity Offer, provided that such participation is for cash consideration that is:

- (i) no more favourable than cash consideration paid by third parties (in the case of issues of Equity Securities to third parties for cash consideration); or
- (ii) equivalent in value to non-cash consideration offered by third parties (in the case of issues of Equity Securities to third parties for non-cash consideration)

**(Anti-Dilution Right).**

- (b) Any calculation of the value of non-cash consideration for the purposes of clause 11.1(a)(ii) is to be agreed between the parties (both acting reasonably) or in the absence of such agreement by an independent valuer (with the costs borne by the Company and the decision of the independent valuer being final and binding on the parties in the absence of manifest error) .

## **11.2 ASX waiver**

- (a) The Anti-Dilution Right is subject to and conditional on the Company obtaining from ASX a waiver of ASX Listing Rule 6.18 to the extent necessary to permit the Anti-Dilution Right.
- (b) As soon as practicable following the execution of this Agreement, and in any event within 15 Business Days of Completion, the Company must use its best endeavours to seek and obtain from the ASX a waiver of ASX Listing Rule 6.18 in relation to the Anti-Dilution Right.
- (c) If ASX declines to grant a waiver of ASX Listing Rule 6.18 in relation to the Anti-Dilution Right, then:
  - (i) the parties will use all reasonable endeavours in good faith to agree an alternative anti-dilution regime of reduced scope which provides the Subscriber with as much as possible of the protections afforded by the Anti-Dilution Right whilst at the same time being acceptable to ASX, including discussing potential alternatives with ASX and seeking appropriate waivers and/or confirmations from ASX; and
  - (ii) the Company will be obliged to accept and implement any such alternative anti-dilution regime, provided that it is no more onerous to the Company than the Anti-Dilution Right.

## **11.3 Equity Offers prior to grant of waiver**

Without the prior consent of the Subscriber, during the period from the date of execution of this Agreement to the date that the Company has received a final decision from the ASX in respect of the waiver from ASX Listing Rule 6.18 under clause 11.2, the Company undertakes for the benefit of the Subscriber not to undertake or agree to undertake an Equity Offer, other than an Equity Offer of the type described in clause 11.5.

## **11.4 Shareholder approval**

Where shareholder approval is required by law or the ASX Listing Rules before Equity Securities can be issued to the Subscriber under clause 11.1, the Company must take all reasonable steps to ensure that shareholder approval is obtained in respect of the issue of such Equity Securities to the Subscriber as soon as practicable after the Subscriber exercises its option under clause 11.1, including taking all reasonable steps to procure the Company's non-interested directors unanimously vote to recommend that shareholders vote in favour of the resolution approving the issue of the Equity Securities to the Subscriber, subject at all times to the directors' fiduciary duties.

## 11.5 Exceptions

The Anti-Dilution Right will not apply in relation to an Equity Offer which is under any employee incentive scheme pursuant to ASIC Class Order 14/1000.

## 11.6 Termination of Anti-Dilution Right

The Anti-Dilution Right will continue until the date that is 12 months after the date of this agreement.

## 12. BREAK FEE

### 12.1 Acknowledgement and agreement by the Company

The Company acknowledges and agrees that:

- (a) The Subscriber and its Related Entities have incurred and will continue to incur significant costs, expenses and losses in pursuing the Transaction including:
  - (i) legal, financial and other professional advisory costs;
  - (ii) costs of management and directors' time;
  - (iii) out of pocket expenses; and
  - (iv) opportunity costs of pursuing the Transaction or in not pursuing alternative transactions or business opportunities;
- (b) the costs and expenses actually incurred by the Subscriber and its Related Entities are of such nature that they cannot accurately be ascertained;
- (c) the Break Fee is a genuine and reasonable estimate of the costs and expenses that have been or will be actually incurred by the Subscriber and its Related Entities in pursuing the Transaction;
- (d) the Subscriber has negotiated the inclusion of clause 12.2 in this agreement and would not have entered into this agreement without it; and
- (e) the Board has concluded that it is reasonable and appropriate for the Company to agree to payment of the Break Fee in the circumstances described in clause 12.2 in order to secure the Subscriber's entry into this agreement.

### 12.2 Circumstances where Break Fee payable

Subject to clause 12.4, the Company must pay the Break Fee to the Subscriber if prior to the Completion Date any of the following has occurred:

- (a) **failure or change to recommendation:** any member of the Board fails to make the recommendation referred to in clause 2.3(a)(i) or to give the undertaking referred to in clause 2.3(a)(ii) or changes, qualifies or withdraws that recommendation or undertaking once made or makes any statement inconsistent with that recommendation or undertaking;
- (b) **breach of shareholder approval obligations:** the condition in clause 2.1(b) is not satisfied by the Cut-Off Date due to a breach of the Company's obligations under clause 2.3;

- (c) **entry into agreement to give effect to Competing Proposal:** the Company accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal;
- (d) **recommend Competing Proposal:** a majority of the Board recommends that Shareholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any Shares held by the Directors), a Competing Proposal of any kind (whether or not such proposal is stated to be subject to any pre-conditions)..

### 12.3 Payment of Break Fee

- (a) If the Break Fee becomes payable under this agreement, the Company must pay it without withholding or set-off within 5 Business Days after receipt of a written demand for payment from the Subscriber.
- (b) The Break Fee is payable by the Company to the Subscriber only once and, if actually paid to the Subscriber, the Subscriber cannot make any Claim against the Company for any further payment of the Break Fee.

### 12.4 Amendments to Break Fee Arrangements

- (a) If any of the following occurs:
  - (i) ASIC indicates to either party in writing that in the absence of modification to the amount of the Break Fee or this clause 12 (**Break Fee Arrangements**) it will apply to the Takeovers Panel for a declaration of unacceptable circumstances; or
  - (ii) as a result of an application to the Takeovers Panel by a party other than the Company or its Representatives, the Takeovers Panel indicates to either party in writing that, in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the Break Fee Arrangements, it will make a declaration of unacceptable circumstances,then:
  - (A) the parties must amend this clause 12 to the extent required to give effect to the requirements of ASIC or the Takeovers Panel, as the case may be, and in the circumstances referred to in clause 12.4(a)(ii) must give the required undertakings; and
  - (B) if the Subscriber has received all or part of the Break Fee, the Subscriber must repay the relevant portion of the received amount to the Company to give effect to the requirements of ASIC or the Takeovers Panel.
- (b) The parties must not request ASIC to review, or make or cause or permit to be made, any application to the Takeovers Panel in respect of, the Break Fee Arrangements.

### 12.5 No limit on other Claims

This clause 12 does not limit the rights of the Subscriber in respect of any other Claim that may arise under this agreement in connection with any event or occurrence referred to in clause 12.2 provided that the amount of any loss or damage in such Claim will be reduced by the amount paid to the Subscriber under this clause 12.

### **13. WARRANTIES**

#### **13.1 Company Warranties**

- (a) The Company represents and warrants to the Subscriber that each of the Company Warranties is true and accurate in all material respects.
- (b) The Company acknowledges that the Subscriber has entered into this agreement in reliance on the Company Warranties.

#### **13.2 Subscriber Warranties**

- (a) The Subscriber represents and warrants to the Company that each of the Subscriber Warranties is true and accurate in all material respects.
- (b) The Subscriber acknowledges that the Company has entered into this agreement in reliance on the Subscriber Warranties.

#### **13.3 Nature of Warranties**

Each Warranty:

- (a) in respect of a Warranty that is expressed to be given on a particular date, is given on that date; and
- (b) in respect of each other Warranty, is given on the date of this agreement and immediately before the issue or grant of the Subscription Securities;
- (c) must be construed independently and is not limited by reference to another Warranty; and
- (d) survives the execution and completion of this agreement.

#### **13.4 Notice**

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations and warranties given by it under this clause 13.

#### **13.5 Limitation of liability**

- (a) The maximum aggregate amount which any party is required to pay in respect of all Claims under this agreement whenever made is limited to an amount equal to the Subscription Amount.
- (b) No party will be liable for a Claim unless the party making the Claim notifies the party who the Claim is against of the Claim (in writing and in reasonable detail) within 24 months after Completion.

#### **13.6 Certain payments taken to be a reduction in the Subscription Amount**

Any payment made by the Company in respect of a Claim for breach of Company Warranty must, to the extent possible, be taken to be a reduction in the Subscription Amount.



