



CARBINE RESOURCES

L I M I T E D

ACN 122 976 818

Notice of Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of the Company, at Suite 23, 513 Hay Street, Subiaco WA 6008 on 20 May 2021 at 10am (WST).

The Notice of Annual General Meeting should be read in its entirety.

If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on +61 8 6142 0986.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice.

Carbine Resources Limited
ACN 122 976 818
(Company)

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of Shareholders of Carbine Resources Limited will be held at the offices of the Company, at Suite 23, 513 Hay Street, Subiaco WA 6008 on 20 May 2021 at 10am (WST) (**Meeting**).

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic. The health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 18 May 2021 at 5pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

1 Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 31 December 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2 Resolutions

Resolution 1 – Remuneration Report

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

"That the Remuneration Report be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Prohibition

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Director – Ms Oonagh Malone

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

"That Ms Oonagh Malone, who retires by rotation in accordance with Article 7.2(b) of the Constitution and for all other purposes, and, being eligible and offering herself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

Resolution 3 – Consolidation of capital

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

"That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the terms and conditions in the Explanatory Memorandum, on the basis that every 10 Shares be consolidated into 9 Shares and, where this Consolidation results in a fraction of a security being held, the Company be authorised to round that fraction down to the nearest whole security."

Resolution 4 – Approval to change in nature and scale of activities

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

"That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change in the nature and scale of the Company's activities resulting from the Transaction and the Public Offer, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Ausco, the Ausco Shareholders, the Ausco Optionholders and any other person who will obtain a material benefit as a result of the Transaction (except a benefit solely by reason of being a Shareholder) or an associate of those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with direction given by the beneficiary to the holder to vote in that way.

Resolution 5(a) and 5(b) – Approval to issue Consideration Shares to Ausco Shareholders and Consideration Options to the Ausco Optionholders

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of following (on a post Consolidation basis):

- (a) 200,000,010 Shares to the Ausco Shareholders (or their respective nominees); and
- (b) 50,000,003 Options to the Ausco Optionholders (or their respective nominees),

on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast in favour of this Resolution by or on behalf Ausco Shareholders and the Ausco Optionholders (and their respective nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or an associate of those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with direction given by the beneficiary to the holder to vote in that way.

Resolution 6(a) and 6(b) - Approval to issue Performance Rights to the Proposed Directors

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Performance Rights to the Proposed Directors (or their respective nominees) as follows (on a post Consolidation basis):

- (a) up to 5,000,000 Performance Rights to Mr Peter Main; and
- (b) up to 5,000,000 Performance Rights to Mr Peter Batten,

on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of Messrs Peter Main and Peter Batten (or their respective nominees), and any other person who

will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with direction given by the beneficiary to the holder to vote in that way.

Resolution 7 – Approval to issue Public Offer Shares

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 100,000,000 Shares (on a post Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or any of their respective associates.

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with direction given by the beneficiary to the holder to vote in that way.

Resolution 8(a) to 8(e) – Participation in Public Offer by Directors and Proposed Directors

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 10.11 and section 195(4) of the Corporations Act, and for all other purposes, Shareholders approve the issue of Shares to the Directors (or their respective nominees) as follows (on a post Consolidation basis):

- (a) up to 1,000,000 Shares to Peter Main;*
- (b) up to 1,000,000 Shares to Peter Batten;*
- (c) up to 16,666,667 Shares to Evan Cranston;*
- (d) up to 666,667 Shares to Mathew O'Hara; and*
- (e) up to 666,667 Shares to Oonagh Malone.*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of:

- (a) Resolution 8(a) by or on behalf of Peter Main (and his nominees) and any other person who will obtain a material benefit as a result of the issue of the Securities (except a benefit solely by reason of being a Shareholder), or an associate of those persons;
- (b) Resolution 8(b) by or on behalf of Peter Batten (and his nominees) and any other person who will obtain a material benefit as a result of the issue of the Securities (except a benefit solely by reason of being a Shareholder), or an associate of those persons;
- (c) Resolution 8(c) by or on behalf of Evan Cranston (and his nominees) and any other person who will obtain a material benefit as a result of the issue of the Securities (except a benefit solely by reason of being a Shareholder), or an associate of those persons;
- (d) Resolution 8(d) by or on behalf of Mathew O'Hara (and his nominees) and any other person who will obtain a material benefit as a result of the issue of the Securities (except a benefit solely by reason of being a Shareholder), or an associate of those persons; and
- (e) Resolution 8(e) by or on behalf of Oonagh Malone (and her nominees) and any other person who will obtain a material benefit as a result of the issue of the Securities (except a benefit solely by reason of being a Shareholder), or an associate of those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

- (ii) the holder votes on the Resolution in accordance with direction given by the beneficiary to the holder to vote in that way.]

Resolution 9 – Approval to issue Facilitation Options

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 25,000,000 unquoted Options (on a post Consolidation basis) to Golden Triangle Capital Pty Ltd (or its nominees) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of the Facilitator (and its nominees) and any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or an associate of those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with direction given by the beneficiary to the holder to vote in that way.

Resolution 10(a) and 10(b) – Election of Directors

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

"That, subject to each of the other Transaction Resolutions being passed, Completion, and pursuant to and in accordance with Article 7.6 of the Constitution and for all other purposes, the following persons, being eligible and having consented to act, be elected as Director on and from Completion:

- (a) *Mr Peter Main; and*
- (b) *Mr Peter Batten."*

BY ORDER OF THE BOARD

A handwritten signature in cursive script, reading "Oonagh Malone".

Oonagh Malone
Company Secretary
Carbine Resources Limited
Dated: 20 April 2021

Carbine Resources Limited
ACN 122 976 818
(Company)

Explanatory Memorandum

1 Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of the Company, at Suite 23, 513 Hay Street, Subiaco WA 6008 on 20 May 2021 at 10am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1	Introduction
Section 2	Action to be taken by Shareholders
Section 3	Annual Report
Section 4	Resolution 1 – Remuneration Report
Section 5	Resolution 2 – Re-election of Director – Ms Oonagh Malone
Section 6	Conditional Transaction Resolutions
Section 7	Background to the Transaction
Section 8	Risks associated with the Transaction
Section 9	Resolution 3 – Consolidation of capital
Section 10	Resolution 4 – Approval to change in nature and scale of activities
Section 11	Resolution 5(a) and Resolution 5(b) - Approval to issue Consideration Shares to Ausco Shareholders and Consideration Options to Ausco Optionholders
Section 12	Resolution 6(a) and 6(b) - Approval to issue Performance Rights to the Proposed Directors
Section 13	Resolution 7 – Approval to issue Public Offer Shares
Section 14	Resolution 8(a) to Resolution 8(e) – Participation in Public Offer by Directors and Proposed Directors
Section 15	Resolution 9 – Approval to issue Facilitation Options
Section 16	Resolution 10(a) to Resolution 10(b) – Election of Directors
Schedule 1	Definitions
Schedule 2	Transaction Based Comparison Table
Schedule 3	Ausco Financial Statements
Schedule 4	Pro forma Balance Sheet
Schedule 5	Terms and Conditions of Facilitation Options and Consideration Options

Schedule 6	Terms and Conditions of Performance Rights
Schedule 7	Terms and conditions of Listing Rule Waiver

A Proxy Form is located at the end of the Explanatory Memorandum.

2 Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Impact of COVID-19 on the Meeting

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

Based on the best information available to the Board at the time of the Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings. The Company, however, strongly encourages Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affects the position above, the Company will provide a further update ahead of the Meeting by releasing an ASX announcement.

2.2 Voting in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company will implement arrangements to allow Shareholders to physically attend the Meeting in accordance with COVID-19 protocols and government advice.

The Company will strictly comply with applicable limitations on indoor gatherings in force at the time of the Meeting. If you attend the Meeting in person, you will be required to adhere to COVID-19 protocols in place at the time of the Meeting.

2.3 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

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

(b) 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:

- (i) 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);
- (ii) if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (iii) 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
- (iv) 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).

(c) Transfer of non-chair proxy to chair in certain circumstances

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

- (i) 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;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either 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.

2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions unless the Shareholder has expressly indicated a different voting intention.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

2.5 Submitting questions

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at admin@carbineresources.com.au by 5pm (WST) on 18 May 2021.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. Shareholders are limited to a maximum of two questions each (including any submitted in advance of the Meeting). The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

3 Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 31 December 2020.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.carbineresources.com.au;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office

4 Resolution 1 – Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2020 annual general meeting. If the Remuneration Report receives a Strike at this Meeting (2021 annual general meeting), Shareholders should be aware that if a second Strike is received at the 2022 annual general meeting, this may result in the re-election of the Board.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

Given the material personal interests of all Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

5 Resolution 2 – Re-election of Director – Ms Oonagh Malone

5.1 General

Article 7.2(b) of the Constitution requires that there is an election of Directors at each annual general meeting of the Company. If no person or Director is standing for election or re-election in accordance with other Articles of the Constitution, Article 7.2(b)(iv) provides that any director who wishes to may retire and stand for re-election.

Accordingly, Ms Oonagh Malone retires by rotation at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

Ms Malone is considered by the Board to be an independent director.

The Company notes that, subject to Shareholder approval for the Transaction Resolutions (Resolution 4 to Resolution 10(b), inclusive), Ms Malone will resign as a Director on Completion (refer to Section 7.16 for further details).

5.2 Ms Oonagh Malone

Oonagh Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has almost a decade of experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia and the Australian Institute of Company Directors. Ms Malone currently acts as Company Secretary for ASX-listed companies Benz Mining Corp, Caprice Resources Limited, Aston Minerals Limited, Hawkstone Mining Limited, Riversgold Limited, African Gold Limited and RareX Limited.

Ms Malone was appointed as Company Secretary in September 2014 and as Non-Executive Director on 23 March 2018.

5.3 Board recommendation

Resolution 2 is an ordinary resolution.

The Board (other than Ms Malone) recommends that Shareholders vote in favour of Resolution 2.

6 Conditional Transaction Resolutions

The Transaction Resolutions (Resolution 4 to Resolution 10(b), inclusive) (**Transaction Resolutions**) are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any of the Transaction Resolutions are not approved at the Meeting, none of the Transaction Resolutions will take effect and the Transaction and other matters contemplated by the Transaction Resolutions will not be completed.

7 Background to the Transaction

7.1 Existing activities of the Company

The Company was incorporated on 4 December 2006 and admitted to the Official List of ASX on 13 March 2007. The Company's securities were suspended from official quotation on 23 May 2019 at the request of the Company and have remained suspended since that date.

On 1 April 2021, the Company announced that it had entered into a binding terms sheet (**Terms Sheet**) with Australian United Silica Corporation Pty Ltd (**Ausco**) and certain key shareholders of Ausco that are designated as a Major Shareholder (together, the **Major Shareholders** and each a **Major Shareholder**) whereby the Company will, on the satisfaction of various conditions precedent, acquire 100% of the issued capital in Ausco (**Transaction**).

Ausco holds 100% of the Muchea West Silica Sands Project which covers a land area of 102km² consisting of exploration licence E70/4905 (**Tenement**).

Initially, the Company will conduct exploration activities on the Tenement following on from work that was conducted in 2019 by Ausco. Following the completion of a successful exploration programme, it is anticipated that a feasibility study and further environmental studies will be conducted. Ultimately, it is intended that the Tenement will be transitioned into a mining lease whereby silica will be sold to customers in industries such as glass making.

On completion of the Transaction, the primary undertaking of the Company will be to operate the Ausco business.

7.2 The Transaction

(a) Terms Sheet

The Company has entered into a Terms Sheet with Ausco and the Major Shareholders of Ausco which contemplates the Company acquiring 100% of the issued capital in Ausco and the cancellation of outstanding options in Ausco in consideration for 200,000,010 fully paid ordinary shares in the Company to be issued to the shareholders of Ausco (on a post Consolidation basis) (**Consideration Shares**) and 50,000,003 unquoted options exercisable at \$0.06 on or before 5 years from the date of grant, to be granted to the option holders of Ausco (**Optionholders**) (**Consideration Options**).

Completion under the Terms Sheet is subject to satisfaction (or waiver) of certain conditions precedent, including:

- (i) (**Company due diligence**) the Company completing due diligence on Ausco to its satisfaction;
- (ii) (**Ausco due diligence**) Ausco completing due diligence on the Company to its satisfaction;
- (iii) (**Company financial position and capital structure**) Ausco being satisfied with the proforma financial position and capital structure of the Company after Completion;
- (iv) (**Shareholder approval**) Shareholders approving the Transaction Resolutions;
- (v) (**ASX Waivers**) the Company obtaining all necessary waivers and confirmations required by the Listing Rules;
- (vi) (**ASX re-compliance**) the Company re-complying with the requirements of Chapters 1 and 2 of the Listing Rules in connection with the Transaction and receiving conditional approval from ASX to admit its Securities to official quotation on ASX on terms reasonably acceptable to the Company and Ausco;
- (vii) (**Public Offer**) the Company raising a minimum of \$2,500,000 through the issue of a minimum of 83,333,333 Shares at an issue price of \$0.03 per share via the Public Offer (on a post Consolidation basis);
- (viii) (**Prospectus**) the Company preparing a full form prospectus under Part 6D.2 of the Corporations Act;

- (ix) **(Minority Shareholder Agreements)** each Minority Shareholder providing the company with a Minority Shareholder Agreement under which they agree to sell their respective shares in Ausco to the Company;
- (x) **(Option Cancellation Deeds)** each Ausco Optionholder providing the Company with an Option Cancellation Deed;
- (xi) **(Company Material Contracts)** the Company and Konkera Corporate agreeing to vary the Konkera Mandate (summarised in Section 7.7(b)(v)), which has been satisfied;
- (xii) **(Access Deed)** the Department of Defence agreeing to extend the Access Deed to 30 June 2023 and confirming that it will not terminate the Access Deed following notification of a change in control of Ausco; and
- (xiii) **(Programme of Work)** Department of Mines, Industry Regulation and Safety approving the Programme of Work for the use of ground disturbing equipment on the Tenement for the period from 25 June 2021 until 25 June 2023.

If any of the conditions precedent set out above are not satisfied (or waived) by 31 May 2021 (or such later date as the parties may agree), either the Company or Ausco may terminate the Terms Sheet. The original deadline of 30 April 2021 as announced to ASX on 1 April 2021 has been extended by mutual agreement of the parties to 31 May 2021, as the Meeting to satisfy the condition precedent referred to above in Section 7.2(a)(iv) (which is the subject of this Notice) is scheduled to occur on 20 May 2021. The Company or Ausco may also terminate the Terms Sheet if, among other things, ASX indicates that it will not approve the Transaction or the re-quotation of the Company's Shares.

Completion of the Transaction will take place 5 business days after satisfaction or waiver of the Conditions Precedent (or such other date as the parties may agree). On completion of the Transaction, the Company will acquire 100% of the issued capital in Ausco in consideration for the issue of Consideration Shares and Consideration Options and all existing Directors except Evan Cranston will resign, with the nominees of Ausco (being Messrs Peter Batten and Peter Main) to be appointed to the Board.

The Terms Sheet contains additional provisions, including warranties and indemnities in relation to the status and operations of Ausco which are considered standard for agreements of this kind. These warranties have been provided by Ausco and the Major Shareholders.

(b) **Transaction Resolutions**

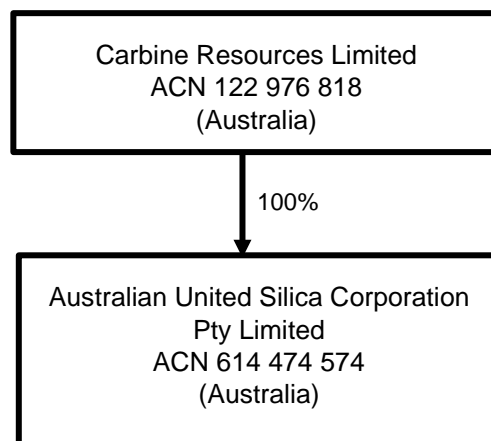
As noted above, completion under the Terms Sheet is conditional on Shareholders approving the Transaction Resolutions. A summary of the Transaction Resolutions is as follows:

- (i) the approval for the consolidation of the Company's issued capital on a 10 to 9 basis (Resolution 3);
- (ii) the Transaction, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under Listing Rule 11.1.2 (Resolution 4);
- (iii) the following Resolutions (on a post-Consolidation basis):
 - (A) the issue of 200,000,010 Consideration Shares to the Ausco Shareholders (or their nominees) in consideration for the Company's acquisition of the Ausco shares held by the Ausco shareholders (Resolution 5(a));

- (B) the issue of 50,000,003 unquoted Options to the Ausco Optionholders in consideration for the cancellation of the Ausco Optionholder's options (Resolution 5(b));
- (C) the issue of up to 5,000,000 Performance Rights to each of Messrs Peter Main and Peter Batten (Resolution 6(a) and 4(b));
- (D) the issue of up to 100,000,000 Public Offer Shares (Resolution 7);
- (E) the issue of up to
 - (1) 1,000,000 Public Offer Shares to Peter Main (Resolution 8(a));
 - (2) 1,000,000 Public Offer Shares to Peter Batten (Resolution 8(b));
 - (3) 16,666,667 Public Offer Shares to Evan Cranston (Resolution 8(c));
 - (4) 666,667 Public Offer Shares to Mathew O'Hara (Resolution 8(d)); and
 - (5) 666,667 Public Offer Shares to Oonagh Malone (Resolution 8(e)).
- (F) the issue of up to 25,000,000 unquoted Options to the Facilitator (Resolution 9); and
- (iv) the appointment of the following persons as Directors of the Company (Resolution 10(a) and Resolution 10(b));
 - (A) Mr Peter Main; and
 - (B) Mr Peter Batten.