### **13.7 No other warranties or representations**

To the maximum extent permitted by law, except for the Warranties given by a party, all warranties and representations on the part of the party, its directors, officers, employees, agents, representatives or advisers, whether express or implied, whether statutory or otherwise, are expressly excluded.

## **14. CONFIDENTIALITY**

### **14.1 Announcements**

A party must not make any public announcement relating to this agreement or the transactions contemplated by it, unless the other party has consented to the announcement, including the timing, form and content, unless the announcement would be permitted under an exception in clause 14.3.

### **14.2 Confidentiality agreement**

Each party acknowledges and agrees that it continues to be bound by the non-disclosure agreement dated 20 September 2018 between the parties.

### **14.3 Confidentiality obligation and exceptions**

A party may not disclose the provisions of this agreement, except:

- (a) after getting the written consent of the other party;
- (b) to a Related Entity or a Representative who needs to know such information in the conduct of his duties; or
- (c) as required by an applicable law, legal process, any order or rule of any Government Agency or the rules of a recognised stock exchange, after first consulting with the other parties, about the form and content of the disclosure,

and must use its best endeavours to ensure all permitted disclosures are kept confidential.

## **15. GST**

### **15.1 Interpretation**

Words and expressions that are defined in the GST Law have the same meaning when used in this clause 15. For the purposes of this clause 15, references to GST payable and input Tax credit entitlements of any entity include GST payable by, and the input Tax credit entitlements of, the representative member of the GST group of which the entity is a member.

### **15.2 Consideration exclusive of GST**

Except as otherwise expressly provided in this agreement, all amounts payable or consideration to be provided under or in connection with this agreement are exclusive of GST (**GST Exclusive Consideration**).

### **15.3 Payment of GST**

If GST is payable on any supply made under or in connection with this agreement the recipient must pay to the party that has made or will make the supply (**Supplier**), in addition to the GST Exclusive Consideration, an additional amount equal to the GST payable on that supply (**Additional Amount**).

The recipient must pay the Additional Amount without set-off, demand or deduction, at the same time and in the same manner as any GST Exclusive Consideration for that supply is required to be paid, except that the recipient is not required to pay the Additional Amount unless and until the Supplier has issued a Tax invoice under clause 15.4.

#### **15.4 Tax invoice**

For any supply to which clause 15.3 applies, the Supplier must issue a Tax invoice which complies with the GST Law.

#### **15.5 Adjustments**

If any adjustment event occurs in respect of a supply to which clause 15.3 applies:

- (a) the Additional Amount paid or payable by the recipient must be recalculated, taking into account any previous adjustments under this clause 15.5, to reflect the occurrence of that adjustment event and the Supplier or the recipient, as the case requires, must pay to the other the amount required to reflect the recalculation of the Additional Amount; and
- (b) the Supplier must provide an adjustment note to the recipient as soon as practicable after the Supplier becomes aware of the occurrence of that adjustment event.

#### **15.6 Input tax credits**

Notwithstanding any other provision of this agreement, if an amount payable under or in connection with this agreement is calculated by reference to any loss, damage, cost, expense, charges or other liability incurred or suffered by a party, then the amount payable must be reduced by the amount of any input Tax credit to which that entity is entitled in respect of the acquisition of any supply to which the loss, damage, cost, expense, charge or other liability relates.

### **16. NOTICES**

#### **16.1 Manner of giving notice**

Unless expressly stated otherwise in this agreement, a notice or other communication given under this agreement including, but not limited to, a request, demand, consent, waiver or approval, to or by a party to this agreement (**Notice**):

- (a) must be in legible writing and in English;
- (b) must be signed by the sender (if an individual) or an Officer of the sender;
- (c) must be addressed to the addressee at the address or email address set out below or to any other address or email address a party notifies to the other under clause 16.2; and
- (d) is deemed to be received by the addressee in accordance with clause 16.3.

#### **16.2 Parties' details**

A Notice may delivered or served to each party as follows:

- (a) if to the Company:

**Explaurum Limited**

Address: 1 Eagle Street, Brisbane, Queensland 4000  
Email: John.Lawton@explaurum.com  
Attention: The Managing Director

With a copy to

**Thomson Geer**

Address: Level 16 1 Eagle Street, Brisbane, Queensland 4000  
Email: [e.fung@tglaw.com.au](mailto:e.fung@tglaw.com.au)  
Attention: Eugene Fung

(b) if to the Subscriber:

**Alkane Resources Limited**

Address: 89 Burswood Road, Burswood, Western Australia 6100  
Email: nearer@alkane.com.au  
Attention: Nic Earner

**16.3 When notice given**

- (a) Without limiting any other means by which a party may be able to prove that a Notice has been received by another party, a Notice is deemed to be received:
- (i) if sent by hand, when delivered to the addressee;
  - (ii) if by post, seven Business Days from and including the date of postage/on delivery to the addressee or ten Business Days from and including the date of postage/on delivery to the addressee if being sent to an overseas address; or
  - (iii) if by email, the earlier of:
    - (A) at the time of transmission unless the sender receives an automatic notification that the email has not been received (other than an out of office greeting for the named addressee) and it receives the notification before two hours after the time of transmission;
    - (B) the sender receiving a message from the intended recipient's information system confirming delivery of the email; and
    - (C) when the email (including any attachment) becomes available to be read at the email address specified by the recipient in accordance with this agreement,

but if the delivery or receipt is on a day which is not a Business Day or is after 5.00pm (addressee's time) it is deemed to be received at 9.00am on the following Business Day.

- (b) In this clause, a reference to an addressee includes a reference to an addressee's Officers, agents or employees.

#### **16.4 Documents relating to legal proceedings**

This clause 16 does not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this agreement.

### **17. GENERAL**

#### **17.1 Termination of this agreement**

- (a) If this agreement is terminated under clause 2.6 or 4.2 then:
  - (i) the Company must repay the Deposit to the Subscriber in full within 30 Business Days;
  - (ii) except as provided in clause 17.1(a)(iv) all the provisions of this agreement cease to have effect and each party is released from its obligations to further perform this agreement;
  - (iii) each party retains all rights that it has against each other party in respect of any breach of this agreement occurring before termination; and
  - (iv) the provisions of, and the rights and obligations of each party under, this clause 17.1 and each of the Surviving Clauses survive termination of this agreement.
- (b) Except for the express rights of termination contained in clauses 2.6 or 4.2 no party has any right to terminate this agreement and the parties waive their rights (if any) to annul, rescind, dissolve, withdraw from, cancel or terminate this agreement in any circumstances.

#### **17.2 Manner of payments**

Unless otherwise expressly stated (or as otherwise agreed in the case of a given payment), each payment to be made under this agreement must be made in \$AUD by transfer of the relevant amount into the relevant account on or before the date on which the payment is due and in Immediately Available Funds. The relevant account for a given payment is the account that the party due to receive the payment specifies, not less than 3 Business Days before the date on which payment is due, by giving notice to the party due to make the payment.

#### **17.3 Exclusion of consequential liability**

Neither party will be liable to the other party for any indirect and consequential loss or damage (including for loss of profit (whether direct, indirect, anticipated or otherwise), loss of expected savings, opportunity costs, loss of business (including loss or reduction of goodwill), damage to reputation and loss or corruption of data regardless of whether any or all of these things are considered to be indirect or consequential or damage) in contract, tort (including negligence), under any statute or otherwise arising from or related in any way to this agreement or its subject matter.

#### **17.4 Costs and Duty**

- (a) Each party must pay its own costs and expenses of negotiating, preparing, signing, delivering and registering this agreement and any other agreement or document entered into or signed under this agreement.

- (b) A party must bear the costs and expenses of performing its obligations under this agreement, unless otherwise provided in this agreement.
- (c) The Subscriber must pay all Duty in respect of signing, delivering and performing this agreement and any other agreement or document entered into or signed under this agreement.

#### **17.5 Invalidity**

- (a) If a provision of this agreement or a right or remedy of a party under this agreement is invalid or unenforceable in a particular jurisdiction:
  - (i) it is read down or severed in that jurisdiction only to the extent of the invalidity or unenforceability; and
  - (ii) it does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions in any jurisdiction.
- (b) This clause is not limited by any other provision of this agreement in relation to severability, prohibition or enforceability.

#### **17.6 Assignment, novation and other dealings**

A party must not assign or novate this agreement or the benefit of it or a right under it, or purport to do so, without the prior written consent of each other party which consent may be withheld at the discretion of the party from whom consent is sought.

#### **17.7 Variation**

No variation of this agreement is effective unless made in writing and signed by each party.

#### **17.8 Waiver**

- (a) No waiver of a right or remedy under this agreement is effective unless it is in writing and signed by the party granting it. It is only effective in the specific instance and for the specific purpose for which it is granted.
- (b) A single or partial exercise of a right or remedy under this agreement does not prevent a further exercise of that or of any other right or remedy.
- (c) Failure to exercise or delay in exercising a right or remedy under this agreement does not operate as a waiver or prevent further exercise of that or of any other right or remedy.

#### **17.9 Cumulative rights**

Except as expressly provided in this agreement, the rights of a party under this agreement are in addition to and do not exclude or limit any other rights or remedies provided by law.

#### **17.10 Severability**

Any term of this agreement which is wholly or partially void or unenforceable is severed to the extent that it is void or unenforceable. The validity or enforceability of the remainder of this agreement is not affected.

### **17.11 Further assurances**

Except as expressly provided in this agreement, each party must, at its own expense, do all things reasonably necessary to give full effect to this agreement and the matters contemplated by it.

### **17.12 No-merger**

No term of this agreement merges on completion of any transaction contemplated by this agreement.

### **17.13 Entire agreement**

- (a) This agreement is the entire agreement between the Company and the Subscriber about its subject matter and replaces all previous agreements, understandings, representations and warranties about that subject matter.
- (b) Each party represents and warrants that it has not relied on any representations or warranties about the subject matter of this agreement except as expressly provided in this agreement.

### **17.14 Counterparts**

This agreement may be executed in any number of counterparts, each of which, when executed, is an original. Those counterparts together make one instrument.

### **17.15 Relationship of the parties**

Except as expressly provided in this agreement:

- (a) nothing in this agreement is intended to constitute a fiduciary relationship or an agency, partnership or trust; and
- (b) no party has authority to bind any other party.

### **17.16 Third party rights**

Except as expressly provided in this agreement:

- (a) each person who executes this agreement does so solely in its own legal capacity and not as agent or trustee for or a partner of any other person; and
- (b) only those persons who execute this agreement have a right or benefit under it.

### **17.17 Language**

This agreement is written and executed in the English language. Any versions of this agreement in any other language shall be for translation purposes only and shall accordingly have no legal effect.

## **18. GOVERNING LAW AND JURISDICTION**

### **18.1 Governing law**

This agreement and any non-contractual obligations arising out of or in connection with it are governed by the law applying in Western Australia.

## **18.2 Jurisdiction**

Except where the parties have agreed a particular method of resolving disputes under particular provisions of this agreement, the courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with this agreement) and each party irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.

**THIS AGREEMENT** has been executed by the parties or their duly authorised representatives on the date stated at the beginning of this agreement.

**SCHEDULE 1**

**APPLICATION TO SUBSCRIBE FOR SECURITIES**

To: the Directors of Explaurum Limited (**Company**)

We refer to the subscription agreement between the Company and Alkane Resources Limited (**Subscriber**) dated 29 October 2018 (**Subscription Agreement**).

In accordance with the Subscription Agreement, the Subscriber applies for, and requests you to allot and issue or grant to it the Subscription Securities (as defined in the Subscription Agreement) being 66,666,675 ordinary shares in the capital of the Company (**Shares**) and 53,406,594 options to subscribe for Shares on the terms set out in Schedule 4 of the Subscription Agreement (**Options**) for the aggregate subscription price of A\$● (**Subscription Amount**).

We have arranged an electronic funds transfer for the Completion Amount.

The Subscriber agrees:

- (a) that the allotment of the Shares and grant of Options to it constitutes acceptance of this application;
- (b) to become a member of the Company; and
- (c) to be bound by, and hold the Shares subject to the terms of, the constitution of the Company.

**EXECUTED** by **ALKANE RESOURCES** )  
**LIMITED** in accordance with section 127 of the )  
*Corporations Act 2001* (Cth): )

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/company secretary

\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Name of director/company secretary



**SCHEDULE 2**  
**COMPANY WARRANTIES**

1. **Registration:** it is a corporation registered (or taken to be registered) and validly existing under the Corporations Act.
2. **Corporate existence:** it is a body corporate validly existing under the laws of its place of incorporation.
3. **Power and capacity:** it has the power and capacity to enter into and perform its obligations under this agreement and to own its assets and to carry on its business as it is now being conducted.
4. **Authority:** it and its directors have taken all necessary action to authorise the signing, delivery and performance of this agreement and the documents required under this agreement in accordance with their respective terms.
5. **Validity of obligations:** this agreement constitutes valid and binding obligations upon it enforceable in accordance with its terms.
6. **No breach:** the signing and delivery of this agreement and the performance by the Company of its obligations under it complies with:
  - (a) each applicable law and Authorisation;
  - (b) the Constitution;
  - (c) each replaceable rule in the Corporations Act that applies to the Company;
  - (d) the ASX Listing Rules; and
  - (e) each agreement, arrangement, or any other document binding on the Company;
7. **No Insolvency Event:** no Insolvency Event has occurred in relation to the Company or any of its subsidiaries.
8. **Subscription Securities:** the Subscriber will acquire at Completion:
  - (a) full legal and beneficial ownership of the Subscription Securities free and clear of all Security Interests, subject to the registration of the Subscriber in the Company's register of members and optionholders;
  - (b) the Subscription Securities free of competing rights, including pre-emptive rights or right of first refusal; and
  - (c) Subscription Shares that are fully paid and have no money owing in respect of them.
9. **Issued capital:** at the date of this agreement, the Company has the following securities on issue:
  - (a) 481,412,320 Shares;

- (b) the following unlisted options to subscribe for Shares:

Number	Exercise price	Expiry date
8,000,000	\$0.098	22 September 2019
14,216,421	\$0.07	10 November 2020
258,695	\$0.096	17 May 2021

- (c) the following performance rights convertible into Shares:

Number	Vesting condition	Expiry date
3,800,000	10 VWAP is at least \$0.25	10 November 2020
3,800,000	10 VWAP is at least \$0.35	10 November 2020
3,800,000	10 VWAP is at least \$0.45	10 November 2020
2,533,333	10 VWAP is at least \$0.25	16 March 2021
2,533,333	10 VWAP is at least \$0.35	16 March 2021
2,533,333	10 VWAP is at least \$0.45	16 March 2021

10. **Quotation:** the Company:

- (a) has been admitted to and is listed on the official list of the ASX;
- (b) has not been removed from, nor has it been threatened with removal from, the official list of the ASX; and
- (c) the Shares are quoted on the ASX and no suspension has been threatened by the ASX.

11. **Litigation and compliance:**

- (a) At the date of this Agreement, except as disclosed, neither the Company nor any of its Related Entities is, as at the date of this agreement, a party to any material investigation, prosecution, litigation, legal proceedings, arbitration, mediation or any other form of litigation or dispute resolution process or administrative or governmental proceedings (**Material Proceedings**).
- (b) At the date of this Agreement, except as disclosed, so far as the Company is aware, as at the date of this agreement, no Material Proceedings against the Company or any of its Related Entities are pending or threatened and the Company is not aware of any disputes that will, or would reasonably be likely to, give rise to any Material Proceedings.

12. **Disclosure:**

- (a) So far as the Company is aware, the information prepared by or on behalf of the Company and provided to the Subscriber in connection with the offer, subscription and issue of the Subscription Securities or this agreement is accurate in all material respects.

- (b) The Company has not provided any information to the Subscriber that it is aware is misleading in any material respect and, so far as the Company is aware, no information has been omitted that would render such information misleading in any material respect.
- (c) So far as the Company is aware, it is in compliance with its periodic and continuous disclosure obligations under the ASX Listing Rules and the Corporations Act 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.
- (d) The Company is able to issue a notice that would comply with section 708A(6) of the Corporations Act and, upon the issue of that notice, section 708A(1) and (5) would apply in respect of an offer of any Subscription Shares for sale.
- (e) The Company has not withheld from the Subscriber any information which a reasonable person in the Subscriber's position would consider material to the decision of the Subscriber to enter into this agreement.

## SCHEDULE 3

### SUBSCRIBER WARRANTIES

1. **Registration:** it is a corporation registered (or taken to be registered) and validly existing under the Corporations Act.
2. **Corporate existence:** it is a body corporate validly existing under the laws of its place of incorporation.
3. **Power and capacity:** it has the power and capacity to enter into and perform its obligations under this agreement and to own its assets and to carry on its business as it is now being conducted.
4. **Authority:** it and its directors have taken all necessary action to authorise the signing, delivery and performance of this agreement and the documents required under this agreement in accordance with their respective terms.
5. **Validity of obligations:** this agreement constitutes valid and binding obligations upon it enforceable in accordance with its terms.
6. **No breach:** the signing and delivery of this agreement and the performance of its obligations under it complies with:
  - (a) each applicable law and Authorisation;
  - (b) its constitution; and
  - (c) each agreement, arrangement, or any other document by which it is bound.
7. **No Insolvency Event:** no Insolvency Event has occurred in relation to it.