(c) **Corporate Structure**

The diagram below summarises the corporate structure of the Company following completion of the Transaction:



7.3 Overview of Ausco

(a) **General overview**

Ausco is the 100% registered holder of the Tenement which is located immediately west of Muchea, about 40km north of Perth. The Tenement is currently set to expire on 23 April 2022 and is capable of extension for a further 5 years. The Tenement covers 35 Blocks in an area considered prospective for silica.

(b) **Growth strategy**

Subject to completing the Transaction and the Public Offer, Carbine intends to undertake an exploration program in respect of the Muchea West Silica Sand Project. Specifically, Carbine intends to:

- (i) undertake a scoping study with the intention of producing a resource estimate for a feasibility study;
- (ii) environmental flora and fauna surveys in preparation of land clearing applications for drilling;
- (iii) conduct the feasibility study into the commerciality of exploiting the resource at the Tenement;
- (iv) conduct further environmental studies, groundwater studies, heritage surveys and surface surveys; and
- (v) completion of a bulk sample for trial processing and marketing requirements.

(c) **Muchea West Silica Sand Project**

(i) Location, Access & Proximal Infrastructure

The Muchea West Project is located approximately 40km north-northeast of Perth and approximately 500m to the west of Muchea. Direct access from the tenure is via the Brand Highway thence via farm tracks and fence lines. Both the Brand Highway and the Moora-Kwinana Railway provide a direct connection with the Kwinana Bulk Terminal. The Muchea West Project is located directly adjacent to VRX Silica Ltd's Muchea Project.

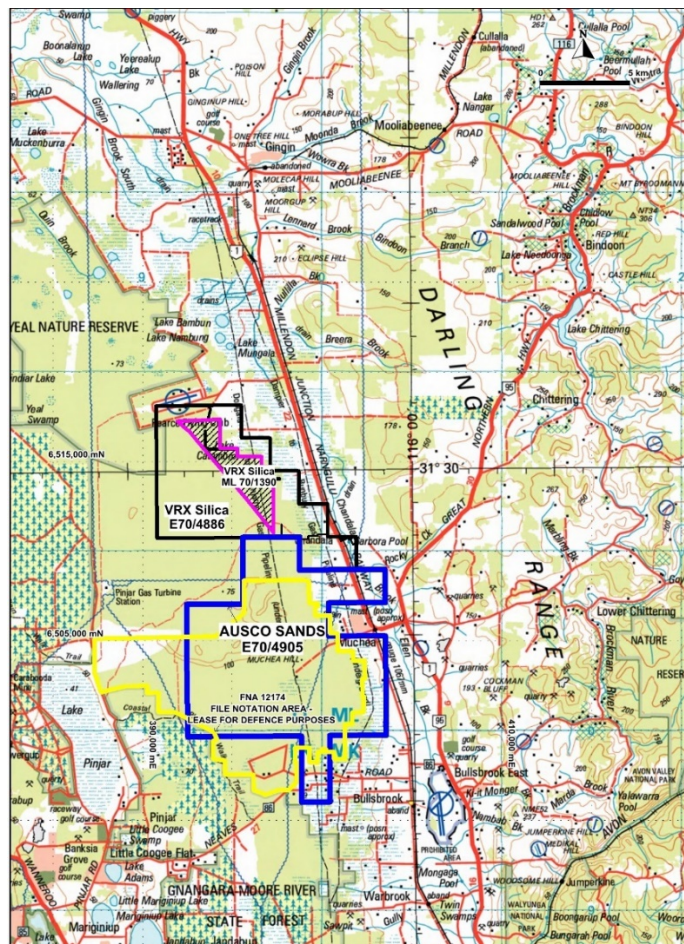


Figure 1: Project Location Plan

(ii) Tenure

The Muchea West Project covers a land area of 102km² and consists of a single granted exploration licence, E70/4905.

(iii) Project Geology

The Project is underlain by the Bassendean Sand Formation, which extends over large areas of the Swan Coastal Plains of the Perth Basin from about 23 km north of Jurien, to about 15km southwest of Busselton. The Bassendean Sand Formation is considered to have a maximum thickness of about 45 m, and the unit is found as a strip parallel to the coast, having a width of about 10-20 km, and its western edge about 5-10km inland. Concretionary ferruginous material, locally known as “coffee rock”, is developed discontinuously in the sand near the groundwater table. In the Tenement, good quality silica sand overlies iron rich brown sand, occasionally interspersed with ferruginous nodules.

The upper units of the Bassendean Sand Formation are typically clean, well-rounded and well sorted sands. At depth, it is commonly brown to dark brown with high iron contents, however closer to the surface the sand is cream/white. The physical, chemical and mineralogical characteristics of the Bassendean Sands can vary considerably, resulting in variation in the quality of the sand regionally as well as locally. In general, the Bassendean Sand Formation is covered with very little or no overburden.

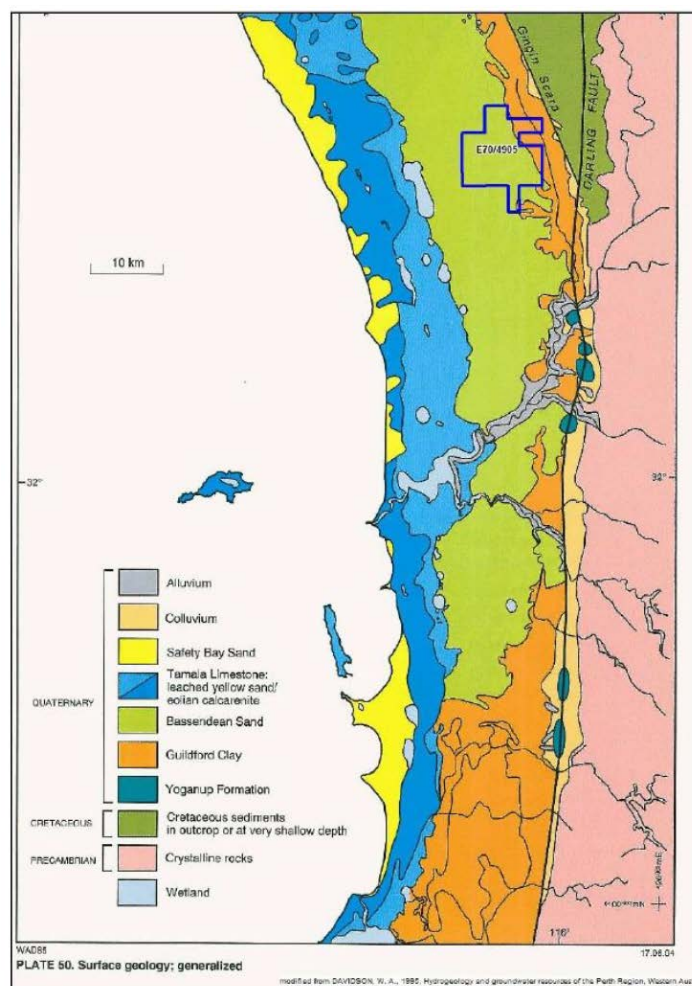


Figure 2: Project Geological Setting

(iv) Previous Exploration Undertaken

The region surrounding the Project has been explored for both silica sand and mineral sands.

(v) Recent Exploration Activities

A total of eighty-two aircore drill holes (78 drill holes to depth of 10m and 4 to depth of 15 to 20m) were drilled at nominal 200m spacing on six drill lines along existing tracks (as shown in Figure 3 below within the Tenement area). The drilling locations were located using hand held GPS.

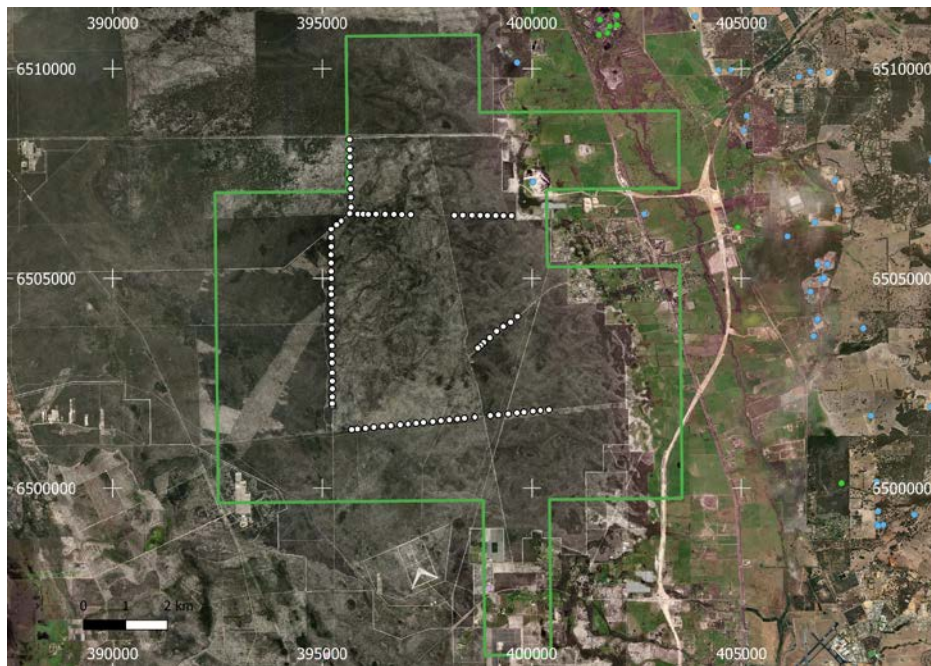


Figure 3: Drill Collar Plan

The drilling encountered unconsolidated sand and was terminated either at designated depth or the water table. One metre downhole samples were collected at each drilling location. Aircore drill samples are collected in a plastic tub and homogenised, rotary split into one larger sample bag (~3kg) and 2 smaller 250g subsamples. One of the subsamples is prepared for laboratory and the other is retained for repeat analysis and QA/QC purposes. The bulk sample is retained for later metallurgical test work. The sample splitter and cyclone are cleaned regularly to prevent sample contamination.

Drilled samples for each 1 m interval were also placed into chip trays which are then photographed to provide a permanent record of the downhole lithology. Detailed visual assessment and logging of sample recovery are provided in the drill logs. The first metre of all the drill holes is mainly the humus layer.

The sample assays were carried out to determine the major and trace elements such as SiO₂ (%), Fe₂O₃ (%), Al₂O₃ (%), CaO (%), MgO (%), K₂O(%), TiO₂(%) and LOI(%). Major and trace elements in exception to SiO₂ were analysed using a four-acid digest followed by Inductively Coupled Plasma Optical (Atomic) Emission Spectrometry (ICP-OES) analysis. Loss on Ignition (LOI) at 10000C was analysed by Thermal Gravimetric Analyser. SiO₂ was back calculated by subtracting all ICP major and trace elements plus LOI from 100%.

Significant results from drilling include:¹

- (A) Hole Aus011: 9m at 99.8% SiO₂ from 1m;
- (B) Hole Aus013: 9m at 99.8% SiO₂ from 1m;
- (C) Hole Aus014: 9m at 99.9% SiO₂ from 1m;
- (D) Hole Aus044: 19m at 99.7% SiO₂ from 1m; and
- (E) Hole Aus068: 15m at 99.6%SiO₂ from 5m.

A total of 82 holes were drilled by Ausco at the Muchea West Silica Sand Project. All 82 holes drilled returned white sand profiles of greater than 99.0% SiO₂ and over 80% of holes drilled had white sand profiles greater than 99.6% SiO₂.

7.4 Dividend Policy

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

7.5 ASX Guidance Note 12 - Annexure A Disclosure

ASX Guidance Note 12 - Annexure A (**Annexure A**) sets out various disclosure requirements that an entity must satisfy prior to its securities being reinstated to trading. The Company provides the following disclosure in accordance with Annexure A, to the extent that the information has not been provided elsewhere in this Notice.

(a) **Parties and material terms of the Transaction**

Refer to Section 7.2.

(b) **Transaction Analysis**

Set out at Schedule 2 is information about the effect of the Transaction based on audited / reviewed accounts for both the Company and Ausco as at 31 December 2020.

(c) **Capital structure**

Refer to Section 7.11.

(d) **Issues in the previous 6 months**

The Company confirms that the Company has not issued any Securities in the 6 months preceding the date of this Notice.

In the 6 months preceding the date of this Notice, Ausco has issued a total of 299,999 fully paid ordinary shares in Ausco to Triplestar Capital Pte Ltd at an issue price of \$0.15 per share. This issuance occurred on 27 November 2020, and raised funds of

¹ Carbine Resources Limited, ASX Release, Carbine to acquire the Muchea West Silica Sand Project, 1 April 2021. The Company is not aware of any new information or data that materially affects the information included in the original announcement. The information in this Notice that relates to the exploration results of the project owned by Ausco is based on, and fairly represents, information and supporting documentation compiled by Mr Peter Batten, who is a proposed director of the Company and a consultant to Ausco. Mr Peter Batten is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Batten consents to the inclusion in this Notice of the matters based on his information in the form and context in which it appears.

\$44,999.85, which has been expended by Ausco on working capital. This issuance was not underwritten.

(e) **Proposed issues of Securities**

Prior to re-admission, the Company will undertake the issues of Securities set out in:

- (i) Resolution 5(a) and Resolution 5(b);
- (ii) Resolution 6;
- (iii) Resolution 7; and
- (iv) Resolution 8(a) to Resolution 8(e).

Ausco does not propose to issue any securities prior to the Company's re-admission.

(f) **No change in control**

No person will acquire control of, or voting power of 20% or more, in the Company as a result of the Transaction.

(g) **Changes to the Board**

Refer to Section 7.16.

(h) **Timetable**

Refer to Section 7.14.

(i) **Principal activities and jurisdictions**

Refer to Section 7.3. The Company's activities following completion of the Transaction will be conducted in Australia.

(j) **Ausco business model and dependencies and risks**

Refer to Section 8.

(k) **Ausco Accounts**

Refer to Schedule 3 the Ausco financial statements for the years ended 2019 and 2020.

(l) **Regulatory Approvals and Waivers**

The Company has obtained the following waivers/confirmations:

- (i) a waiver of Listing Rule 1.1 Condition 12 to permit the Company to issue the Consideration Options, the Facilitation Options and the Performance Rights on the terms and conditions set out in Schedule 7.
- (i) a waiver of Listing Rule 2.1 condition 2 to permit the Company to issue Shares at an issue price of \$0.03 pursuant to the Public Offer on the terms and conditions set out in Schedule 7;
- (ii) a waiver of Listing Rule 10.13.5 to permit the Notice not to state that:
 - (A) 20,000,000 Shares to be issued to the Related Party Participants pursuant to the Public Offer; and
 - (B) 10,000,000 Performance Rights to be issued to the Proposed Directors, will be issued no later than one month after the date of the meeting, on the terms and conditions set out in Schedule 7; and
- (iii) confirmation that the terms of the Performance Rights to be issued to the Proposed Directors are appropriate and equitable in accordance with Listing Rule 6.1.

The Company also intends to submit an application for a waiver of Listing Rule 9.1(b) to the extent necessary to apply 'look through' relief to the Consideration Shares to be issued to the Ausco Shareholders.

As noted in Section 7.2(a), completion under the Terms Sheet which contemplates the Transaction is conditional upon (amongst other things):

- (i) the Department of Defence agreeing to extend the Access Deed to 30 June 2023 and confirming that it will not terminate the Access Deed following notification of a change in control of Ausco; and
- (ii) the Department of Mines, Industry Regulation and Safety approving the Programme of Work for the use of ground disturbing equipment on the Tenement for the period from 25 June 2021 until 25 June 2023.

The Company must obtain Shareholder approval for the Transaction Resolutions. No further regulatory approvals are required.

(m) **Appropriate Enquiries**

The Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses and prospects of Ausco to be satisfied that the Transaction is in the interests of the Company and its security holders.

As part of its enquiries, as at the date of this Notice, the Company has almost completed legal and financial due diligence of Ausco's operations. The Company notes that the Terms Sheet contains a condition precedent that the Company completes due diligence to its satisfaction. The Company has not yet satisfied or waived this condition precedent, but intends to complete due diligence prior to lodging the Prospectus and seeking reinstatement of its Shares to official quotation.

The Directors confirm that this Notice includes all material and accessible information available to the Directors as at the date of this Notice.

(n) **Reinstatement on ASX**

Refer to Section 7.6.

(o) **ASX takes no responsibility**

ASX takes no responsibility for the contents of this Notice or the Explanatory Memorandum.

(p) **Listing Rule 3.1**

The Directors confirm that the Company is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

7.6 Reinstatement on ASX

As the Company is currently proposing to make a significant change in the nature and scale of the Company's activities through the acquisition of Ausco, the Company must re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules prior to its securities recommencing quotation on ASX.

Pursuant to Listing Rules 11.1.2 and 11.1.3, the change in the nature and scale of the Company's activities requires:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules.

The Company's Shares have been suspended from trading on ASX since 23 May 2019 and will not be reinstated unless:

- (a) each Transaction Resolution is passed by Shareholders (see Section 7.2(b) above for further details); and
- (b) ASX is satisfied the Company has met the requirements of Chapters 1 and 2 of the Listing Rules.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in Listing Rule 1.3.

It is expected that the conduct of the Public Offer (for which Shareholder approval is sought pursuant to Resolution 7) will enable the Company to satisfy the above requirements.

In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Public Offer. In this regard, the Company notes that:

- (a) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Transaction may not proceed if ASX exercises that discretion to not re-admit the Company; and
- (b) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

The Company has sought in-principle advice from ASX in which ASX has set out, on an in-principle basis, that it has not identified any reasons to date, to exercise its discretion to prevent the Company from being re-admitted to the Official List. Investors are cautioned however, that such advice is not binding and cannot be relied upon to prevent ASX from exercising its discretion as it sees fit.

7.7 Material contracts and arrangements

The Directors consider that certain contracts entered into by the Company and Ausco are material to the Company and Merged Group or are of such a nature that an investor may wish to have particulars of them when assessing whether to approve the Transaction or apply for Shares under the Public Offer. The provisions of such material contracts and arrangements are summarised in this Section.

(a) Ausco material contracts and arrangements

(i) Access Deed

Access by Ausco to the Tenement is permitted pursuant to an access deed between Ausco and the Commonwealth of Australia, Department of Defence (**Access Deed**) dated 28 October 2020. The current term of the Access Deed will expire on 28 February 2022, unless extended by mutual agreement of the parties.

The Access Deed permits Ausco to enter on to the land and carry out mineral exploration activities. The Access Deed does not permit Ausco to mine for minerals. The ability for Ausco to mine for minerals on the Tenement will be subject to Ausco obtaining the consent of the State Minister for Mines and the Commonwealth Minister for Defence to apply for and mark out a mining lease and to conduct mining operations on the parts of the Tenement that are

Commonwealth land (**Land**). Without such consent, neither the Company nor Ausco have the rights to apply for a mining lease or mine for minerals on the Tenement.

The Access Deed expressly prohibits Ausco from pegging out a mining claim on the Land. The Access Deed also provides that, without limitation, nothing in the Access Deed whatsoever constitutes a representation, acknowledgement or agreement by the Commonwealth that it will grant such rights to Ausco in the future or that it will grant any other rights requested by Ausco directly or indirectly in relation to its exploration activities.

The Commonwealth may terminate the Access Deed for a 'Defence purpose' which is defined to include:

- (A) any purpose determined by the Department of Defence as necessary or desirable for carrying out its functions, including:
 - (1) any activities or requirements of the Australian Defence Forces; the management, disposal, divestment, leasing, licensing, acquisition, development, reorganisation and general administration of Department of Defence's property holdings;
 - (2) the management, disposal, divestment, leasing, licensing, acquisition, development, reorganisation and general administration of Department of Defence's property holdings;
 - (3) safety, security, work health and safety; or
 - (4) heritage and environment;
- (B) national security, emergency and defence purposes; and
- (C) anything determined by a Minister, Parliamentary Secretary, Secretary or Assistant Secretary or the Department of Defence as being Defence Purposes.

The Commonwealth may also terminate the Access Deed by written notice to Ausco for a number of reasons, including:

- (A) in the case of an insolvency event;
- (B) failure by Ausco to obtain or maintain any authorisation required under the Access Deed;
- (C) breaches of various provisions of the Access Deed that expressly allow the Commonwealth to terminate the Access Deed for default by Ausco;
- (D) a purported assignment or novation of the Access Deed by Ausco contrary to the Access Deed terms;
- (E) failure to remedy an alleged default; or
- (F) where Ausco has otherwise, regularly or persistently, failed to meet a requirement of the Access Deed (regardless of whether the Commonwealth has previously asked Ausco to remedy that failure).

The Commonwealth retains a large degree of ongoing control of access to the Tenement and activities on the Tenement during the term of the Access Deed. This is discussed further in Section 8.2(a).

Upon a change in control of Ausco, Ausco must notify the Commonwealth as soon as practicable. The Commonwealth may require Ausco to agree to such

amendments to the Access Deed that, in the opinion of the Commonwealth, are necessary to protect the Commonwealth's defence and security interests in the Land in the event of a change of control. If Ausco does not agree to such amendments, the Commonwealth may terminate the Access Deed.

Ausco must notify the Commonwealth of any new director appointment within 48 hours of appointment. If Ausco appoints a new director the Commonwealth may require Ausco to agree to amendments to the Access Deed to protect the Commonwealth's defence and security interests on the land or terminate the Access Deed.

As noted in Section 7.2(a)(xii), completion under the Terms Sheet which contemplates the Transaction is conditional upon (amongst other things) the Department of Defence agreeing to extend the Access Deed to 30 June 2023 and confirming that it will not terminate the Access Deed following notification of a change in control of Ausco. The Company is not aware of any reason why the Department of Defence would not approve the extension of the Access Deed.

For a discussion of the risks regarding access, please see Section 8.2(a).

(ii) **Royalty Deeds**

Ausco has entered into the following two royalty deeds in respect of the Tenement, which were identified during the due diligence process conducted by the Company:

- (A) royalty deed dated 31 October 2019 between Ausco and Brenton Anthony Parry (**Parry Deed**); and
- (B) royalty deed dated 31 October 2019 between Ausco and Rene Investments Pty Ltd and Trustee for the Muchea Trust (**Muchea Trust Deed**),

(together, the **Royalty Deeds**).

The Royalty Deeds are on the same terms and require Ausco to pay a royalty of A\$0.75 per tonne of silica sand, other sand or minerals extracted from the Tenement to the counterparty in the event of a decision to mine and the extraction of silica sand, other sand or minerals from the Tenement (**Royalty**). The Royalty must be paid on a quarterly basis and within 30 days of the expiry of each calendar quarter.

Under the Royalty Deeds, Ausco:

- (A) must keep the Tenement in full force and effect under the *Mining Act 1978* (WA) for the duration of the Royalty Deeds; and
- (B) must give each counterparty at least 30 days prior notice in writing of its intention for any reason (including a requirement by law) to relinquish, surrender or not renew or extend the whole or any part of the Tenement and the counterparty may elect within 30 days of such notice to purchase a 50% interest in the Tenement from Ausco for consideration of \$1.00.

Either party has the right to assign the Tenement (in whole or in part) or the entitlement to a Royalty (as the case may be) at any time and either counterparty has an express right under the Royalty Deeds to lodge a caveat over the Tenement to protect their interest in the Royalty.

The Royalty Deeds are otherwise on industry standard terms.

(b) **Company material contracts**

(i) **Terms Sheet and Minority Shareholder Agreements**

The Company has entered into the Terms Sheet and Minority Shareholder Agreements to acquire 100% of the issued capital of Ausco. Key terms of these agreements are detailed in section 7.2(a).

(ii) **Mr Evan Cranston – Letter of Appointment**

The Company has entered into a new letter agreement with Mr Evan Cranston pursuant to which the Company will pay Mr Cranston \$40,000 per annum (excluding superannuation) for services provided to the Company as a Non-Executive Director. The letter agreement will commence on and from completion of the Transaction and shall cease when Mr Cranston advises in writing his resignation or as otherwise in accordance with the Constitution.

(iii) **Mr Peter Batten**

The Company has entered into a services agreement with Mr Peter Batten pursuant to which the Company will pay Mr Batten a base salary of \$200,000 per annum (plus superannuation) for services provided to the Company as Managing Director. The agreement will commence on and from completion of the Transaction.

The Company proposes to issue Mr Batten (or his nominee) pursuant to the services agreement 5,000,000 Performance Rights (which are the subject of Resolution 6(b)).

(iv) **Mr Peter Main**

The Company has entered into a letter agreement with Mr Peter Main pursuant to which the Company will pay Mr Main \$60,000 per annum (plus superannuation) for services provided to the Company as a Non-Executive Director and Chairman. The agreement will commence on and from completion of the Transaction and shall cease when Mr Main advises in writing his resignation or as otherwise in accordance with the Constitution.

The Company proposes to issue Mr Main (or his nominee) pursuant to the letter of appointment 5,000,000 Performance Rights (which are the subject of Resolution 6(a)).

(v) **Konkera Mandate**

The Company is a party to an engagement letter with Konkera Corporate dated 1 July 2019 and amended on 7 April 2021 (**Konkera Mandate**) under which Konkera Corporate is engaged to provide the Company with administration, bookkeeping and accounting services, and a serviced office space.

The Company has agreed to pay Konkera Corporate \$10,000 per month pursuant to the Konkera Mandate for the above services. No fee is payable in respect of the serviced office space.

The term of the Konkera Mandate will continue for a two-year fixed period from the date of reinstatement of the Company's Shares to trading on ASX. Following this period, either party may terminate the Konkera Mandate by providing the other party six months' notice (or a shorter period in limited circumstances).

Konkera Corporate is an entity controlled by Director, Evan Cranston.

The Konkera Mandate is otherwise on industry standard terms.

(vi) **Deeds of indemnity, insurance and access**

The Company has entered into deeds of indemnity, insurance and access with each of its Directors, the Proposed Directors and the Company Secretary.

Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.

As noted in Section 7.16(a), upon completion of the Transaction, Mat O'Hara and Oonagh Malone will resign as Directors. The existing deed of indemnity, insurance and access between the Company and Mat O'Hara will be terminated upon completion of the Transaction. The deeds of indemnity, insurance and access with each of Evan Cranston, Oonagh Malone (who will remain in the position of Company Secretary) and the Proposed Directors will remain in force following completion of the Transaction.

7.8 Escrow arrangements

Subject to the Company's Shares being reinstated to trading on the ASX, certain Shares, Performance Rights and Options in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

Shares offered under the Public Offer will not be subject to any escrow restrictions.

If the Company receives the waiver from Listing Rule 9.1 referred to in Section 7.5(l), the Securities likely to be subject to escrow are a portion of the Consideration Shares and all of the Performance Rights, Consideration Options and Facilitation Options. In the event the waiver from Listing Rule 9.1 referred to in Section 7.5(l) is not issued, all of the Shares to be issued to the Ausco Shareholders will be escrowed for either a minimum 12 month period from the date of issue or 24 month period from date of reinstatement of Shares to trading on ASX.

Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities or issue escrow notices in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

7.9 Public Offer

As set out in Section 7.2(a)(vii) above, one of the conditions precedent to Completion of the Transaction is the completion of the Minimum Subscription under the Public Offer.

The Company is seeking to raise a minimum of \$2,500,000 (before costs) under the Public Offer and a maximum of \$3,000,000 (before costs) through an offer of a minimum of 83,333,333 Shares and maximum of 100,000,000 Shares at an issue price of \$0.03 per Share (on a post-Consolidation basis). The Minimum Subscription under the Public Offer is \$2,500,000.

The Company has not appointed a lead manager or underwriter in respect of the Public Offer. Accordingly, the Public Offer is not underwritten.

7.10 Pro forma balance sheet

A pro forma statement of financial position of the Company as at 31 December 2020 based on the reviewed accounts of the Company and audited accounts of Ausco is set out in Schedule 4.

7.11 Effect on capital structure

The proposed capital structure of the Company following completion of the Transaction (based on both a Minimum Subscription and Maximum Subscription) is set out below:

Shares	Min Sub	%	Max Sub	%
Existing Shares	199,746,729	-	199,746,729	-
Post-Consolidation	179,772,056	38.82%	179,772,056	37.47%
Consideration Shares	200,000,010	43.19%	200,000,010	41.69%
Public Offer ¹	83,333,333	17.99%	100,000,000	20.84%
Total	463,105,399	100.00%	479,772,066	100.00%

Notes:

- The Company is seeking to raise a minimum of \$2,500,000 (before costs) and a maximum of \$3,000,000 (before costs).

Options	Number of Options	%
Existing Options	Nil	-
Consideration Options ¹	50,000,003	66.7
Facilitation Options ¹	25,000,000	33.3
Total	75,000,003	100

Notes:

- Unquoted Options exercisable at \$0.06 on or before 5 years from the date of grant.

Performance Rights	Number of Performance Rights	%
Existing Performance Rights	Nil	-
Performance Rights to be issued to Proposed Directors ¹	10,000,000	100
Total	10,000,000	100

Notes:

- The Company proposes to issue to each of the Proposed Directors Messrs Peter Batten and Peter Main 5,000,000 Performance Rights pursuant to Resolution 6(a) and (b) and on the terms and conditions set out in Schedule 6.

7.12 Substantial Shareholders' voting power

As at the date of this Notice, the following Shareholders hold a relevant interest in 5% or more of the Shares on issue.

Name	Shareholding (on a pre-Consolidation basis)	Share Held %
GR Engineering Services Limited	15,886,726	7.95

Kingslane Pty Ltd	14,163,869	7.09
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Based on the information known as at the date of this Notice, upon re-admission of the Company to the Official List, the following persons will have a relevant interest in 5% or more of the Shares on issue.

Name	Shareholding	Shares Held (Min Sub) % (on a post-Consolidation basis)	Share Held (Max Sub) % (on a post-Consolidation basis)
Wendy Carolyn Coombe Hogan	50,000,000	10.80	10.42
Sivagami Selvakumar	26,666,667	5.76	5.56

7.13 Proposed use of funds

The Company intends to use the funds raised under the Public Offer, together with the Company's estimated existing cash reserves post-Transaction as follows:

Minimum Subscription	Year 1 (\$)	Year 2 (\$)	Total (\$)
Exploration expenditure	1,350,000	1,600,000	2,950,000
Proposed cash payment ¹	500,000	-	500,000
Corporate costs (including Directors' fees) ²	750,000	750,000	1,500,000
Working capital	350,000	180,000	530,000
Expenses of the Public Offer ³	300,000	-	300,000
Total	3,250,000	2,530,000	5,780,000

Maximum Subscription	Year 1 (\$)	Year 2 (\$)	Total (\$)
Exploration expenditure	1,450,000	1,750,000	3,200,000
Proposed cash payment ¹	500,000	-	500,000
Corporate costs (including Directors' fees) ²	750,000	750,000	1,500,000
Working capital	380,000	400,000	780,000
Expenses of the Public Offer ³	300,000	-	300,000
Total	3,380,000	2,900,000	6,280,000

Notes

1. Proposed \$500,000 cash payments to Ausco which will be utilised to pay certain creditors of Ausco, including directors and consultants.
2. Corporate administration costs include company secretary fees, rent, audit and executive team and support fees.
3. Expenses of the Public Offer including legal, accounting, independent geologist, ASIC, ASX and share registry fees.

The above table is a statement of the Board's current intentions as at the date of this Notice. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including:

- (a) the risk factors outlined in Section 8; and
- (b) the outcome of operational activities, regulatory developments and market and general economic conditions.

In light of this, the Board reserves the right to alter the way the funds are applied.

The Board is satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives.

The Company notes there is no certainty to when or to what extent any Options will be exercised. Depending on the amount raised (if any) from the exercise of any Options, the Directors' current intention is to apply funds towards:

- (a) further marketing and business development; and
- (b) general working capital, including identifying, pursuing and developing other revenue opportunities.

7.14 Indicative timetable for the key business the subject of the Transaction Resolutions

Description	Indicative timing
Despatch of Notice of Meeting	20 April 2021
Lodgement of Prospectus with ASIC	22 April 2021
Opening of the Public Offer	30 April 2021
Annual General Meeting held to approve the Transaction	20 May 2021
Closing of Public Offer	21 May 2021
Issue of securities under the Public Offer	28 May 2021
Reinstatement of securities to trading on ASX	31 May 2021

This timetable is a proposed indicative timetable only and the Board reserves the right to vary the dates in accordance with the Listing Rules.