## SCHEDULE 4

### TERMS AND CONDITIONS OF OPTIONS

1. **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **Issue Price:** No cash consideration is payable for the issue of the Options.
3. **Exercise Price:** The Options have an exercise price per Option as set out in the table below (**Exercise Price**):
  - (a) in respect of the exercise of the first 18,692,308 Options by the Option holder, \$0.13 per Option; and
  - (b) in respect of the exercise of the subsequent 34,714,286 Options by the Option holder, \$0.14 per Option.
4. **Expiry Date:** The Options expire at 5:00 pm (Perth time) on 1 November 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. **Exercise Period:** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. **Quotation of the Options:** The Company will not apply for quotation of the Options on ASX.
7. **Transferability of the Options:** The Options are not transferable, except with the prior written approval of the Company.
8. **Notice of Exercise:** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**). Options must be exercised in minimum parcels of 5,000,000 options unless fewer than 5,000,000 Options remain in which case that number is the minimum number which may be exercised.
9. **Timing of issue of Shares on exercise:** Within 5 Business Days after the Exercise Date, the Company will:
  - (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is required but is unable to deliver a notice under paragraph 9(b) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC within 20 Business Days after the Exercise Date a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to ensure that an offer for sale of the Shares does not require disclosure to investors.

10. **Shares issued on exercise:** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
11. **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
12. **Participation in new issues:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
13. **Adjustment for bonus issues of Shares:** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
  - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (b) no change will be made to the Exercise Price.
14. **Forfeiture:** If the Subscriber acquires Shares during the Standstill Period in reliance on the exception in clause 7.2(a)(iii) of the Share Subscription Agreement (a **Relevant Share**), the Subscriber agrees to forfeit one Option for each Relevant Share acquired and the Company may cancel the Option without any further action required from the Subscriber, commencing with options with a \$0.13 per Share exercise price.

**SCHEDULE 5**

**EXECUTION PAGE**

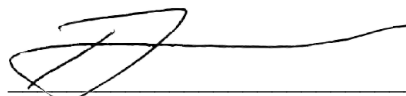
**EXECUTED** by **EXPLAURUM LIMITED** in )  
accordance with section 127 of the *Corporations* )  
*Act 2001* (Cth): )



Signature of director

John Lawton

Name of director



Signature of director/company secretary

Paul Frederiks

Name of director/company secretary

**EXECUTED** by **ALKANE RESOURCES** )  
**LIMITED** in accordance with section 127 of the )  
*Corporations Act 2001* (Cth): )



Signature of director

**NICHOLAS EARNE**

Name of director



Signature of company secretary

Dennis Wilkins

Name of director/company secretary

## **Annexure B**



## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Explaurum Limited

### ABN

50 114 175 138

### Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,026)	(2,026)
(b) development	(216)	(216)
(c) production	-	-
(d) staff costs	(132)	(132)
(e) administration and corporate costs	(164)	(164)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	26	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – GST Received	250	250
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,262)</b>	<b>(2,262)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(5)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(5)</b>	<b>(5)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	134	134
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>134</b>	<b>134</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,389	3,389
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,262)	(2,262)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	134	134
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,256</b>	<b>1,256</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,256	1,389
5.2 Call deposits	-	2,000
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)*</b>	<b>1,256</b>	<b>3,389</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

108

-

Relates to Directors fees, salaries and superannuation for executive and non-executive directors

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

165

-

Relates to service companies used associated with the Chief Operations Officer and the Chief Financial Officer of the Company.

## Mining exploration entity and oil and gas exploration entity quarterly report

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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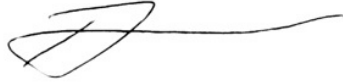
9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	1,200
9.2 Development	300
9.3 Production	-
9.4 Staff costs	150
9.5 Administration and corporate costs	350
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows*</b>	<b>2,000</b>

\* The Company announced on 29 October 2018 that Alkane Resources Ltd had agreed to make an \$8m strategic investment in Explaurum subject to Explaurum shareholder approval. A deposit of \$800,000 has already been provided and will be repayable within 30 business days if the investment is not approved by shareholders. The Company also has the ability to reduce its spend on exploration, evaluation and development subject to funding availability.

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:      Company secretary

Date: 31 October 2018

Print name:      Paul Frederiks

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

## Annexure C

## EXPLAURUM LIMITED

# QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Explaurum Limited (**Explaurum** or **the Company**) advises of its activities during the September 2018 quarter.

## HIGHLIGHTS

### Mace extensional and infill drilling

- Strike length of the high-grade Mace supergene gold zone doubled to over 1,100m and remaining open to the west. A gold soil anomaly associated with the supergene zone extends a further 12km to the west.
- The distribution and geological continuity of gold mineralisation between drill lines is excellent, with an average width of 40-80m and thickness of 5m from approximately 8m below surface.
- Initial resource estimate and Scoping Study results for Mace expected in the next two weeks.
- Further extensional drilling to the west at Mace planned to commence in December.

### Anomaly 8 exploration drilling

- New zones of bed rock gold mineralisation intersected in the northern part of Anomaly 8 (Spartacus prospect) including 2m at 10.44 g/t Au from 48m, 6m at 1.66 g/t Au from 23m and 7m at 0.87 g/t Au from 43m.
- Gold has now been intersected at the Spartacus prospect from the surface to a vertical depth of 50m in holes spaced 150m apart.
- The bed rock gold mineralisation at Spartacus is located at the northern end of a 960m long, north trending gold and arsenic soil anomaly where only the northern 100m has been tested to date.
- Follow-up drilling of Spartacus, Dorset and Stiletto prospects set to commence (30 holes for 3,067m).

### Tampia infill drilling

- Infill drilling of the Tampia resource has validated the high-grade profile of the current Tampia Resource model and highlighted potential upside to the estimated mineable inventory.
- Grade reconciliation between the infill drill results and the Tampia Resource model was positive. The infill drilling also intersected additional, smaller zones of gold mineralisation that are not contained within the existing Tampia Resource.

### Tampia Project BFS update

- Completion of the Tampia Bankable Feasibility Study (**BFS**), inclusive of Mace, targeted in December 2018.
- Detailed construction and mine planning commenced. Planning for hydrological water bore drilling and testing completed with work program ready.
- Permitting progressed with Miscellaneous Lease application submitted to the Department of Mines.

## Corporate

- Strategic A\$8.0M placement to Alkane Resources (ASX:ALK) announced on 29 October 2018, subject to Explaurum shareholder approval at a general meeting planned for early December 2018.
- Ramelius Resources (ASX:RMS) launched an off-market scrip takeover offer for Explaurum during the quarter. Recommendation of Explaurum Board to shareholders is to REJECT the inadequate and opportunistic offer by TAKING NO ACTION.

Explaurum Managing Director, John Lawton, commented:

*“The Mace supergene zone, located immediately to the west of the proposed Tampia open pit, is rapidly shaping up to be a highly significant discovery for Explaurum and the Tampia Project. Its high-grade nature, shallow depth and location directly adjacent the planned Tampia pit create excellent potential for considerable enhancement of the May 2018 Tampia Feasibility Study outcomes. An initial resource estimate and Scoping Study for Mace are expected to be finalised in the next two weeks. Further extensional drilling to the west is also planned to commence later this year.*

*“Anomaly 8 is the first of many regional gravity targets, which also possess defined gold soil anomalies, being systematically explored. It was selected as a priority target for drilling because of its size, being approximately five times larger than the gravity anomaly over the Tampia resource, and its anomalous gold soil geochemistry, being a footprint of over 2.5km<sup>2</sup> with values of up to 0.8 g/t gold. Although our understanding of the geology and structure of the Anomaly 8 area is at an early stage, it is increasingly apparent that we are within a large mineralised system possessing similar characteristics to the Tampia deposit and with significant upside. The Anomaly 8 results of recent months also strongly validate Explaurum’s model for targeting and assessing potential new gold discoveries within our Tampia Project tenement base.*

*“The recently announced A\$8 million strategic investment by Alkane Resources, if approved by shareholders, will allow Explaurum to complete the Tampia BFS and initial development planning activities, as well as aggressively accelerate its planned drilling across the Tampia district. It is a strong validation for our shareholder base as to the potential significance of the opportunity that lies in front of us with the Tampia asset.”*

## Mace drilling

A phase of 80m by 10m infill drilling of a 700m strike extent of the Mace resource area was completed during the quarter. There were 82 RC holes completed for a total of 2,614 metres. Better intersections included:

- 4m at 2.08 g/t Au from 10m in MPRC044;
- 6m at 1.29 g/t Au from 9m in MPRC050;
- 6m at 5.88 g/t Au from 3m in MPRC071;
- 6m at 1.39 g/t Au from 3m in MPRC072;
- 3m at 2.78 g/t Au from 14m in MPRC072;
- 4m at 1.97 g/t Au from 10m in MPRC073;
- 4m at 2.45 g/t Au from 7m in MPRC079;
- 7m at 3.80 g/t Au from 9m in MPRC080;
- 2m at 4.00 g/t Au from 11m in MPRC092;
- 6m at 2.49 g/t Au from 11m in MPRC096; and
- 6m at 7.02 g/t Au from 5m in MPRC098 (Figure 4 and Figure 5).