7.15 Current Board of Directors

The Board currently comprises:

- (a) Mr Evan Cranston – Non-Executive Chairman;
- (b) Ms Oonagh Malone – Non-Executive Director and Company Secretary; and
- (c) Mr Mathew O'Hara – Non-Executive Director.

7.16 Proposed Board of Directors

- (a) Proposed composition of Board of Directors

Subject to Completion, Ms Malone and Mr O'Hara will resign, and the Company will appoint the following persons as directors at Completion, subject to prior shareholder approval:

- (i) Mr Peter Batten – Managing Director; and
- (ii) Mr Peter Main – Non-Executive Chairman.

(b) **Profiles of Proposed Directors**

Set out below is background information in relation to the skills and experience of the Proposed Directors.

(i) **Mr Evan Cranston**

Mr Cranston is the current Chairman of the Company and is an experienced mining executive with a background in corporate and mining law. He is the principal of corporate advisory and administration firm Konkera Corporate and has extensive experience in the areas of equity capital markets, corporate finance, structuring, asset acquisition, corporate governance and external stakeholder relations. Mr Cranston holds both a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia. Mr Cranston is currently a director of ASX-listed companies Vital Metals Ltd, Benz Mining Corp, Firebird Metals Ltd and African Gold Ltd.

(ii) **Mr Peter Batten**

Mr Batten is a geologist with 35 years of experience in the resources industry as a geologist, mine manager and consultant and has worked on nickel, gold, graphite, uranium and iron or related projects. Mr Batten has worked in Bougainville, Australia, Argentina, Guinea, Indonesia, Namibia, New Zealand, South Africa, Sweden, USA and Zimbabwe. Mr Batten was a director for MCB Resources Limited (ASX:MCB) from 9 January 2018 until 5 August 2019. Mr Batten holds a BSC Geology and MAusIMM. Mr Batten is not currently a director of any ASX-listed companies, however has been the director of six other ASX listed companies in the past including being elected as the Managing Director of Bannerman Resources Limited and the Managing Director of White Canyon Uranium Limited.

(iii) **Mr Peter Main**

Mr Main is a mining and finance professional with experience spanning more than 30 years. During that time, Mr Main has gained working knowledge in financial markets around the mining sector and industry experience. During his career Mr Main has spent 13 years in a in the mining industry from operations through to CEO of a TSX-V listed mining company, obtaining experience across facets of the industry. He spent 20 years in finance, more recently in an advisory capacity to the mining and finance industries. Prior to that Mr Main worked for investment banks. He has managed the Royal Bank of Canada's (ASX:RBC) Australian equity sales and trading business for 11 years and also RBC's regional business. Mr Main also spent six years at Hartley Poynton as a mining analyst and almost nine years full time service in the Australian Army. He was a former Director of Rizal Resources. Mr Main is currently a Non-Executive Director of Paladin Energy Ltd (ASX:PDN) where he is chairman of the Audit & Risk Committee and a member of the Remuneration, Nomination & Governance, and Sustainability Committees.

7.17 Advantages of the proposed Transaction Resolutions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

- (a) Completion of the Transaction will enable the Company to be reinstated to the Official List with the business of Ausco, strong Board and management team and defined growth

strategy. Shareholders will be able to share in the growth of the Company and will also be able to buy or sell Shares on ASX;

- (b) the Company will receive a cash injection via the Public Offer;
- (c) the Proposed Directors bring significant experience and knowledge to the Board; and
- (d) the Company's ability to raise additional funds may increase and may also be exposed to further debt, equity and acquisition opportunities that it did not have prior to the Transaction.

7.18 Disadvantages of the proposed Transaction Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

- (a) the Company's change in nature and entry into the sector occupied by Ausco (refer to Section 7.3) may not align with a Shareholder's investment objectives;
- (b) Shareholders will be significantly diluted through the issue of Shares under the Transaction and Public Offer; and
- (c) there are inherent risks associated with Ausco's business as well as other risks which may not suit a Shareholders risk profile or be consistent with their objectives. A summary of key risks to be faced by the Merged Group is set out in Section 8.

7.19 Taxation

The Transaction may give rise to income tax implications for the Company and Shareholders.

Existing Shareholders are advised to seek their own taxation advice on the effect of the Transaction Resolutions on their personal taxation position and neither the Company, nor any existing Director or advisor to the Company accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Transaction or the Transaction Resolutions.

7.20 Plans for the Company if the Transaction Resolutions are not passed or if the Transaction does not proceed

If the Company is not reinstated to official quotation on ASX by 23 May 2021, it will be removed from the Official List in accordance with ASX's policy for the automatic removal of entities suspended from official quotation for a continuous period of 2 years. Accordingly, if the Transaction Resolutions are not passed or if the Transaction is otherwise not completed, the Company will be unable able to re-comply with the admission and quotation requirements of Chapters 1 and 2 of the Listing Rules in order to seek reinstatement prior to 23 May 2021, and will be removed from the Official List.

7.21 Directors' interests in the Company

The existing Directors and Proposed Directors (and their respective related entities) have the following interests in Securities as at the date of this Notice:

Name	Shares (pre-Consolidation)	% Shares	Options	Performance Rights
Evan Cranston ¹	182,500	0.09	-	-
Oonagh Malone	-	-	-	-
Mathew O'Hara	-	-	-	-
Peter Main	-	-	-	-
Peter Batten	-	-	-	-

Notes:

- 1 Shares held by Mr Evan Cranston are held by Konkera Pty Ltd.

Set out in the table below are details of the anticipated relevant interests of the existing Directors and Proposed Directors (and their respective related entities) in the Securities of the Company upon Completion of the Transaction and Public Offer:

Name	Shares (post-Consolidation)	% Shares (Min)	% Shares (Max)	Options	Performance Rights
Evan Cranston ¹	16,830,917	3.63	3.51	-	-
Mathew O'Hara ²	666,667	0.14	0.14	-	-
Oonagh Malone ³	666,667	0.14	0.14	-	-
Peter Main ⁴	1,000,000	0.22	0.21	-	5,000,000
Peter Batten ⁵	1,000,000	0.22	0.21	-	5,000,000

Notes:

- 1 As at the date of this Notice, Mr Cranston intends to subscribe for up to 16,666,667 Shares under the Public Offer subject to Shareholder approval pursuant to Resolution 8(c).
- 2 As at the date of this Notice, Mr O'Hara intends to subscribe for up to 666,667 Shares under the Public Offer subject to Shareholder approval pursuant to Resolution 8(d).
- 3 As at the date of this Notice, Ms Malone intends to subscribe for up to 666,667 Shares under the Public Offer subject to Shareholder approval pursuant to Resolution 8(e).
- 4 As at the date of this Notice, Mr Main intends to subscribe for up to 1,000,000 Shares under the Public Offer subject to Shareholder approval pursuant to Resolution 8(a).
- 5 As at the date of this Notice, Mr Batten intends to subscribe for up to 1,000,000 Shares under the Public Offer subject to Shareholder approval pursuant to Resolution 8(b).

7.22 Advisers

The Company has agreed to grant to an unrelated party, Golden Triangle Capital Pty Ltd (**Facilitator**), as nominee of SmallCap Corporate and subject to Shareholder approval, 25,000,000 unquoted Options with an exercise price of \$0.06 and a 5 year expiry date (on a post-Consolidation basis) (**Facilitation Options**). The Facilitation Options are being issued as a facilitation fee to the Facilitator for services provided to Ausco in facilitating the Transaction. The

terms of the Facilitation Options are set out in Schedule 5. The issue of the Facilitation Options as a facilitation fee is not consideration for the acquisition of Ausco. The Facilitator is not a shareholder or related party of Ausco.

Other than as set out above, no other fees are payable by the Company to any person for finding, arranging or facilitating the Transaction.

8 Risks associated with the Transaction

This Section identifies the key dependencies and areas of risk associated with the Transaction, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. References to the Company in this Section 8 include the Merged Group.

8.1 Risks relating to the change in nature and/or scale of activities

(a) Re-Quotation of Shares on ASX

The Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will likely remain in suspension and not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the Listing Rules.

(b) Liquidity risk

On Completion, the Company will issue certain Securities which may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. Details of the expected escrow restrictions are set out in Section 7.8. The application of the ASX escrow restrictions may be considered to result in a liquidity risk as the issued capital will not be able to be traded freely for a period of time and the ability of a Shareholder to dispose of his or her Shares in a timely manner may be affected.

(c) Dilution risk

As set out in Section 7.11, the Company currently has 199,746,729 Shares on issue (on a pre-Consolidation basis). On Completion (assuming the Maximum Subscription is raised):

- (i) the existing Shareholders will retain approximately 37.47% of the Company's issued Share capital on an undiluted basis and 31.83% of the Company's issued Share capital on a fully diluted basis;
- (ii) the Ausco Shareholders will hold approximately 41.69% of the Company's issued Share capital on an undiluted basis and 35.41% of the Company's issued Share capital on a fully diluted basis; and
- (iii) the investors under the Public Offer will hold approximately 20.84% of the Company's issued Share capital on an undiluted basis and 17.71% of the Company's issued Share capital on a fully diluted basis.

There is a risk that the interests of Shareholders will be further diluted as a result of future capital raisings that will be required in order to fund the future development of the Company.

(d) **Completion, counterparty and contractual risk**

As set out in Section 7.2(a), the Company has agreed to acquire 100% of the issued capital of Ausco subject to the fulfilment of certain conditions precedent. There is a risk that the conditions precedent for completion of the Transaction will not be fulfilled and, in turn, that completion of the Transaction will not occur.

The ability of the Company to achieve its stated objectives will depend on the performance by the Ausco Shareholders of their obligations under the Terms Sheet and Minority Shareholder Agreements (as applicable). If the Ausco Shareholders or any other counterparty defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly and without any certainty of a favourable outcome.

8.2 **Specific risks applicable to the Merged Group**

On completion of the Transaction, Ausco will become a wholly owned subsidiary of the Company and the business conducted by Ausco will become the Company's main undertaking. Set out below is a non-exhaustive list of key risks of operating the Company's business as owner of Ausco.

(a) **Access**

Approximately 65% of the land area comprising the Tenement covers an area known as the Muchea Air Weapons Range and is operated pursuant to the *Defence Regulation 2016* (Cth).

Access by Ausco to the Tenement is permitted pursuant to the Access Deed between Ausco and the Commonwealth of Australia (refer to Section 7.7(a)(i)), dated 28 October 2020, which is due to expire on 28 February 2022. The Access Deed is subject to renewal with the consent of the Department of Defence (not to be unreasonably withheld). The Department of Defence has previously agreed to two extensions to the Access Deed, the first extension being for 13 months on 11 July 2019 and the second extension being for 16 months on 28 October 2020.

The Access Deed permits Ausco to enter on to the land and carry out mineral exploration activities. The Access Deed does not permit Ausco to mine for minerals. The ability for Ausco to mine for minerals on the Tenement will be subject to Ausco obtaining the consent of the State Minister for Mines and the Commonwealth Minister for Defence to apply for and mark out a mining lease and to conduct mining operations on the parts of the Tenement that are Commonwealth land (**Land**). Without such consent, neither the Company nor Ausco have the rights to apply for a mining lease or mine for minerals on the Tenement.

The Access Deed expressly prohibits Ausco from pegging out a mining claim on the Land. The Access Deed also provides that, without limitation, nothing in the Access Deed whatsoever constitutes a representation, acknowledgement or agreement by the Commonwealth that it will grant such rights to Ausco in the future or that it will grant any other rights requested by Ausco directly or indirectly in relation to its exploration activities.

(i) **Commonwealth activities:**

The Commonwealth has the right to notify Ausco that a Defence operation or practice will be occurring on the land the subject of the Access Deed, in which

case Ausco must not remain on or access the land during the Defence operation or practice unless the Commonwealth has provided permission. The Commonwealth has not at any time provided Ausco with such a notification.

The Muchea Air Weapons Range has a controlled and fenced bombing target range located approximately 3km to the south west of the Tenement. The bombing target range does not encroach on the land the subject of the Access Deed. The land the subject of the Access Deed extends up to 10km north and approximately 8m east of the bombing target range, and is therefore understood to be land to provide a buffer zone for Commonwealth liability purposes. In Ausco's experience, and as confirmed by communication with the Department of Defence personnel, there has not been any activity by the Department of Defence in the land the subject of the Access Deed for a considerable period of time (and any use has been primarily related to access and clearing). Additionally, the land the subject of the Access Deed has never been used as a bombing range. Ausco understands the last major activity was the construction of the Muchea Tracking Station in 1961. The Company and Ausco therefore consider the likelihood of a Defence operation or practice within the Tenement area to be low. In the unlikely event that a Defence operation occurs within the Tenement area and access to the affected Tenement area is restricted, the Company would propose to move its mining exploration activities to other unaffected areas within the Tenement.

(ii) **Change of Control:**

Upon a change in control of Ausco, Ausco must notify the Commonwealth as soon as practicable. If, as a result of a change in control any persons have access to information regarding the Commonwealth activities within the land, or are in a position to determine policy in respect of Ausco or its business; and in the opinion of the Commonwealth, the Commonwealth's defence or security interests in the land could be prejudiced, the Commonwealth may terminate the Access Deed.

(iii) **Company composition:**

Ausco must notify the Commonwealth of any new director appointment within 48 hours of appointment. If Ausco appoints a new director the Commonwealth may require Ausco to agree to amendments to the Access Deed to protect the Commonwealth's defence and security interests on the land or terminate the Access Deed.

(iv) **Termination:**

The Commonwealth may terminate the Access Deed for a 'Defence purpose' which is defined to include:

- (A) any purpose determined by the Department of Defence as necessary or desirable for carrying out its functions, including:
 - (1) any activities or requirements of the Australian Defence Forces; the management, disposal, divestment, leasing, licensing, acquisition, development, reorganisation and general administration of Department of Defence's property holdings;
 - (2) the management, disposal, divestment, leasing, licensing, acquisition, development, reorganisation and general administration of Department of Defence's property holdings;

- (3) safety, security, work health and safety; or
- (4) heritage and environment;
- (B) national security, emergency and defence purposes; and
- (C) anything determined by a Minister, Parliamentary Secretary, Secretary or Assistant Secretary or the Department of Defence as being Defence Purposes.

As noted in Section 7.2(a)(xii), completion under the Terms Sheet which contemplates the Transaction is conditional upon (amongst other things) the Department of Defence agreeing to extend the Access Deed to 30 June 2023 and confirming that it will not terminate the Access Deed following notification of a change in control of Ausco. The Company is not aware of any reason why the Department of Defence would not approve the extension of the Access Deed.

(b) **Private land:**

Approximately 20% of the Tenement overlaps freehold land held by various third parties. The Tenement has been granted over sub-surface rights in those areas (ie, below a depth of 30m below the surface of the land) and Ausco will need the consent of the landholders to obtain surface rights to those areas. There are no agreements in place with those landholders to date and Ausco would only seek to negotiate such agreements and obtain the necessary consents if and when it wishes to conduct activities on those areas.

(c) **Reserve land and Forest:**

Approximately 0.05% of the Tenement is a current Class A reserve for the conservation of flora and fauna. An additional portion of the Tenement (approximately 12.49%) is a proposed Class A reserve for the Perth and Peel Green Growth Plan. Consent of the State Minister for Mines and the Minister for the Environment is required to conduct exploration on a Class A reserve. The consent of both Houses of the Parliament of Western Australia is required before mining operations can be conducted on Class A reserve land.

Approximately 0.15% of the Tenement is a Class C reserve for various purposes. Consent of the State Minister for Mines is required for mining activities (including exploration) on a Class C reserve. The Minister for Mines must consult with and obtain the recommendation of the relevant State Minister (depending on the reserve purpose) and the responsible agency before granting consent.

Approximately 5.74% of the land is State Forest. Consent of the State Minister for Mines and the Minister for the Environment is required for mining activities (which will include exploration) in State Forest in Mineral Field 70.

Neither the Company nor Ausco has obtained the necessary consents to access and conduct activities on the portions of the Tenement covered by the reserved land and the State Forest. Accordingly, the Company has no current rights to access the portions of the Tenement covered by the reserved land and State Forest and has no intention of conducting exploration in those areas of the Tenement.

(d) **Title risk**

Ausco's interest in the Tenement (exploration licence E70/4905) is governed by the *Mining Act 1978* (WA), and related subsidiary legislation. The Tenement carries with it annual expenditure and/or reporting commitments, as well as other conditions requiring compliance. Consequently, Ausco could lose title to, or its interest in, the Tenement if

certain licence conditions are not met, or if insufficient funds are available to meet expenditure commitments.

The Tenement is for a specific term and is due to expire on 23 April 2022. Ausco will lose its interest in the Tenement on this date if the term of the Tenement is not extended beyond this date. It is in the power of the Western Australian Minister for Mines (**Mines Minister**) to extend the term of the Tenement by five years, then by successive terms of two years provided that prescribed grounds for extension exist. Prescribed grounds in respect of an exploration licence comprise the following:

- (i) an exploration program could not be undertaken or completed or was otherwise restricted upon the basis of difficulties or delays:
 - (A) of a legal nature;
 - (B) flowing from administrative, political, environmental or other requirements of government or associated authorities;
 - (C) arising from the conduct of an Aboriginal heritage survey;
 - (D) obtaining the necessary consents or approvals for exploration activities;
 - (E) in gaining access to land as a result of adverse weather conditions; or
 - (F) the Minister considers that the land has been unworkable for all or part of the term;
- (ii) work already undertaken on the relevant exploration licence justifies further exploration; or
- (iii) if the relevant exploration licence has retention status, the grounds for continuation of the status subsist.

The Company will apply for an extension of the term of the Tenement at the appropriate time. The Company is not aware of any reason why the Mines Minister would not approve the extension of the Tenement. However, there can be no guarantee that the Mines Minister will approve such an extension, in which case Ausco will lose its interest in the Tenement.

(e) **Royalty deeds**

Ausco has entered into two Royalty Deeds (refer to Section 7.7(a)(ii)). Each of the Royalty Deeds requires Ausco to pay a royalty of \$0.75 to the counterparty per tonne of silica sand, other sand or minerals extracted from the Tenement in the event of a decision to mine and the extraction of silica sand, other sand or minerals from the Tenement (**Royalty Payments**).

The Royalty Payments will impact profit derived by the Company from the sale of silica sand, other sand or minerals extracted from the Tenement. This may have consequential impacts on project economics and financing.

Both counterparties have an express right under the Royalty Deeds to lodge a caveat over the Tenement to protect the counterparty's interest in the Royalty Payments.

(f) **Exploration and development risks**

Mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its project, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its project.

(g) **Operating risk**

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

No assurances can be given that the Merged Group will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Unless and until the Merged Group is able to realise value from its project, it is likely to incur ongoing operating losses.

(h) **Commodity price volatility**

The Merged Group's ability to proceed with the development of the Muchea West Silica Project and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of silica. Consequently, any future earnings are likely to be closely related to the price of this commodity and the terms of any off-take agreements that the Company enters into.

The world market for silica is subject to many variables and may fluctuate markedly. These variables include world demand for silica that may be mined commercially in the future from the Company's project areas, forward selling by producers and production cost levels in major mineral-producing regions. Silica prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

(i) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition, including major mineral exploration and production companies. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Some of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Merged Group can compete effectively with these companies.

(j) **Native title and Aboriginal heritage risks**

The *Native Title Act 1993* (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Native title can be extinguished in a number of ways, including by valid grants of land (such as freehold title) or waters to people other than the native title holders, by valid use of land or waters, or if the indigenous group has lost its connection with the relevant land or waters. Native title is not necessarily extinguished by the grant of mining leases, although a valid mining tenement prevails over native title to the extent of any inconsistency for the duration of the title.

Native title can also be surrendered by agreement between the native title holders and the State. Native title in the Tenement area were surrendered by the Whadjuk People on and from 13 April 2021 pursuant to a registered Indigenous Land Use Agreement between the Whadjuk People and the State of Western Australia (**Whadjuk People ILUA**).

Regardless of the surrender of native title in the Tenement area, the Company must contribute to comply with State and Commonwealth Aboriginal heritage legislation which, among other things, makes it an offence for a person to damage or in any way alter an Aboriginal site.

Aboriginal sites and objects exist on the land the subject of the Tenement. There may be additional Aboriginal sites on the land that are not included on the register maintained by the State that are nonetheless protected under State legislation. The existence of such sites or object may preclude or limit mining activities in certain areas of the Tenement. Further, the disturbance of such sites and objects is likely to be an offence under the applicable legislation, exposing the Company to fines and other penalties.

In accordance with the terms of the Whadjuk People ILUA, conditions have been imposed on the Tenement, and will be imposed on any future tenements granted in the Whadjuk People ILUA area, that require the Company (in respect of the Tenement) or any future applicant (in respect of future tenement grants) to enter into a Noongar Standard Heritage Agreement (**NSHA**) or alternative heritage agreement before exercising any of the rights, powers and duties over the Tenement or future tenement (as the case may be).

The relevant conditions allow the Company to proceed with activities without a heritage agreement where it has:

- (i) sought to negotiate but been unable to reach a heritage agreement with the Whadjuk People or their representative within 20 business days of the commencement of negotiations;
- (ii) offered a signed Noongar Alternative Heritage Agreement to the Whadjuk People or their representative and they do not sign and return the agreement within 20 business days of receipt; and
- (iii) provided a statutory declaration to DMIRS in the required form.

Ausco has entered into a NSHA with South West Aboriginal Land and Sea Council (on behalf of the Whadjuk People) (**SWALSC**) in respect of the Tenement dated 27 October 2016. Subject to limited exceptions, the NSHA requires Ausco to issue a notice in writing to SWALSC (**Activity Notice**) to provide adequate information to assist SWALSC to make an assessment as to whether a survey is required in relation to a proposed activity, and if a survey is required, to provide information relevant to the conduct of that survey. On 21 December 2018, Ausco issued an Activity Notice to SWALSC in respect of exploration activities on the Tenement and on 8 January 2019, SWALSC confirmed that a survey was not required in respect of activities set out in that Activity Notice. The Company understands that a further Activity Notice may be required to be issued in respect of additional exploration activities to the extent they are not accommodated for under the Activity Notice dated 21 December 2018. If so, SWALSC may determine that further survey work may need to be undertaken in respect of those additional activities, and the Company would propose to conduct exploration activities to the extent permitted under SWALSC's assessment of the Activity Notice dated 21 December 2018 until such surveying is complete.

(k) **Third party risks**

Under State and Commonwealth legislation, the Company may be required to obtain the consent of and pay compensation to the holders of third party interests which overlay areas within the Tenement or future tenements granted to the Company, including overlapping mining tenure and native title claims, prior to accessing or commencing any exploration or mining activities on the affected areas within the Tenement. Any delay in obtaining these consents may impact on the Company's ability to carry out exploration activities within the affected areas or future tenements granted to the Company.

Even if the grant of overlapping tenure may have a limited direct impact on exploration activities, such tenure may adversely affect those aspects of Ausco's activities which are not directly related to exploration and mining on the Tenement (for example, the transportation of resources or personnel).

In particular, the Company is aware that approximately 65% of the Tenement is on Crown Land which is subject to the Access Deed as discussed above in Section 7.7(a)(i).

Further, approximately 20% of the Tenement overlaps freehold land held by various third parties. The Tenement has been granted over sub-surface rights in those areas (ie, below a depth of 30m below the surface of the land) and Ausco will need the consent of the landholders to obtain surface rights to those areas.

(l) **Environmental risk**

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

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its

activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

In addition to the above, Government authorities may, from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(m) **Permits and approvals**

Certain mineral rights and interests to be held by Ausco are subject to the need for ongoing or new government approvals and permits. These requirements, including work permits and environmental approvals, will change as Ausco's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on Ausco's operations.

As noted in Section 7.2(a)(xiii), Completion under the Terms Sheet which contemplates the Transaction is conditional upon (amongst other things), the Department of Mines, Industry Regulation and Safety approving the Programme of Work for the use of ground disturbing equipment on the Tenement for the period from 25 June 2021 until 25 June 2023.

(n) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

There is no assurance that the Merged Group will be able to retain the services of these persons.

(o) **Conflicts of interest**

Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which these directors become aware may not necessarily be made available to the Company in the first instance. Although these Directors have been advised of their fiduciary duties to the Company, actual and potential conflicts of interest among these persons and situations may arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

8.3 General risks

(a) **Discretion in use of capital**

The Board and the Company's management have discretion concerning the use of the Company's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the

effectiveness of the application of capital resources are uncertain. If they are not applied effectively, the Company's financial and/or operational performance may suffer.

(b) **Investment in capital markets**

As with all stock market investments, there are risks associated with an investment in the Company. Securities listed on the stock market have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance.

(c) **General economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, commodity prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position. The Company's future possible revenues and Share prices may be affected by these factors, which are beyond the control of the Company.

(d) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

(e) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(f) **COVID-19 risk**

The outbreak of the coronavirus disease COVID-19 is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The effects of COVID-19 on the Company's Share price may also impede the Company's ability to raise capital, or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

(g) **Climate change risks**

The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific

taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(h) **Taxation**

The Transaction and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares.

9 Resolution 3 – Consolidation of capital

9.1 General

Resolution 3 seeks Shareholder approval for the Company to undertake a consolidation of its capital on a 10 for 9 basis (**Consolidation**).

Resolution 3 is an ordinary resolution.

Resolution 3 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

The Board recommends that Shareholders vote in favour of Resolution 3.

9.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

Listing Rule 7.22.1 requires that when a listed entity undertakes a consolidation of capital, the number of its Options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

9.3 Fractional entitlements

Not all Security holders will hold that number of Securities (as the case may be) which can be evenly divided. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole Security.

9.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company accepts no responsibility for the individual taxation implications arising from the Consolidation.

9.5 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities. It is the responsibility of each Security holder to check the number of Securities held prior to disposal or exercise (as the case may be).

9.6 Effect on capital structure

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in the tables below. All numbers are subject to rounding.

Security	Pre-Consolidation	Post-Consolidation
Shares	199,746,729	179,772,056
Options	-	-

9.7 Consolidation timetable

Description	Indicative timing
Company releases Appendix 3A.3	20 April 2021
Consolidation Effective Date	21 May 2021
Last day for trading in pre-Consolidation Securities	24 May 2021
Trading in post-Consolidation Securities commences on a deferred settlement basis	25 May 2021
Consolidation Record Date	26 May 2021
First day for Company to update register and send updated holding statements	27 May 2021
Last day for Company to update register and send updated holding statements	2 June 2021

10 Resolution 4 – Approval to change in nature and scale of activities

10.1 General

Resolution 4 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities via the Transaction.

A detailed description of the Transaction is outlined in Section 7 above.

Resolution 4 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

Resolution 4 is an ordinary Resolution.

10.2 Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and/or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the company were applying for admission to the Official List.

ASX has advised that it requires the Company to:

- (d) obtain the approval of its Shareholders for the proposed change of activities pursuant to Listing Rule 11.1.2; and
- (e) re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under Listing Rule 11.1.2 and pursuant to Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the Listing Rules.

Details of the assets to be acquired by the Company and the proposed changes to the structure and operations of the Company are provided throughout this Explanatory Memorandum.

If Resolution 4 is passed (and subject to Shareholders passing each of the Transaction Resolutions), the Company will be able to proceed with the Transaction as outlined in this Notice.

If Resolution 4 is not passed, the Company will not be able to proceed with the Transaction and re-comply with the admission and quotation requirements of Chapters 1 and 2 of the Listing Rules in order to seek reinstatement prior to 23 May 2021, and accordingly, will be removed from the Official List.

10.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

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

11 Resolution 5(a) and Resolution 5(b) - Approval to issue Consideration Shares to Ausco Shareholders and Consideration Options to Ausco Optionholders

11.1 General

Resolution 5(a) and Resolution 5(b) seek Shareholder approval pursuant to Listing Rule 7.1 for the issue of 200,000,010 Consideration Shares to the Ausco Shareholders (or their respective nominees) and 50,000,003 Consideration Options to the Ausco Optionholders (or their respective nominees) respectively.

A detailed description of the Transaction is outlined in Section 7 above.

Resolution 5(a) and Resolution 5(b) are Transaction Resolutions and are subject to Shareholders passing each of the Transaction Resolutions.

Resolution 5(a) and Resolution 5(b) are ordinary resolutions.

11.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Consideration Shares and Consideration Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 5(a) and Resolution 5(b) seeks the required Shareholder approval to the issue of the Consideration Shares and Consideration Options under and for the purposes of Listing Rule 7.1.

If Resolution 5(a) and Resolution 5(b) are passed, the Company will be able to proceed with the issue of the Consideration Shares and Consideration Options and will issue the Consideration Shares no later than 3 months after the date of the Meeting. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5(a) and Resolution 5(b) are not passed, the Company will not be able to proceed with the issue of the Consideration Shares or Consideration Options and the Transaction will not progress.

11.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Consideration Shares:

- (a) the Ausco Shareholders (or their respective nominees) will be issued a maximum of 200,000,010 Shares for nil cash consideration and in consideration for the acquisition of 100% of the issued capital of Ausco;
- (b) The Ausco Optionholders (or their respective nominees) will be issued with a maximum of 50,000,003 unquoted Options (or their respective nominees) for nil cash consideration and in consideration for the cancellation of the Ausco Optionholders' options;
- (c) the Consideration Shares and Consideration Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (d) the Consideration Shares and Consideration Options will be issued for nil cash consideration and therefore no funds will be raised as a result of the issue;
- (e) the Consideration Shares will be issued to the Ausco Shareholders (or their respective nominees);
- (f) the Consideration Options will be issues to the Ausco Optionholders (or their respective nominees);
- (g) the Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) the terms of the Consideration Options are set out in Schedule 5.
- (i) a summary of the terms of the Terms Sheet and Minority Shareholder's Agreements are set out in Section 7.2(a);
- (j) further details of the Transaction are set out in section 7; and
- (k) a voting exclusion statement is included in the Notice.

11.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 5(a) and Resolution 5(b).

The Chair will cast all available proxies in favour of Resolution 5(a) and Resolution 5(b).

12 Resolution 6(a) and 6(b) - Approval to issue Performance Rights to the Proposed Directors

12.1 General

The Proposed Directors will receive Performance Rights as follows:

Resolution 6(a) and Resolution 6(b) seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of 10,000,000 Performance Rights to the Proposed Directors (or their respective nominees).

Proposed Director	Performance Rights
Peter Main	5,000,000
Peter Batten	5,000,000
TOTAL	10,000,000

A detailed description of the Transaction is outlined in Section 7 above.

Resolution 6(a) and Resolution 6(b) are each a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

If Resolution 6(a) and Resolution 6(b) are passed, the Company will be able to proceed with the issue of the Performance Rights to the Proposed Directors (or their respective nominees) and will issue the Performance Rights no later than 3 months after the date of the Meeting.

If Resolution 6(a) and Resolution 6(b) are not passed, the Company will not be able to proceed with the issue of the Performance Rights and the Company will proceed with other forms of remuneration, including by the payment of cash.

Resolution 6(a) and Resolution 6(b) are each a separate ordinary resolution.

12.2 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Performance Rights to the Proposed Directors:

- (a) the Performance Rights are being issued to Messrs Peter Main and Peter Batten;
- (b) the recipient of the Performance Rights are related parties under Listing Rule 10.11.1 as they are Proposed Directors of the Company;
- (c) Messrs Peter Main and Peter Batten will each receive 5,000,000 Performance Rights;
- (d) the Performance Rights will be issued on the terms set out in Schedule 6;
- (e) the Performance Rights will be issued not later than 3 months after the date of the Meeting. The Company has obtained a waiver from Listing Rule 10.13.5 to allow the Company to issue the Performance Rights later than 1 month after the date of the Meeting. The terms of the waiver are set out in Schedule 7;
- (f) the Performance Rights will be issued for nil cash consideration to incentivise the Proposed Directors, and are not ordinary course of business remuneration securities;
- (g) the Proposed Director's remuneration includes:
 - (i) Mr Peter Main – fees of \$60,000 per annum (plus superannuation) and the issue of 5,000,000 Performance Rights on the terms set out in Schedule 6; and
 - (ii) Mr Peter Batten – a base salary of \$200,000 per annum (plus superannuation) and the issue of 5,000,000 Performance Rights on the terms set out in Schedule 6; and

- (h) the Performance Rights are proposed to be issued pursuant to an agreement with each of the Proposed Directors as summarised in Section 7.7(b)(iii) and 7.7(b)(iv);
- (i) a voting exclusion statement is included in the notice;
- (j) the Proposed Directors will each play an important role in seeking to achieve growth of the Share price in order to achieve the vesting conditions of the Performance Rights as set out in Schedule 6. Mr Peter Main will be appointed as Non-Executive Chairman and will be key to the decision-making function of the Board. Mr Peter Batten will be appointed as Managing Director and will oversee the day-to-day operations of the Company and its activities;
- (k) none of the Proposed Directors (or their respective associates) currently hold Securities in the Company or Ausco;
- (l) the Board considers that Performance Rights are an appropriate form of incentive to further incentivise the Proposed Directors to achieve the applicable vesting conditions of the Performance Rights as:
 - (i) the proposed issue of Performance Rights seeks to align the efforts of the Proposed Directors in seeking to achieve growth of the Share price and in the creation of Shareholder value;
 - (ii) incentivising the Proposed Directors with Performance Rights is a prudent means of conserving the Company's available cash reserves; and
 - (iii) the Board believes it is important to offer Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market;
- (m) the Board believes the number of Performance Rights being issued is appropriate and equitable as:
 - (i) the issue of the Performance Rights was negotiated on arms' length terms prior to the appointment of the Proposed Directors;
 - (ii) the number of Performance Rights was negotiated on arms' length terms having regard to:
 - (A) comparable transactions of this nature;
 - (B) prevailing economic conditions; and
 - (C) the value, qualifications and expertise that each of the Proposed Directors brings to the Board;
 - (iii) the number of Performance Rights to be issued is considered sufficient to:
 - (A) align the efforts of the Proposed Directors in seeking to achieve growth of the Share price and in the creation of Shareholder value; and
 - (B) continue to attract and maintain the services of the Proposed Directors in a competitive market; and
- (n) the total number of Shares that the Performance Rights will convert into is 10,000,000. In the event all of the Performance Rights are converted into Shares, the total number of Shares on issue in the Company will increase from 463,105,399 Shares to 473,105,399 (on a Minimum-Subscription basis), representing a 2.16% increase in the total number of Shares on issue.