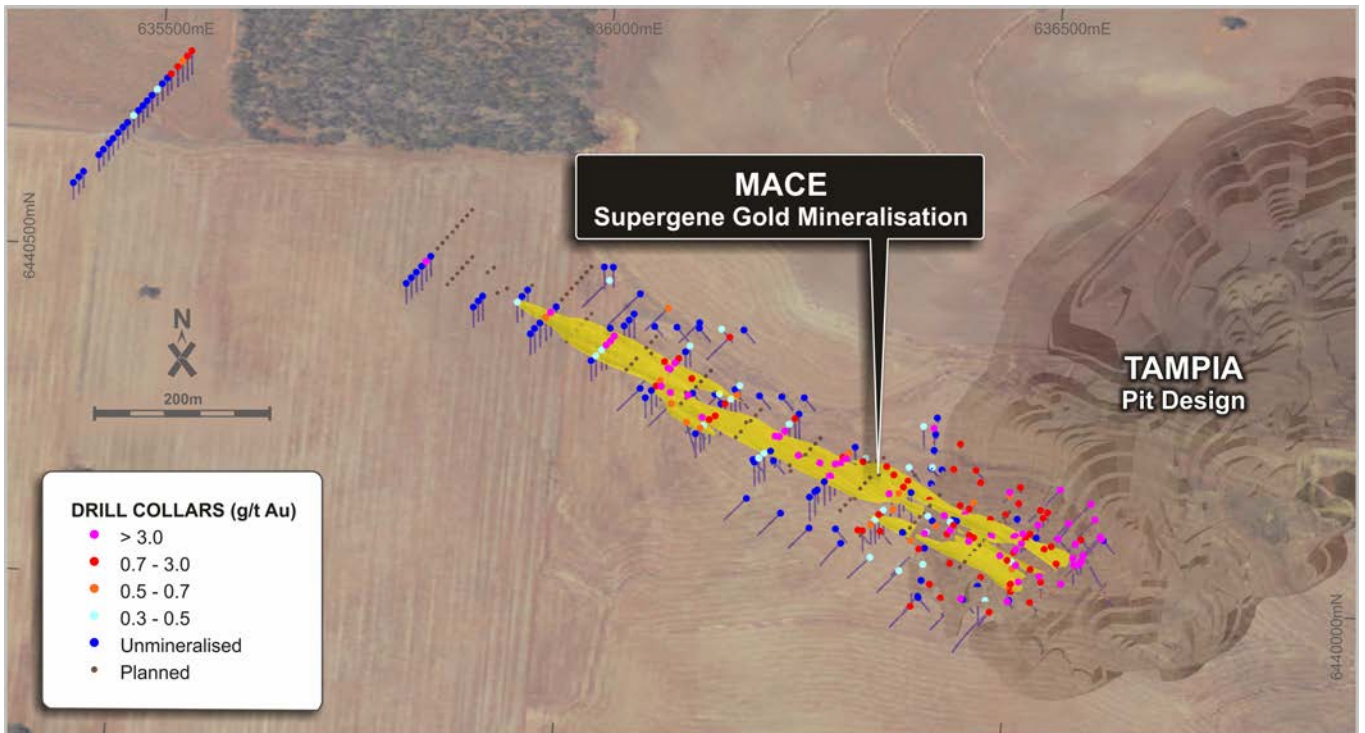
The new results confirm that the Mace supergene gold mineralisation has good geological continuity between 80m spaced drill lines (Figures 1 and 2). The mineralised footprint remains open to the east towards the pit, and north and west of the previously announced intersections (Figures 1 and 2). The extensional intersection of 2m at 2.21 g/t Au in MPRC100 comes from the most western line at Mace, 400m from the last reported gold intersection (Figure 1). This extends the known strike extent of the Mace mineralisation to 1,110m. The intersection of 6m at 7.02g/t from MPRC098 comes from the last hole in a line to the south-east of the Mace drilling, which will require additional holes to the south of the creek in this area.

Implicit modelling has been completed to map the Mace gold distribution in 3D. This modelling confirms that the Mace gold mineralisation occurs at a consistent depth of around 8m over the 1,110m strike extent drilled to date. It ranges from 40m to 80m wide, is between 1m to 11m thick and contains significant high-grade gold mineralisation up to 144 g/t Au in MPRC025. The mineralisation has not been closed off and additional supergene gold mineralisation may be present to the west of the area drilled to date. This soil anomaly is more than 13 kilometres long and the presence of anomalous gold in soil in the creek to the west may help target additional supergene gold resources.

The location of the current creek system that drains the Tampia deposit has been used to target the supergene gold mineralisation. However, while there is a spatial association with the current creek location, the actual location of the gold mineralisation can be offset by tens of metres, which means there is potential on some lines to extend the width of the current supergene gold mineralisation. The distribution and continuity along and between sections of the supergene gold mineralisation has exceeded initial expectations. Given the mineralisation is at a shallow depth and

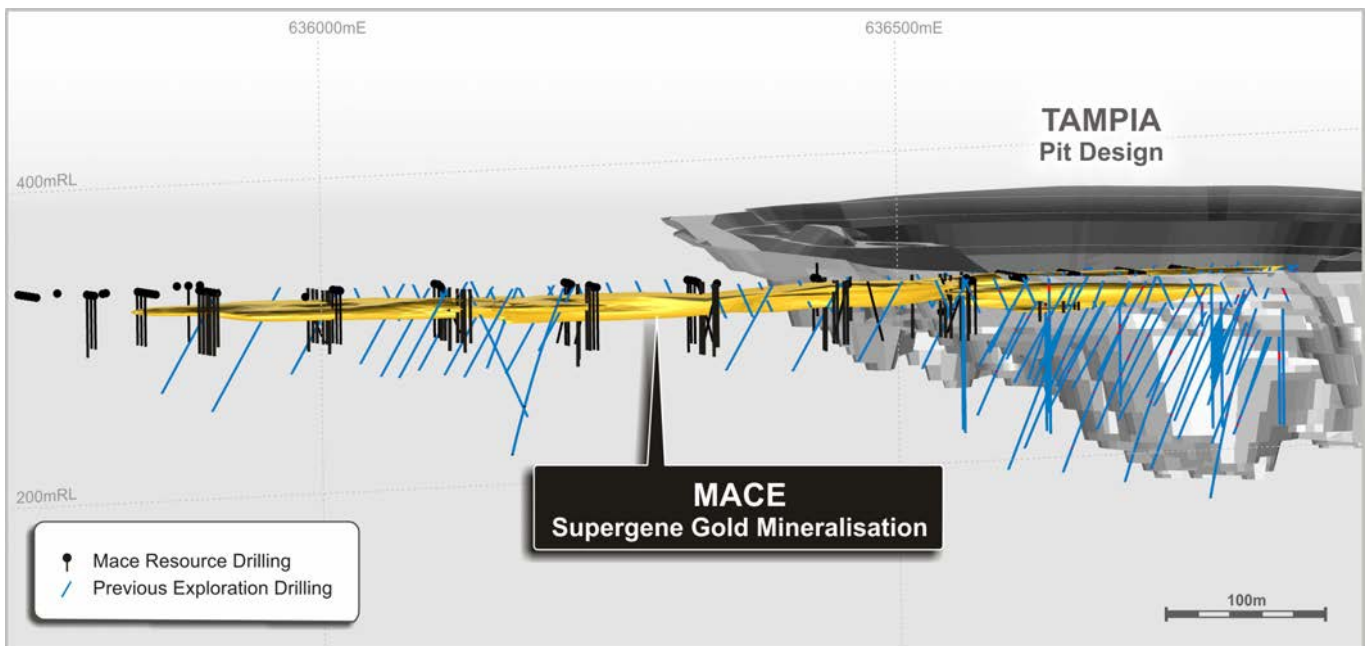


hosted by unconsolidated sediments, any mined ounces at Mace have strong potential to deliver high metallurgical recoveries and low operating costs.