12.3 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

(a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Transaction will result in the issue of Securities which constitutes giving a financial benefit and the Proposed Directors are each a related party of the Company by virtue of being a Proposed Director.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Performance Rights to the Proposed Directors (or their respective nominees), because the Performance Rights will be issued as reasonable remuneration to the Proposed Directors negotiated on arms' length terms prior to the appointment of the Proposed Directors, and as such the giving of the financial benefit is on arm's length terms in accordance with the exception set out in section 210 of the Corporations Act.

12.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 6(a) and Resolution 6(b).

The Chair will cast all available proxies in favour of Resolution 6(a) and Resolution 6(b).

13 Resolution 7 – Approval to issue Public Offer Shares

13.1 General

A detailed description of the Transaction is outlined in Section 7 above.

Resolution 7 seeks Shareholder approval for the issue of up to 100,000,000 Shares at an issue price of \$0.03 each to raise up to \$3,000,000 (before costs) including the shares the subject of Resolution 8(a) to Resolution 8(e)(**Public Offer Shares**).

The Public Offer Shares will be issued under the Prospectus to be issued by the Company in order to re-comply with Chapters 1 and 2 of the Listing Rules.

The Company has not appointed a lead manager or underwriter in respect of the Public Offer. Accordingly, the Public Offer is not underwritten.

Resolution 7 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

Resolution 7 is an ordinary resolution.

13.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Public Offer Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 7 seeks the required Shareholder approval to the issue of the Public Offer Shares under and for the purposes of Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Public Offer Shares and will issue the Public Offer Shares no later than 3 months after the date of the Meeting. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the Public Offer Shares and the Transaction will not progress.

13.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Public Offer Shares:

- (a) the maximum number of Shares to be issued as Public Offer Shares is 100,000,000;
- (b) the subscribers will be applicants under the Public Offer and, except as referred to in Resolution 8(a) to Resolution 8(e), will not be related parties of the Company;
- (c) the Public Offer Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Public Offer Shares will be issued on the same date, being the date of Completion;
- (d) the issue price of the Public Offer Shares will be \$0.03 per Share;
- (e) the Public Offer Shares are proposed to be issued to participants in the Public Offer who will be determined by the Board in its absolute discretion and in accordance with the allocation policy set out in the Prospectus;
- (f) the Public Offer Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the Company's intended use of the funds raised from the issue of the Public Offer Shares is set out in Section 7.13 above;
- (h) further details of the Transaction are set out in Section 7; and
- (i) a voting exclusion statement is included in the Notice.

13.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 7.

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

14 Resolution 8(a) to Resolution 8(e) – Participation in Public Offer by Directors and Proposed Directors

14.1 General

Pursuant to Resolution 7, the Company is seeking shareholder approval for the Public Offer, being the issue up to 100,000,000 Public Offer Shares at an issue price of \$0.03 each to raise up to a total of \$3,000,000 (before costs).

Directors Evan Cranston, Mathew O'Hara and Oonagh Malone, as well as Proposed Directors Peter Main and Peter Batten wish to participate in the Public Offer, subject to Shareholder approval being obtained (**Related Party Participants**).

Resolution 8(a) to Resolution 8(e) seek the approval of Shareholders pursuant to Listing Rule 10.11 for the issue of up to 20,000,001 Public Offer Shares to the Related Party Participants (or their respective nominees) arising from their participation in the Public Offer (**Participation**) as follows:

- (a) up to 1,000,000 Public Offer Shares to Peter Main;
- (b) up to 1,000,000 Public Offer Shares to Peter Batten;
- (c) up to 16,666,667 Public Offer Shares to Evan Cranston;
- (d) up to 666,667 Public Offer Shares to Mathew O'Hara; and
- (e) up to 666,667 Public Offer Shares to Oonagh Malone.

Resolution 8(a) to Resolution 8(e) are each a Transaction Resolution and are subject to the approval of the other Transaction Resolutions.

Resolution 8(a) to Resolution 8(e) are separate, ordinary resolutions.

14.2 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities to:

- (a) a related party;
- (b) a person who is or was at any time in the 6 months before the issue or agreement to issue, a substantial (30%+) holder in the entity;
- (c) a person who is or was at any time in the 6 months before the issue or agreement to issue, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of any of the persons referred to above; or
- (e) a person who or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

Under the Listing Rules, related parties include Directors of a Company and persons whom the Company reasonably believes will become a related party in the future. As such, Messrs Evan Cranston and Mathew O'Hara, and Ms Oonagh Malone (existing Directors) and Messrs Peter Main and Peter Batten (Proposed Directors) are related parties of the Company.

As the Participation involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required for the Participation as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares to the Related Party Participants (or their nominees) will not be included in the use of the Company's 15% placement capacity pursuant to Listing Rule 7.1.

If Resolution 8(a)-(e) are passed, the Company will be able to proceed with the issue of the Public Offer Shares to the Related Party Participants pursuant to their Participation.

If Resolution 8(a)-(e) are not passed, the Related Party Participants will not be able to acquire the Public Offer Shares pursuant to their Participation and the Transaction will not progress.

14.3 ASX Waiver Application

The Company has obtained a waiver from Listing Rule 10.13.5 to enable the Company to issue the Public Offer Shares to the Related Party Participants (or their respective nominees) no later than 3 months after the date of the Meeting, rather than within one month after the date of the Meeting (as required by Listing Rule 10.13.5). The full terms and conditions of the waiver decision are set out in Schedule 7.

14.4 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) The Related Party Participants are to be issued a maximum of 20,000,001 Public Offer Shares as follows;
 - (i) up to 1,000,000 Public Offer Shares to Peter Main;
 - (ii) up to 1,000,000 Public Offer Shares to Peter Batten;
 - (iii) up to 16,666,667 Public Offer Shares to Evan Cranston;
 - (iv) up to 666,667 Public Offer Shares to Mathew O'Hara; and
 - (v) up to 666,667 Public Offer Shares to Oonagh Malone.
- (b) the Related Party Participants are related parties of the Company by virtue of their position as a Director or Proposed Director and fall under the category stipulated under Listing Rule 10.11.1;
- (c) the Public Offer Shares will be issued to the Related Party Participants (or their respective nominees) at the same time as the Public Offer Shares that are the subject of Resolution 8(a) to Resolution 8(e), which must be no later than 3 months after the date of the Meeting;
- (d) the Public Offer Shares to be issued to the Related Party Participants will be issued at a price of \$0.03 each;
- (e) the Public Offer Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company's intended use of the funds raised from the issue of the Public Offer is set out in Section 7.13 above;
- (g) further details of the Transaction are set out in Section 7; and
- (h) a voting exclusion statement is included in the Notice.

14.5 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Securities which constitutes giving a financial benefit and the Related Party Participants are related parties of the Company by virtue of their position as a Director or Proposed Director.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation, because the Public Offer Shares to be issued to the Related Party Participants will be issued on the same terms as Public Offer Shares issued to other unrelated participants in the Public Offer, and as such the giving of the financial benefit is on arm's length terms.

14.6 Section 195 of the Corporations Act

Section 195 of the Corporations Act provides that a director of a public company must not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

Directors Oonagh Malone, Mathew O'Hara and Evan Cranston have a material personal interest in the outcome of each of their respective Resolutions under Resolution 8(a)-(e) and have exercised their right under section 195(4) of the Corporations Act to put the issue of the Participation to Shareholders to resolve upon.

14.7 Board recommendation

The Board declines to make a recommendation in respect of Resolution 8(a)-(e) due to the material personal interest of the Directors in the Resolutions.

The Chair will cast all available proxies in favour of Resolution 8(a)-(e).

15 Resolution 9 – Approval to issue Facilitation Options

Resolution 9 seeks Shareholder approval for the issue of up to 25,000,000 unquoted Options with an exercise price of \$0.06 and which expire on the date that is 5 years from the date of issue to Golden Triangle Capital Pty Ltd (or its nominees) (**Facilitation Options**). Refer to Section 7.22 for further information in respect of the Facilitator and Facilitation Options.

Resolution 9 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

Resolution 9 is an ordinary resolution.

15.1 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Facilitation Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 9 seeks the required Shareholder approval to the issue of the Facilitation Options under and for the purposes of Listing Rule 7.1.

If Resolution 9 is passed, the Company will be able to proceed with the issue of the Facilitation Options and will issue the Facilitation Options no later than 3 months after the date of the Meeting. In addition, the issues will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of the Facilitation Options and the Transaction will not progress.

15.2 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Facilitation Options:

- (a) the maximum number of Facilitation Options to be issued is 25,000,000 Options;
- (b) the Facilitation Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Facilitation Options will be issued for a nominal consideration of \$0.0001 per Option;
- (d) the Facilitation Options will be issued as a facilitation fee to the Facilitator for services provided to Ausco in facilitating the Transaction;
- (e) the Facilitation Options are proposed to be issued to the Facilitator, Golden Triangle Capital Pty Ltd, or its nominees;
- (f) further details of the Transaction are set out in Section 7;
- (g) the terms and conditions of the Facilitation Options are set out in Schedule 5;
- (h) the Facilitation Options are not being issued under an agreement; and
- (i) a voting exclusion statement is included in the Notice.

15.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 9.

The Chair intends to exercise all available proxies in favour of Resolution 9.

16 Resolution 10(a) to Resolution 10(b) – Election of Directors

16.1 General

Article 7.4 of the Constitution allows the Company to elect a person as a Director by resolution passed in general meeting.

Pursuant to the Terms Sheet, at Completion it is proposed that Messrs Peter Main and Peter Batten will be appointed as Directors.

Resolution 10(a) to Resolution 10(b) seeks approval for the election of Messrs Main and Batten as Directors on and from Completion if each of the other Transaction Resolutions are approved by Shareholders.

Please refer Section 7.16(b) for information on the qualifications, skills and experience of Messrs Main and Batten.

The Company has conducted the appropriate checks into the backgrounds and experience of Messrs Main and Batten and confirms there is no information of concern arising.

Each of Messrs Main and Batten have confirmed they will have the sufficient time to fulfil their responsibilities as a director.

If elected, Mr Main will be an independent director. Mr Batten will not be considered to be independent as he will an executive of the Company.

Resolution 10(a) to Resolution 10(b) are each a Transaction Resolution and subject to Shareholders passing each of the Transaction Resolutions and Completion occurring.

Resolution 10(a) to Resolution 10(b) are each a separate ordinary resolution.

16.2 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 10(a) to Resolution 10(b).

The Chair intends to exercise all available proxies in favour of Resolution 10(a) to Resolution 10(b).

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$ means Australian Dollars.

Access Deed means the deed defined in Section 7.7(a)(i).

Annexure A has the meaning given in Section 7.5.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 31 December 2020.

Article means an article of the Constitution.

ASX means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Ausco means Australian United Silica Corporation Pty Limited (ACN 614 474 574).

Ausco Optionholders means the holders of options of Ausco.

Ausco Shareholders means the holders of the fully paid ordinary shares in Ausco.

Board means the board of Directors.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Carbine Resources Limited (ACN 122 976 818).

Completion means completion of the Transaction in accordance with the Terms Sheet.

Consideration Options means the 50,000,003 Options to be issued to the Ausco Optionholders (or their respective nominees) pursuant to the Terms Sheet and the Minority Shareholder Agreements (being the subject of Resolution 5(b)).

Consideration Shares means 200,000,010 Shares to be issued to the Ausco Shareholders (or their respective nominees) pursuant to the Terms Sheet and the Minority Shareholder Agreements (being the subject of Resolution 5(a)).

Consolidation means the proposed 10-for-9 consolidation of the Company's issued capital which is the subject of Resolution 3.

Constitution means the constitution of the Company as at the date of this Notice.

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

Director means a director of the Company.

Director's Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

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

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Facilitator has the meaning given in Section 7.22.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Konkera Corporate means Konkera Holdings Pty Ltd (ACN 613 924 173) trading as Konkera Corporate.

Listing Rules means the listing rules of ASX.

Major Shareholder means the following shareholders of Ausco:

- (a) Wendy Carolyn Coombe Hogan;
- (b) Sivagami Selvakumar;
- (c) Brenton Anthony Parry; and
- (d) Paul Joseph Browne.

Maximum Subscription or **Max Sub** means the maximum amount of \$3,000,000 (before costs) to be raised pursuant to the Public Offer via the issue of 100,000,000 Public Offer Shares.

Meeting has the meaning given in the introductory paragraph of the Notice.

Merged Group means the Company, and its wholly owned subsidiaries, including Ausco, after Completion.

Minimum Subscription or **Min Sub** means the minimum amount of \$2,500,000 (before costs) to be raised pursuant to the Public Offer via the issue of 83,333,333 Public Offer Shares.

Minority Shareholder means the shareholders of Ausco who are not classified as Major Shareholders.

Minority Shareholder Agreements means a share purchase agreement between the Minority Shareholders, the Company and Ausco (each a **Minority Shareholder Agreement**), under which the Minority Shareholder will agree to transfer their Ausco Shares to Carbine and Carbine agrees to accept the transfer of those Ausco Shares and issue the proportion of Consideration Shares to them.

Notice means this notice of annual general meeting.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Performance Rights means the performance rights on the terms and conditions set out in Schedule 6.

Proposed Directors means Messrs Peter Batten and Peter Main.

Prospectus means the prospectus to be issued by the Company for the issue of the Public Offer Shares, Consideration Shares and Consideration Options.

Proxy Form means the proxy form attached to the Notice.

Public Offer means the offer of the Public Offer Shares (the subject of Resolution 7) pursuant to the Prospectus.

Public Offer Shares means up to 100,000,000 Public Offer Shares to be issued pursuant to the Public Offer at an issue price of \$0.03 each to raise up to \$3,000,000 (before costs) (the subject of Resolution 7).

Related Party Participants means Directors Evan Cranston, Mathew O'Hara, Oonagh Malone and the Proposed Directors.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).

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

Shareholder means the holder of a Share.

Transaction means the acquisition by the Company of 100% of the issued capital of Ausco in accordance with the Terms Sheet.

Transaction Resolutions has the meaning given in Section 6.

Tenement has the meaning given in Section 7.1.

Terms Sheet means the term sheet defined in section 7.1.

WST means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 Transaction Based Comparison Table

Particulars	Prior to Transaction - Position of Company as stated in latest audited, consolidated financial statements	Effect of Transaction	Post Transaction Analysis - Pro forma	Percentage Change due to Transaction	Scale of Change
Total Consolidated Assets	\$2,561,261.00	\$9,420,000.00	\$11,981,261.00	367.79%	4.68
Total Equity	\$2,537,628.00	\$9,420,000.00	\$11,957,628.00	371.21%	4.71
Annual Revenue	-	-	-	N/A	N/A
Annual Profit (before tax)	\$(156,814.00)	\$(263,570.00)	\$(420,384.00)	168.08%	3
Total No. of shares	199,746,729	283,333,343	483,080,072	141.85%	2.42
Total No. of options	0	75,000,003	75,000,003	0	0
Total No. of other convertible securities	0	10,000,000	10,000,000	0	0

Schedule 3 Ausco Financial Statements

Australian United Silica Corporation Pty Limited

FINANCIAL REPORT FOR THE ENDED 30 JUNE 2019

ABN 58 614 474 574

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2019.

Signed in accordance with a resolution of the Board of Directors.

DIRECTORS

The names of Directors in office during the year and until the date of this report are as follows.

Directors were in the office for this entire period unless otherwise stated.

Barry Fehlberg
Alan Gordon Birchmore



Barry Fehlberg
Director
Perth, Western Australia

15 March 2021

COMPANY SECRETARY

Selvakumar Arunachalam

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were the exploration of mineral tenements in Western Australia.

There were no other significant changes in the nature of the activities of the Company during the year.

OPERATING RESULTS

The loss of the Company for the year ended 30 June 2019 amounted to \$24,385 (30 June 2018: loss of \$70,238).

REVIEW OF OPERATIONS

During the year, the Company continued its exploration activities in Western Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Company that occurred during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affair of the Company, in the future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 as required under Section 307C of the *Corporations Act 2001* is set out on page 11.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue		-	-
Administration expense		(3,621)	(6,976)
Exploration expense		(20,764)	(63,262)
Depreciation expense		-	-
Loss before income tax		(24,385)	(70,238)
Income tax		-	-
Loss for the year		(24,385)	(70,238)
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(24,385)	(70,238)
Net loss attributable to:			
Owners of the Company		(24,385)	(70,238)
Net loss for the year		(24,385)	(70,238)
Total comprehensive loss attributable to:			
Owners of the Company		(24,385)	(70,238)
Total comprehensive loss for the year		(24,385)	(70,238)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	164,888	187,491
Trade and other receivables	5	62	1,844
TOTAL CURRENT ASSETS		164,950	189,335
TOTAL ASSETS		164,950	189,335
NET ASSETS		164,950	189,335
EQUITY			
Share capital	6	297,001	297,001
Share options		4,500	4,500
Accumulated losses		(136,551)	(112,166)
TOTAL EQUITY		164,950	189,335

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

Attributable to owners of the Company

	Share Capital	Share Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2018	297,001	4,500	(112,166)	189,335
Total comprehensive loss for the year				
Loss for the year	-	-	(24,385)	(24,385)
Total comprehensive loss for the year	-	-	(24,385)	(24,385)
Balance at 30 June 2019	297,001	4,500	(136,551)	164,950

	Share Capital	Share Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2017	297,001	4,500	(41,928)	259,573
Total comprehensive loss for the year				
Loss for the year	-	-	(70,238)	(70,238)
Total comprehensive loss for the year	-	-	(70,238)	(7,238)
Balance at 30 June 2018	297,001	4,500	(112,166)	189,335

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers		(26,963)	(72,082)
Net cash flows (used) in operating activities		(26,963)	(72,082)
Net (decrease) in cash and cash equivalents		(26,963)	(72,082)
Cash and cash equivalents at beginning of financial year		191,851	259,573
Cash and cash equivalents at end of financial year	4	164,888	187,491

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Reporting entity

Australian United Silica Corporation Pty Limited (the "Company") is a company domiciled in Australia. The Company's registered address is 18 Figtree Drive, Canning Vale WA 6155. The Company is a for-profit entity and primarily is involved in exploration for mineral sands.

Note 2 Summaries of significant accounting policies

(a) Basis of Preparation

The financial statements are a general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements are presented in Australian Dollars (AUD).

Except for cashflow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the Board of Directors on 15 March 2021.

(b) Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.

For the year ended 30 June 2019 the Company incurred a loss of \$24,385 (30 June 2018: loss \$70,238) and had working capital surplus of \$164,950 (30 June 2018: surplus of \$189,335). Based upon the Company's existing cash resources of \$164,888 (30 June 2018: \$187,491), the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the Company's 30 June 2019 financial report.

The Board of Directors is aware of the Company's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months.

In the event that the Company is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

(c) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(d) New and Amended Standards Adopted by the Group

The Company has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

(e) Exploration and development expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 2 Summaries of significant accounting policies (continued)

(e) Exploration and development expenditure (continued)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis in determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally paid within 30 days of recognition.

Note 3 Operating segments

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Geographical information

The Group operates solely in one country, Australia.

Note 4 Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank and on hand	164,888	187,491
	164,888	187,491

Note 5 Trade and other receivables

	31 Dec 2020	30 Jun 2020
	\$	\$
Other receivables	62	1,844
	62	1,844

None of the receivables are past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 6 Capital and reserves

Share capital

	31 Dec 2020	30 June 2020
	\$	\$
(a) 29,700,001 (30 June 2018: 29,700,001 fully paid ordinary shares)	297,001	297,001

Note 7 Contingent liabilities

There are contingent liabilities at the date of this report.

Note 8 Contingent liabilities

There are no commitments at the date of this report.

Note 9 Subsequent events

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affair of the Company, in the future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Australian United Silica Corporation Pty Limited (the "Company"):
 - (a) The condensed financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and its performance, for the year ended on that date, and
 - (ii) Complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*;
 - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
2. The directors have been given the declarations required by section 295(5)(a) of the *Corporations Act 2001* from the Managing Director for the year ended 30 June 2019.

Signed in accordance with a resolution of the Directors.



Barry Fehlberg
Director

Perth, Western Australia
15 March 2021

15 March 2021

Board of Directors
Australian United Silica Corporation Pty Limited
18 Figtree Drive
Canning Vale WA 6155

Dear Directors

RE: AUSTRALIAN UNITED SILICA CORPORATION PTY LIMITED

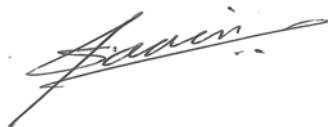
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian United Silica Corporation Pty Limited.

As Audit Director for the audit of the financial statements of Australian United Silica Corporation Pty Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Sam Tirodkar
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN UNITED SILICA CORPORATION PTY LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian United Silica Corporation Pty Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial report, which describes the financial report being prepared on a going concern basis. The Group incurred a loss for the year of \$24,385, had cash and cash equivalents of \$164,888, a net working capital of \$164,950 and net cash outflows from operating activities of \$26,963.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successful in exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

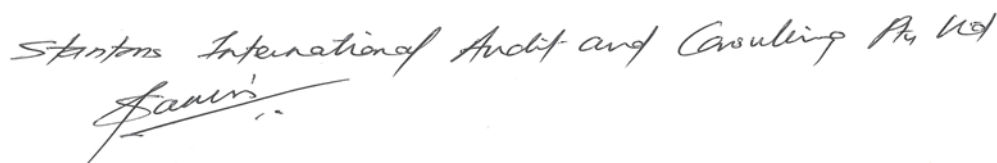
We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

The image shows a handwritten signature in dark ink, which appears to read 'Sam Tirodkar', written over the printed name of the company. The signature is fluid and cursive.

Sam Tirodkar
Director
West Perth, Western Australia
15 March 2021

Australian United Silica Corporation Pty Limited

FINANCIAL REPORT FOR THE ENDED 30 JUNE 2020

ABN 58 614 474 574

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2020.

DIRECTORS

The names of Directors in office during the year and until the date of this report are as follows.

Directors were in the office for this entire period unless otherwise stated.

Barry Fehlberg

Alan Gordon Birchmore (resigned on 27 September 2019)

Selvakumar Arunachalam (appointed on 10 February 2020, resigned on 20 May 2020. Reappointed on 9 September 2020)

Signed in accordance with a resolution of the Board of Directors.



Barry Fehlberg
Director
Perth, Western Australia

COMPANY SECRETARY

Selvakumar Arunachalam

15 March 2021

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were the exploration of mineral tenements in Western Australia.

There were no other significant changes in the nature of the activities of the Company during the year.

OPERATING RESULTS

The loss of the Company for the year ended 30 June 2020 amounted to \$116,519 (30 June 2019: loss of \$24,385).

REVIEW OF OPERATIONS

During the year, the Company continued its exploration activities in Western Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Company that occurred during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affair of the Company, in the future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 as required under Section 307C of the *Corporations Act 2001* is set out on page 12.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020	2019
		\$	\$
Administration expense		(6,575)	(3,621)
Exploration expense		(102,944)	(20,764)
Depreciation expense		(7,000)	-
Loss before income tax		(116,519)	(24,385)
Income tax		-	-
Loss for the year		(116,519)	(24,385)
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(116,519)	(24,385)
Net loss attributable to:			
Owners of the Company		(116,519)	(24,385)
Net loss for the year		(116,519)	(24,385)
Total comprehensive loss attributable to:			
Owners of the Company		(116,519)	(24,385)
Total comprehensive loss for the year		(116,519)	(24,385)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	37,576	164,888
Trade and other receivables	5	355	62
TOTAL CURRENT ASSETS		37,931	164,950
NON-CURRENT ASSETS			
Property, plant and equipment	6	10,500	-
TOTAL NON-CURRENT ASSETS		10,500	-
TOTAL ASSETS		48,431	164,950
NET ASSETS		48,431	164,950
EQUITY			
Share capital	7	297,001	297,001
Share options		4,500	4,500
Accumulated losses		(253,070)	(136,551)
TOTAL EQUITY		48,431	164,950

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

Attributable to owners of the Company

	Share Capital	Share Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2019	297,001	4,500	(136,551)	164,950
Total comprehensive loss for the year				
Loss for the year	-	-	(116,519)	(116,519)
Total comprehensive loss for the year	-	-	(116,519)	(116,519)
Balance at 30 June 2020	297,001	4,500	(253,070)	48,431

	Share Capital	Share Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2018	297,001	4,500	(112,166)	189,335
Total comprehensive loss for the year				
Loss for the year	-	-	(24,385)	(24,385)
Total comprehensive loss for the year	-	-	(24,385)	(24,385)
Balance at 30 June 2019	297,001	4,500	(136,551)	164,950

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers		(109,812)	(26,963)
Net cash flows (used) in operating activities		(109,812)	(26,963)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(17,500)	-
Net cash flows (used in) generated from investing activities		(17,500)	-
Net (decrease) in cash and cash equivalents		(127,312)	(26,963)
Cash and cash equivalents at beginning of financial year		164,888	191,851
Cash and cash equivalents at end of financial year	4	37,576	164,888

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1 Reporting entity

Australian United Silica Corporation Pty Limited (the "Company") is a company domiciled in Australia. The Company's registered address is 18 Figtree Drive, Canning Vale WA 6155. The Company is a for-profit entity and primarily is involved in exploration for mineral sands.

Note 2 Summaries of significant accounting policies

(a) Basis of Preparation

The financial statements are a general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements are presented in Australian Dollars (AUD).

Except for cashflow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the Board of Directors on 15 March 2021.

(b) Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.

For the year ended 30 June 2020 the Company incurred a loss of \$116,519 (30 June 2019: loss \$24,385 and had working capital surplus of \$37,931 (30 June 2019: surplus of \$164,950). Based upon the Company's existing cash resources of \$37,576 (30 June 2019: \$164,888), the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the Company's 30 June 2020 financial report.

The Board of Directors is aware of the Company's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months.

In the event that the Company is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

(c) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(d) New and Amended Standards Adopted by the Group

The Company has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour,
- Any other costs directly attributable to bringing the assets to a working condition for their intended use,
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as difference between the net proceeds from the disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Motor vehicles	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(f) Exploration and development expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(f) Exploration and development expenditure (continued)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis in determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally paid within 30 days of recognition.

Note 3 Operating segments

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Geographical information

The Group operates solely in one country, Australia.

Note 4 Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	37,576	164,888
	37,576	164,888

Note 5 Trade and other receivables

	2020	2019
	\$	\$
Other receivables	355	62
	355	62

None of the receivables are past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 6 Property, plant and equipment

	Motor vehicles \$	Total \$
Cost		
Balance 1 July 2019	-	-
Additions	17,500	17,500
Disposals	-	-
Balance at 30 June 2020	17,500	17,500
Balance 1 July 2018	-	-
Additions	-	-
Disposals	-	-
Balance at 30 June 2019	-	-
Accumulated depreciation		
Balance 1 July 2019	-	-
Depreciation charge for the year	7,000	7,000
Balance at 30 June 2020	7,000	7,000
Balance 1 July 2018	-	-
Depreciation charge for the year	-	-
Balance at 30 June 2019	-	-
Carrying amounts		
At 30 June 2020	10,500	10,500
At 30 June 2019	-	-

Note 7 Capital and reserves

Share capital

	2020 \$	2019 \$
(a) 29,700,001 (30 June 2019: 29,700,001 fully paid ordinary shares)	297,001	297,001

Note 8 Contingent liabilities

There are contingent liabilities at the date of this report.

Note 9 Contingent liabilities

There are no commitments at the date of this report.

Note 10 Subsequent events

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affair of the Company, in the future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Australian United Silica Corporation Pty Limited (the "Company"):
 - (a) The condensed financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance, for the year ended on that date, and
 - (ii) Complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*;
 - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
2. The directors have been given the declarations required by section 295(5)(a) of the *Corporations Act 2001* from the Managing Director for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.



Barry Fehlberg
Director

Perth, Western Australia
15 March 2021

15 March 2021

Board of Directors
Australian United Silica Corporation Pty Limited
18 Figtree Drive
Canning Vale WA 6155

Dear Directors

RE: AUSTRALIAN UNITED SILICA CORPORATION PTY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian United Silica Corporation Pty Limited.

As Audit Director for the audit of the financial statements of Australian United Silica Corporation Pty Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Sam Tirodkar
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN UNITED SILICA CORPORATION PTY LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian United Silica Corporation Pty Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial report, which describes the financial report being prepared on a going concern basis. The Company incurred a loss for the year of \$116,519, had cash and cash equivalents of \$37,576, a net working capital surplus of \$37,931 and net cash outflows from operating activities of \$109,812.

The ability of the Company to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Company raising further working capital and/or successfully exploiting its mineral assets. In the event that the Company is not successful in raising further equity or successful in exploiting its mineral assets, the Company may not be able to meet its liabilities as and when they fall due and the realisable value of the Company's current and non-current assets may be significantly less than book values.

Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

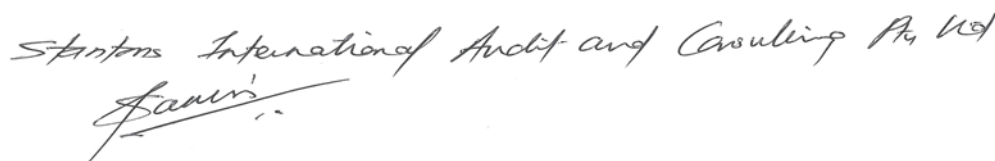
We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

A handwritten signature in cursive script, appearing to read 'Sam Tirodkar', is written over the company name 'Stantons International Audit and Consulting Pty Ltd'.

Sam Tirodkar
Director
West Perth, Western Australia
15 March 2021

Australian United Silica Corporation Pty Limited

HALF-YEAR FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

ABN 58 614 474 574

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DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the Board of Directors.

DIRECTORS

The names of Directors in office during the half-year and until the date of this report are as follows.

Directors were in the office for this entire period unless otherwise stated.

Barry Fehlberg

Paul Joseph Browne (appointed 9 September 2020, resigned 2 March 2021)

Selvakumar Arunachalam (appointed 9 September 2020)



Barry Fehlberg
Director
Perth, Western Australia

15 March 2021

COMPANY SECRETARY

Selvakumar Arunachalam

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial period were the exploration of mineral tenements in Western Australia.

There were no other significant changes in the nature of the activities of the Company during the period.

OPERATING RESULTS

The loss of the Company for the six months to 31 December 2020 amounted to \$21,839 (31 December 2019: loss of \$87,080).

REVIEW OF OPERATIONS

During the period, the Company continued its exploration activities in Western Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Company that occurred during the financial period.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affair of the Company, in the future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2020 as required under Section 307C of the *Corporations Act 2001* is set out on page 13.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2020

	Note	6 months to 31 Dec 2020 \$	6 months to 31 Dec 2019 \$
Revenue		-	-
Administration expense		(12,913)	(2,315)
Exploration expense		(6,826)	(84,765)
Depreciation expense		(2,100)	-
Loss before income tax		(21,839)	(87,080)
Income tax		-	-
Loss for the half year		(21,839)	(87,080)
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(21,839)	(87,080)
Net loss attributable to:			
Owners of the Company		(21,839)	(87,080)
Net loss for the period		(21,838)	(87,080)
Total comprehensive loss attributable to:			
Owners of the Company		(21,839)	(87,080)
Total comprehensive loss for the period		(21,839)	(87,080)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	72,884	37,576
Trade and other receivables	5	308	355
TOTAL CURRENT ASSETS		73,192	37,931
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,400	10,500
TOTAL NON-CURRENT ASSETS		8,400	10,500
TOTAL ASSETS		81,592	48,431
CURRENT LIABILITIES			
Trade and other payables	7	10,000	-
TOTAL CURRENT LIABILITIES		10,000	-
NET ASSETS		71,592	48,431
EQUITY			
Share capital	8	342,001	297,001
Share options		4,500	4,500
Accumulated losses		(274,909)	(253,070)
TOTAL EQUITY		71,592	48,431

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

Attributable to owners of the Company

	Share Capital	Share Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2020	297,001	4,500	(253,070)	48,431
Total comprehensive loss for the period				
Loss for the period	-	-	(21,839)	(21,839)
Total comprehensive loss for the period	-	-	(21,838)	(21,838)
Transactions with owners recorded directly into equity				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	45,000	-	-	45,000
Balance at 31 December 2020	342,001	4,500	(274,909)	71,592

	Share Capital	Share Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2019	297,001	4,500	(165,990)	135,511
Total comprehensive loss for the period				
Loss for the period	-	-	(87,080)	(87,080)
Total comprehensive loss for the period	-	-	(87,080)	(87,080)
Transactions with owners recorded directly into equity				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	-	-	-	-
Balance at 31 December 2019	297,001	4,500	(253,070)	48,431

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	Note	6 months to 31 Dec 2020 \$	6 months to 31 Dec 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers		(9,732)	(110,819)
Net cash flows (used) in operating activities		(9,732)	(110,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares (net of costs)		45,000	-
Net cash flows generated from financing activities		45,000	-
Net (decrease) / increase in cash and cash equivalents		35,268	(110,819)
Cash and cash equivalents at beginning of financial year		37,576	164,888
Cash and cash equivalents at end of financial year	4	72,844	54,069

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 1 Reporting entity

Australian United Silica Corporation Pty Limited (the "Company") is a company domiciled in Australia. The Company's registered address is 18 Figtree Drive, Canning Vale WA 6155. The Company is a for-profit entity and primarily is involved in exploration for mineral sands.