**Figure 1. Implicit gold grade model of the supergene gold mineralisation at the Mace prospect in relation to current and planned drilling and the pit design. The supergene gold mineralisation follows the current creek that drains the outcropping Tampia resource and can be modelled over a 700m length of the creek.**

A diamond drilling program on Mace saw five holes completed and one started during the quarter out of the total 15 PQ triple tube holes for 320m planned for the overall program. The core from this program will assist in driving geological and metallurgical understanding of the Mace mineralisation, with results set to be included in the Scoping Study release on Mace targeted for mid November.



**Figure 2. Long section looking north of implicit gold grade model of the supergene gold mineralisation at Mace in relation to current and planned drilling and Feasibility pit design. Note significant supergene gold mineralisation sitting within the current pit design in the east.**

Further extensional drilling is planned to be carried out to the west of the currently defined strike extent at Mace, following completion of the agricultural harvest in December.

An initial resource estimate and Scoping Study on the Mace supergene mineralisation is planned to be completed in the next two weeks. The current intention is to incorporate the Mace mineralisation into the Bankable Feasibility Study (BFS) and Mine Plan for the Tampia Gold Project, targeted for completion in December 2018.

### Anomaly 8 drilling

Follow up grid RC and diamond drilling at the Anomaly 8 area was completed during the quarter. Four diamond holes for 618m were drilled to collect geological data from the areas where gold was intersected in previous RC drilling. A further 11 RC holes were drilled at the Spartacus prospect for 933m.

The RC holes at the Spartacus prospect were planned to test a 960m long coincident arsenic and gold soil anomaly down dip from the near surface intersection in A8RC009 of 3m at 3.63 g/t Au from 16m. The intersections in the RC holes confirm the initial near surface gold intersected in A8RC009 continues to a depth of 40m into fresh gneiss over a down dip length of 150m (Figure 3). New zones of bed rock gold mineralisation intersected included 2m at 10.44 g/t Au from 48m in A8RC021, 6m at 1.66 g/t Au from 23m in A8RC022 and 7m at 0.87 g/t Au from 43m in A8RC022 (Figure 3).

Gold has now been intersected from surface to a vertical depth of 50m in holes 150m apart. Gold is mainly hosted by mafic gneiss but high-grade gold has also been intersected in felsic gneiss in A8RC021. The bed rock gold mineralisation is located at the northern end of a regional north trending gold and arsenic soil anomaly that is 960m long (Figure 3). Only the northern 100m of the anomaly has been tested to date.

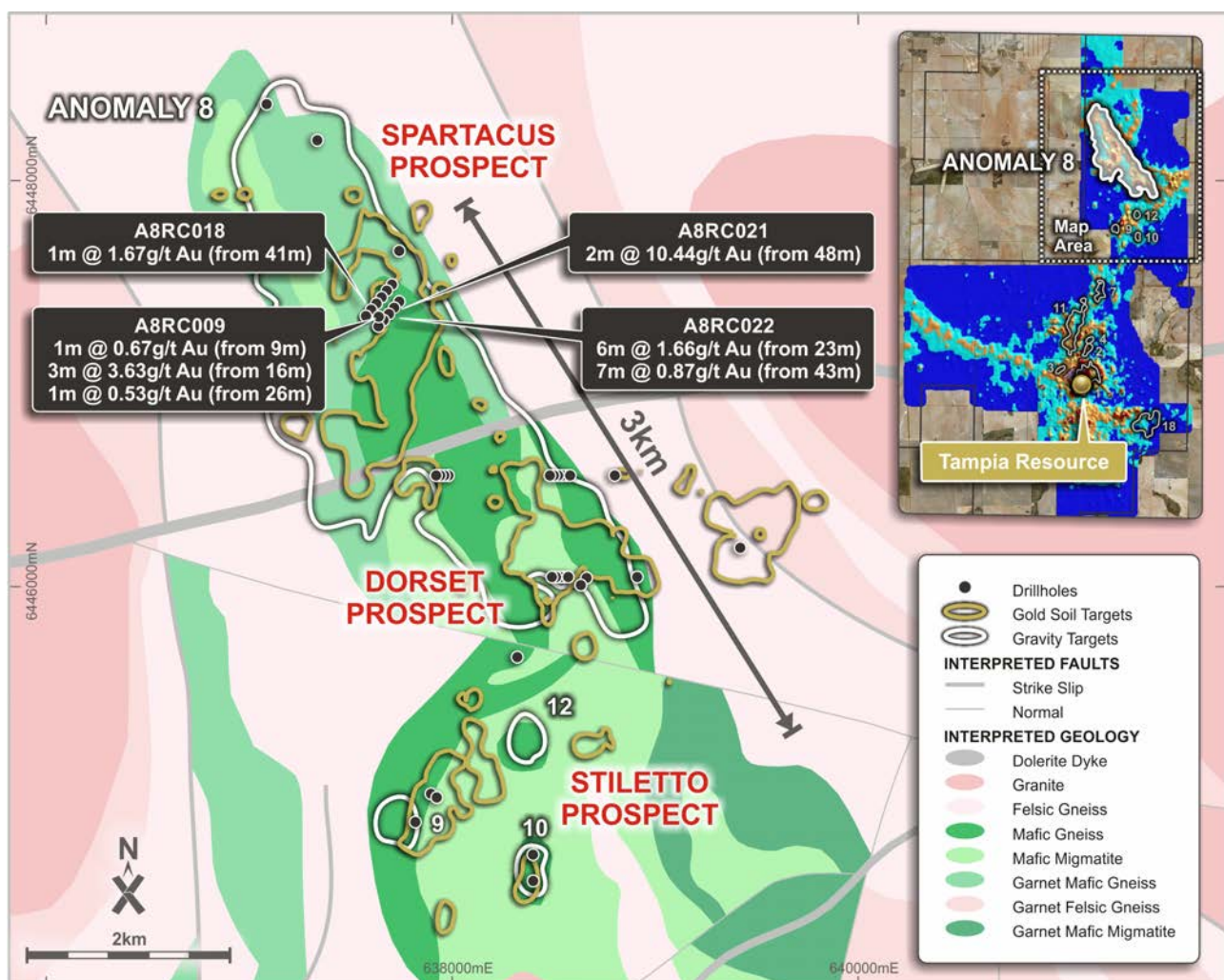


Figure 3. Drill plan of exploration RC drillhole results in relation to interpreted geology, gold soil anomalies and gravity anomalies around Gravity Anomaly 8.

Petrology from the diamond core holes confirm that all the significant gold intersections are hosted by nonmagnetic mafic gneiss that has similar characteristics to the mafic gneiss that hosts gold mineralisation at Tampia. The gold mineralisation also appears to be spatially associated with the fold axes of the regional scale fold, which enhances the

prospectivity of the area. This unit covers a 2.5 km<sup>2</sup> area compared to 0.52 km<sup>2</sup> at Tampia and has three gold soil anomaly areas with confirmed bed rock gold mineralisation. Down hole data from the diamond holes has been used to determine the geological setting of gold mineralisation intersected to date and the potential for continuous zones of gold mineralisation.

Mapping the gold soil geochemistry highlights that the two creeks that drain the Anomaly 8 area to the north and east are both anomalous in gold, similar to the creek that drains the Tampia resource area and hosts the high-grade Mace supergene mineralisation. Both creeks could potentially host similar gold mineralisation, particularly the creek that drains to the east. The anomalous gold in the creeks provides additional evidence that a bed rock source of gold similar to the Tampia gold deposit may be present. Both creeks drain an area in the central part of the Dorset prospect, which is now a high priority drilling target.

Follow up holes have been planned to better map the geology of the Spartacus, Dorset and Stiletto prospects and extend and test the continuity of known gold mineralisation. Downhole logging of optical and acoustic data will be collected for each hole to help map structural orientations and test current geology and structural map interpretations. A total of 30 holes are planned for 3,067m, comprising 10 holes for 907m at Spartacus, 8 holes for 950m at Dorset and 12 holes for 1,200m at Stiletto.

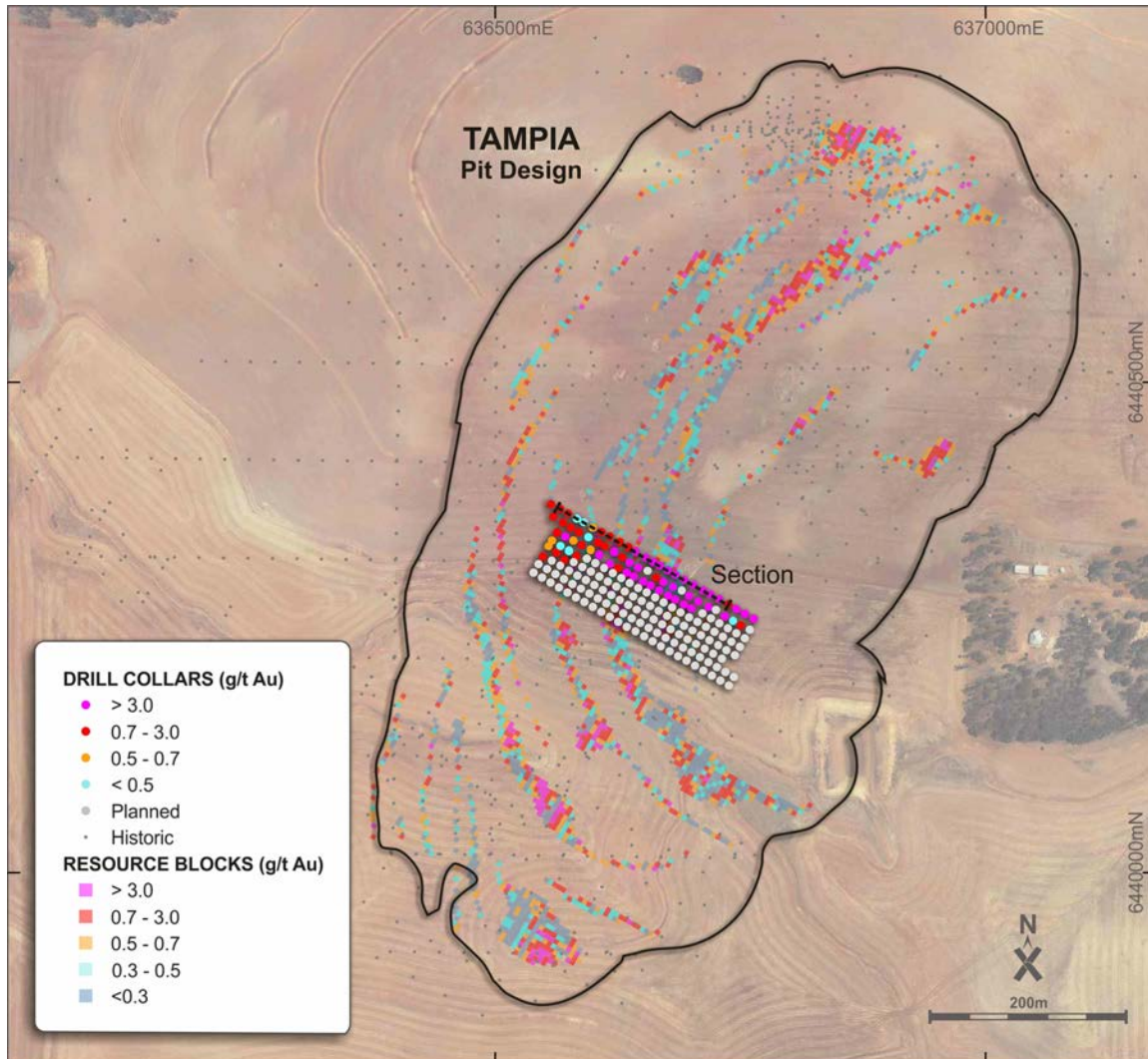
### **Tampia deposit infill drilling**

One of the recommendations from the Tampia Mineral Resource estimation, completed for the Tampia Feasibility Study (May 2018), was for a 10m by 10m infill validation program to be carried out over a select area of the Tampia Resource. A total of 188 vertical holes for 11,628m were planned to test a zone of the Tampia Resource. This zone is to be tested to a maximum vertical depth of 80m and contains approximately 33koz gold within the current Tampia Resource estimate.

The main aims of the close spaced infill program were to provide sufficient assay data to further validate the Resource estimate, help plan future grade control drilling for mining and provide Measured classification material for the Bankable Feasibility Study phase. The Resource model formed the basis of the Tampia Feasibility Study, the results of which were announced to the ASX by Explorium on 30 May 2018.

A total of 70 holes for 4,076m of the infill program were completed during the quarter (Figure 4). Better intersections included:

- 12m at 2.09 g/t Au from 41m in THRC536;
- 6m at 17.18 g/t Au from 25m in THRC537;
- 25m at 1.41 g/t Au from 44m in THRC538;
- 5m at 7.96 g/t Au from 30m in THRC539;
- 21m at 4.50 g/t Au from 46m in THRC539;
- 10m at 12.69 g/t Au from 47m in THRC540;
- 13m at 3.05 g/t Au from 50m in THRC541;
- 13m at 2.51 g/t Au from 48m in THRC542;
- 5m at 4.08 g/t Au from 49m in THRC543;
- 1m at 30.20 g/t Au from 54m in THRC547;
- 10m at 2.36 g/t Au from 34m in THRC549;
- 5m at 9.54 g/t Au from 40m in THRC551;
- 10m at 4.56 g/t Au from 46m in THRC553;
- 17m at 2.34 g/t Au from 38m in THRC554;
- 8m at 17.27 g/t Au from 11m in THRC561;
- 7m at 6.43 g/t Au from 16m in THRC562;
- 12m at 1.90 g/t Au from 31m in THRC562;
- 7m at 4.96 g/t Au from 38m in THRC564;
- 7m at 6.78 g/t Au from 46m in THRC568;
- and 1m at 58.20 g/t Au from 63m in THRC569.



**Figure 4. Location of reported holes in relation to feasibility pit outline, feasibility resource model blocks, planned infill collars and historic drill collars.**

Grade reconciliation between the infill drill results and the Tampia Resource model has been positive. Of the 70 holes drilled to date, 38 have intersection gold grades that are better than estimated by the LIK Au Tampia Resource model, 14 holes that are similar and 18 holes that are less than predicted.

The 1m gold assay results from the infill drilling have also been directly compared with the Tampia Resource model grade results by attributing the Resource model LIK Au grade for each 1m interval of the infill vertical drill holes by intersecting the resource block model by the drill holes (Figures 5 and 6). This provides a metre-by-metre grade comparison for the 4,076 gold assays (Figure 6). The average of all infill assays is 0.48 g/t Au, which compares to the resource block model average grade of 0.28 g/t Au. There are 3,067 of the infill gold assays that are greater than the estimated Resource grade (75%), 180 that similar (5%) and 829 samples that are lower (20%).

Plotting the infill assay gold grades against the Resource estimate LIK gold grades confirms that the infill drilling returned a significant number of 1m assays greater than 25 g/t Au, which is the highest grade in the Resource model (Figure 6). This provides confidence that the Tampia Resource estimate, utilised in the Tampia Feasibility Study, can be realised, and potentially even improved upon, when mined.

The Resource model predicts the main thicker zones of gold mineralisation well but is considerably more conservative in its estimation of the higher-grade mineralisation. Importantly the Resource model also does not predict numerous smaller zones of mineralisation that appear to fit between the 40m by 40m drill spacing (Figure 6). There appears to be a significant amount of this material in the drilling to date, which means that a mining strategy that successfully maps these smaller zones of mineralisation could add significantly to the currently estimated mineable inventory.

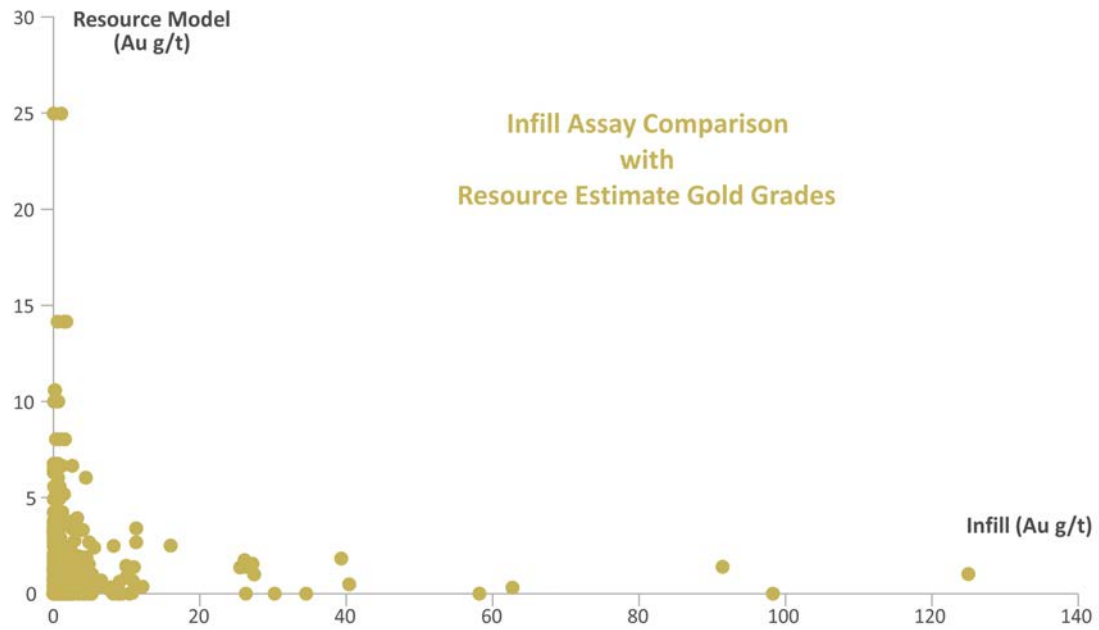


Figure 5. Infill gold assay grades compared to the resource estimate model gold grades that confirm the high grade nature of the Tampia gold resource.

Results to date are therefore highly encouraging, confirming the grades in the Tampia Resource model in the area drilled, and also highlighting new zones of gold mineralisation which, if repeated across the further infill drilling, could significantly increase the contained gold inventory available for mining.

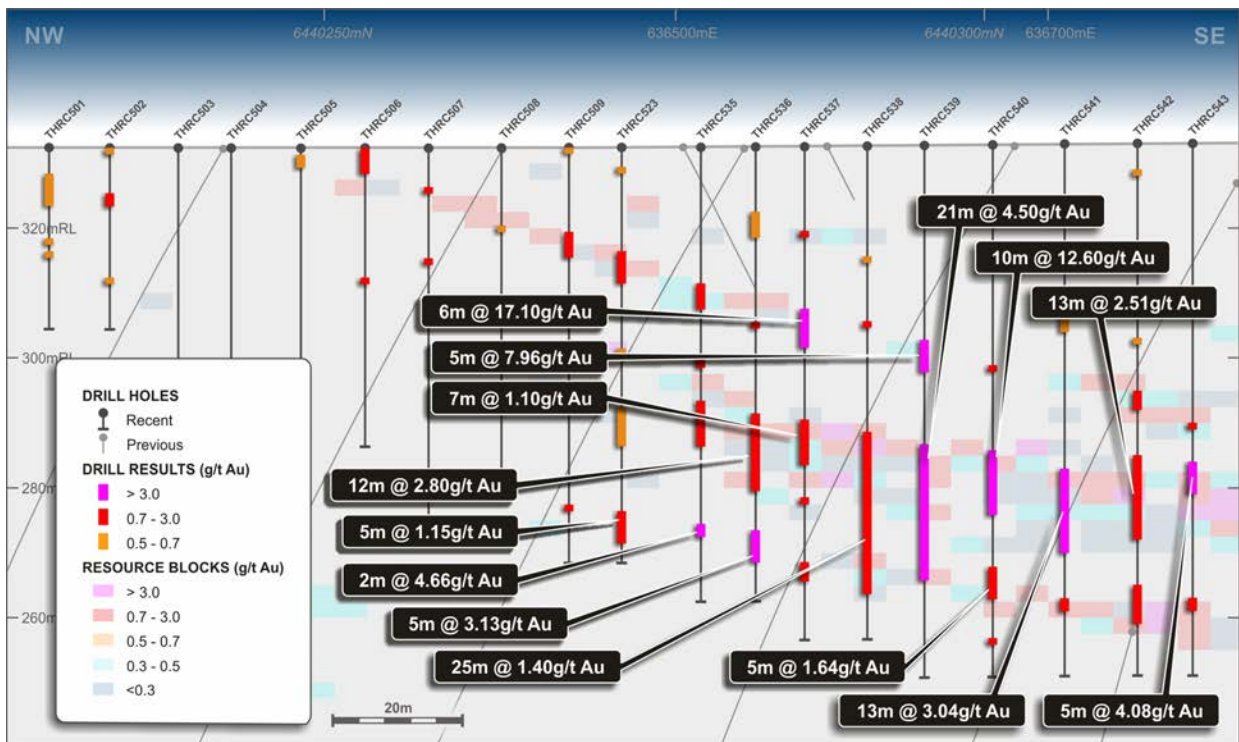


Figure 6. Close spaced 10m by 10m drilling on section 6440315mN compared to 40m by 40m resource drilling and resource gold model.

### Tampia Project BFS update

Optimisation work on capital and operating costs from the May 2018 Feasibility Study continues.

Metallurgical test work (CIL) on the Mace supergene gold started during the quarter and is set to be incorporated in the Scoping Study for Mace. A 107 kg composite sample was collected from the 2mm Boyd crushed samples, which gave grades of 3.5 g/t Au and 6.2 g/t Au based on the RC and DD assays respectively. The composite head sample grade

is in reasonable agreement at 4.7 g/t Au. Gravity, grind determination, and CIL test work of the 2mm samples has been completed to date, with assays pending. The BBWi (Bond Ball Grindability Work Index) is almost completed and is expected to be low. Rheology test work is completed, and the material appears to have no issues. Test work to assess the effect of CN on processing performance is underway.

A review of mining strategies for the Mace supergene mineralisation started along with mine planning and scheduling. The preferred option is to use continuous surface miners to mine both waste and ore. Budget costs for this mining option have been received.

Planning for hydrological water bore drilling and testing has been completed and a budget and workplan developed. This will involve full scale aquifer stress tests around the Tampia mine area and to the north around Anomaly 8 where drilling encountered high water flows. One vertical hole is planned in the mine area, which will allow airlift testing of the potential water resource in this area to be completed.

Detailed Tampia construction and mine planning started with meetings held with the relevant government and local government agencies during the quarter. The site layout plan is under review and will be optimised for access. A construction schedule has been drafted and is under review. Work has started on finalising accommodation details and the camp location. This will be followed by camp design work.

Mine scheduling has been completed to define waste rock acid producing characteristics for various parts of the pit. This has allowed waste dumps to be redesigned to take account of travel distance and acid producing potential.

Planning for the permitting of the Tampia mining operation continued, with a meeting held with DMIRS Environmental Section to review the planned mine permit application. Miscellaneous Leases are required for access and any power and pipe lines for water supply. The application for these leases has been prepared and submitted.

Work on a mine closure plan and the environmental section of the mining proposal continued.

Completion of the Tampia Project BFS, inclusive of the Mace mineralisation, remains targeted for December 2018.

## **Corporate**

A General Meeting was held during the quarter with all resolutions passed by shareholders.

The Company's cash position at 30 September 2018 was A\$1.25M.

### **For further information, contact:**

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### **Competent Person's Statement**

*The information in this report that relates to Mineral Resources and exploration results is based on information announced to the market on 5<sup>th</sup> July 7<sup>th</sup> August 22<sup>nd</sup> August, 13<sup>th</sup> September 2017 and 12 April 2018. Explaurum confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

**Schedule of Mining Tenements and Beneficial Interests  
Held as at the end of the September 2018 Quarter**

<b>Project / Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Percentage held / earning</b>
Tampia – Western Australia	Australia	E70/2132, M70/815, M70/816	90%
		E70/4411, E70/4433, E70/4616, E70/4473, E70/4474, E70/4720, E 70/4950	100%

**Schedule of Mining Tenements and Beneficial Interests  
Acquired during the September 2018 Quarter**

<b>Project / Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Date Acquired</b>
N/A			

**Schedule of Mining Tenements and Beneficial Interests  
Disposed of during the September 2018 Quarter**

<b>Project / Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Withdrawal Date</b>
N/A			