The financial statements were authorised for issue by the Board of Directors on 15 March 2021.

Note 2 Summaries of significant accounting policies

(a) Statement of Compliance

The half-year financial report is a general purpose interim financial report prepared in accordance with *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial report for the financial year ended 30 June 2020.

(b) Basis of Preparation

The financial statements are prepared on a going concern basis in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

It is recommended that the half-year financial statements be read in conjunction with the annual report for the year ended 30 June 2020.

The half-year financial statements have been prepared on accrual basis and on a historical cost basis, except as modified by certain financial assets carried at fair value.

The accounting policies applied by the Company in these financial statements are consistent with those applied by the Company in its annual financial report for the year ended 30 June 2020, except for as stated in Note 2 (d).

(c) Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.

For the half year ended 31 December 2020 the Company incurred a loss of \$21,839 (31 December 2019: loss \$87,080) and had working capital surplus of \$63,192 (30 June 2020: surplus of \$37,931). Based upon the Company's existing cash resources of \$72,884 (30 June 2020: \$37,576), the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the Company's 31 December 2020 half year financial report.

The Board of Directors is aware of the Company's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months.

In the event that the Company is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

(d) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(e) New and Amended Standards Adopted by the Group

The Company has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 2 Summaries of significant accounting policies (continued)

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour,
- Any other costs directly attributable to bringing the assets to a working condition for their intended use,
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as difference between the net proceeds from the disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Motor vehicles	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(g) Exploration and development expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 2 Summaries of significant accounting policies (continued)

(g) Exploration and development expenditure (continued)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis in determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally paid within 30 days of recognition.

Note 3 Operating segments

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Geographical information

The Group operates solely in one country, Australia.

Note 4 Cash and cash equivalents

	31 Dec 2020	30 Jun 2020
	\$	\$
Cash at bank and on hand	72,884	37,576
	<u>72,884</u>	<u>37,576</u>

Note 5 Trade and other receivables

	31 Dec 2020	30 Jun 2020
	\$	\$
Other receivables	308	355
	<u>308</u>	<u>355</u>

None of the receivables are past due or impaired.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 6 Property, plant and equipment

	Motor vehicles \$	Total \$
Cost		
Balance 1 July 2020	17,500	17,500
Additions	-	-
Disposals	-	-
Balance at 31 December 2020	17,500	17,500
Balance 1 July 2019	-	-
Additions	17,500	17,500
Disposals	-	-
Balance at 30 June 2020	17,500	17,500
Accumulated depreciation		
Balance 1 July 2020	7,000	7,000
Depreciation charge for the period	2,100	2,100
Balance at 31 December 2020	9,100	9,100
Balance 1 July 2019	-	-
Depreciation charge for the year	7,000	7,000
Balance at 30 June 2020	7,000	7,000
Carrying amounts		
At 31 December 2020	8,400	8,400
At 30 June 2020	10,500	10,500

Note 7 Trade and other payables

	31 Dec 2020 \$	30 Jun 2020 \$
Accrued expenses	10,000	-
	10,000	-

Note 8 Capital and reserves

Share capital

	31 Dec 2020 \$	30 June 2020 \$
(a) 30,000,000 (30 June 2020: 29,700,001 fully paid ordinary shares)	342,001	297,001

	31 Dec 2020 No.	30 Jun 2020 No.	31 Dec 2020 \$	30 Jun 2020 \$
At the beginning of reporting period/year	29,700,001	29,700,001	297,001	297,001
Issued during the period/year	299,999	-	45,000	-
At the end of reporting period/year	30,000,000	29,700,001	342,001	297,001

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 9 Contingent liabilities

The Company had engaged a few consultants, include the directors and company secretary, providing geological consultancy, directorships and company secretary services since its inception.

The parties did not receive any remunerations for the services rendered as of the date of this report. During the half year, the parties have agreed in writing that the total remuneration to be \$500,000 and to defer the payments to them, subject to the Company successfully entering into a sale of shares of the Company to a third party.

The payments will be made by the vendor as a part of the settlement of the sale of the Company. Due to this condition precedent of settlement of the potential sale of the Company, no liability was provided till the date of this report.

Note 10 Contingent liabilities

There are no commitments at the date of this report.

Note 11 Auditor's remuneration

	31 Dec 2020	30 Jun 2020
	\$	\$
Audit services		
<i>Auditors of the Company</i>		
Stantons International		
Audit and review of financial statements	10,000	-

Note 12 Subsequent events

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affair of the Company, in the future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Australian United Silica Corporation Pty Limited (the "Company"):
 - (a) The condensed financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance, for the half-year ended on that date, and
 - (ii) Complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*;
 - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
2. The directors have been given the declarations required by section 295(5)(a) of the *Corporations Act 2001* from the Managing Director for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.



Barry Fehlberg
Director

Perth, Western Australia
15 March 2021

15 March 2021

Board of Directors
Australian United Silica Corporation Pty Limited
18 Figtree Drive
Canning Vale WA 6155

Dear Directors

RE: AUSTRALIAN UNITED SILICA CORPORATION PTY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian United Silica Corporation Pty Limited.

As Audit Director for the audit of the financial statements of Australian United Silica Corporation Pty Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Sam Tirodkar
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
AUSTRALIAN UNITED SICILA CORPORATION PTY LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian United Silica Corporation Pty Limited, which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Australian United Silica Corporation Pty Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the [name of entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 15 March 2021.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) in the financial report, which describes the financial report being prepared on a going concern basis. The Company incurred a loss for the half year of \$21,839, had cash and cash equivalents of \$72,884, a net working capital surplus of \$63,192 and net cash outflows from operating activities of \$9,732.

The ability of the Company to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Company raising further working capital and/or successfully exploiting its mineral assets. In the event that the Company is not successful in raising further equity or successful in exploiting its mineral assets, the Company may not be able to meet its liabilities as and when they fall due and the realisable value of the Company's current and non-current assets may be significantly less than book values.

Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

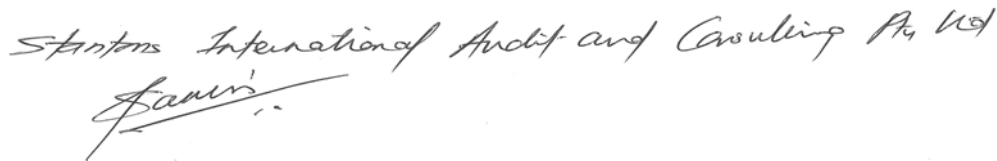
The directors of Australian United Silica Corporation Pty Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

A handwritten signature in black ink, appearing to read 'Samir Tirodkar', is written over a faint, larger handwritten signature that reads 'Stantons International Audit and Consulting Pty Ltd'.

Samir Tirodkar
Director

West Perth, Western Australia
15 March 2021

Schedule 4 Pro forma Balance Sheet - 31 December 2020

Particulars	Reviewed Carbine Resources Limited A\$	Audited Ausco \$A	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Adjustment 6	Adjustment 7	Minimum Pro Forma A\$	Maximum Pro Forma A\$
Current Assets											
Cash assets	1,590,749	72,884	-	(500,000) ²	1,650,000 ³	(200,000) ⁴	-	2,150,000 ⁶	2,620,000 ⁷	4,763,633	5,233,633
Trade debtors and prepayments	6,576	308	-	-	-	-	-	-	-	6,884	6,884
Financial assets	880,000	-	-	-	(880,000)	-	-	-	-	-	-
Other current assets	13,165	-	-	-	-	-	-	-	-	13,165	13,165
Total Current Assets	2,490,490	73,192	-	(500,000)	770,000	(200,000)	-	2,150,000	2,620,000	4,783,682	5,253,682
Non-Current Assets											
Property, plant & equipment	20,771	8,400	-	-	-	-	-	-	-	29,171	29,171
Financial assets	50,000	-	-	-	-	-	-	-	-	50,000	50,000
Exploration & evaluation asset	-	-	6,878,408 ¹	-	-	-	-	-	-	6,878,408	6,878,408
Total Non-Current Assets	70,771	8,400	6,878,408	-	-	-	-	-	-	6,957,579	6,957,579
Total Assets	2,561,261	81,592	6,878,408	(500,000)	770,000	(200,000)	-	2,150,000	2,620,000	11,741,261	12,211,261
Current Liabilities											
Trade creditors and accruals	23,633	10,000	-	-	-	-	-	-	-	33,633	33,633
Total Current Liabilities	23,633	10,000	-	-	-	-	-	-	-	33,633	33,633
Total Liabilities	23,633	10,000	-	-	-	-	-	-	-	33,633	33,633
Net Assets	2,537,628	71,592	6,878,408	(500,000)	770,000	(200,000)	-	2,150,000	2,620,000	11,707,628	12,177,628

Equity											
Contributed equity	31,121,482	342,001	5,657,999	-	-	-	-	2,150,000	2,620,000	39,271,482	39,741,482
Reserves	2,948,558	4,500	945,500	-	-	-	475,000 ⁵	-	-	4,373,558	4,373,558
Accumulated losses	(31,532,412)	(274,909)	274,909	(500,000)	770,000	(200,000)	(475,000)	-	-	(31,937,412)	(31,937,412)
Total Equity	2,537,628	71,592	6,878,408	(500,000)	770,000	(200,000)	-	2,150,000	2,620,000	11,707,628	12,177,628

Notes:

- These details have been determined for the purpose of the pro-forma adjustments as at 31 December 2020, and will require re-determination based on the identifiable assets and liabilities as at the successful acquisition date, which may result in changes to the value as disclosed below. Under the Transaction, the Company acquires all the shares in Ausco by issuing 200,000,010 Shares in the Company and 50,000,003 unlisted options with an exercise price of \$0.06 and an expiry date 5 years from date of issue. The consideration has been allocated to exploration assets acquired in AusCo. The acquisition of AusCo by Carbine is not deemed to be a business combination, as AusCo is not considered to be businesses under AASB 3 Business Combinations.
- The Company has agreed to pay \$500,000 cash to satisfy Ausco creditors who have not been paid.
- During March 2021, the Company sold the 10 million shares that it held in Boss Energy Ltd (ASX:BOE) at a price of \$0.165 per share for total proceeds of \$1,650,000.
- The Company expects to incur approximately \$200,000 in working capital until its re-listing on the ASX.
- It is proposed that the Company will issue a further 25,000,000 unlisted options with an exercise price of \$0.06 and a 5 year expiry date as a facilitation fee. These have been valued using the Black-Scholes option pricing model.
- Total minimum capital raise of \$2.5 million (less \$350,000 being transaction related costs). This consists of 83,333,333 Public Offer Shares at an issue price of \$0.03 each.
- Total maximum capital raise of \$3.0 million (less \$380,000 being transaction related costs). This consists of 100,000,000 Public Offer Shares at an issue price of \$0.03 each.

Schedule 5 Terms and Conditions of Facilitation Options and Consideration Options

The following terms and conditions apply to the Facilitation Options and Consideration Options:

1 Entitlement

The Options entitle the Optionholder to subscribe for one Share upon the exercise of each Option.

2 Quotation of Options

The Company will not apply for official quotation of the Options on ASX.

3 Issue Price

The Facilitation Options will be issued for a nominal issue price of \$0.0001 per Option.

The Consideration Options will be issued for a nominal issue price of nil consideration per Option.

4 Exercise price and Expiry date

Each Option (unless otherwise specified) has an exercise price of \$0.06 (**Exercise Price**) and will expire at 5.00pm (WST) on the date that is 5 years from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

5 Notice of Exercise

The Optionholder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (a) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (b) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (c) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

6 Timing of issue of Shares and quotation of Shares on exercise

Within five business days of the valid exercise of an Option by the Optionholder, the Company will:

- (a) issue, allocate or cause to be transferred to the Optionholder the number of Shares to which the Optionholder is entitled;
- (b) issue a substitute Certificate for any remaining unexercised Options held by the Optionholder;
- (c) if required and subject to paragraph 6, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

7 Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

8 Quotation of Shares on exercise

The Company will apply for official quotation on ASX of all Shares issued upon exercise of the Options within 10 Business Days after the date of issue of those Shares.

9 Options transferrable

The Options will be transferable subject to compliance with the Corporations Act, Listing Rules and conditional on obtaining prior approval from the Board.

10 Participation in new issues

There are no participation rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the Optionholder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

11 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 not be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12 Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will not be adjusted following an entitlement offer.

13 Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

Schedule 6 Terms and Conditions of Performance Rights

The following terms apply to the Performance Rights:

- (a) The Performance Rights will vest in five equal tranches, subject to the applicable vesting condition relating to the volume weighted average price (**VWAP**) of fully paid ordinary shares in Carbine Resources Limited (**Company**) (**Shares**) being met:

Tranche No.	Number of Performance Rights	Vesting condition
1	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.06
2	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.09
3	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.15
4	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.25
5	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.35

- (b) Subject to the following terms, on the satisfaction of the applicable vesting condition, the specified number of Performance Rights will vest which will automatically entitle the holder to be issued with one Share for each Performance Right that vests.
- (c) The Performance Rights will be issued for nil cash consideration.
- (d) No consideration will be payable on the vesting of the Performance Rights.
- (e) The Shares issued on conversion of the Performance Rights will rank equally in all respects with all other issued Shares from the date of issue and will be held subject to the Company's constitution.
- (f) The Company will make an application to ASX for official quotation of the Shares issued upon the vesting of each Performance Right within the time period required by the ASX Listing Rules. The Company will not apply for quotation of the Performance Rights on ASX.
- (g) Any Performance Rights that have not vested in accordance with these terms on or before the date that is five years after the date of issue will automatically lapse and become incapable of vesting into Shares.
- (h) If the Board of the Company determines, acting in good faith and in accordance with their fiduciary duties, that the holder of the Performance Rights has acted fraudulently, dishonestly or otherwise in a manner which the Board reasonably considers would likely constitute a breach of the duties that they owe to the Company, all unvested Performance Rights held by the holder will automatically lapse.
- (i) Notwithstanding the vesting conditions specified in paragraph (a), all unvested Performance Rights will automatically vest if any of the following events occur:
- (i) in the case of a takeover bid (as defined in the Corporations Act), an offeror who previously had voting power of less than 50% in the Company obtains voting power of more than 50%;

- (ii) shareholders of the Company approve a proposed compromise or arrangement for the reconstruction of the Company or its acquisition by or merger or amalgamation with any other company or companies at a meeting convened by the Court pursuant to section 411 of the Corporations Act;
 - (iii) a selective capital reduction or selective buy-back is announced in respect of the Company pursuant to section 256C(2) of the Corporations Act which results in a person who previously had voting power of less than 50% in the Company obtaining voting power of more than 50%; or
 - (iv) the Company disposes of its main undertaking (as defined in the Listing Rules). In such circumstances, Shares issued upon the vesting of the Performance Rights will not be subject to any restrictions whatsoever on the sale, transfer or disposal of those Shares and any restrictions in existence on the sale, transfer or disposal of Shares already on issue pursuant to paragraph (g) above will immediately cease to apply.
- (j) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a holder will be varied, as appropriate, in accordance with the ASX Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
 - (k) A Performance Right does not entitle a holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
 - (l) A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can vest into.
 - (m) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
 - (n) A Performance Right is not transferable.
 - (o) A Performance Right does not give a holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Schedule 7 Terms and conditions of Listing Rule Waivers

Waiver Decision - Listing Rule 1.1 Condition 12

1. Based solely on the information provided, ASX Limited ('ASX') grants Carbine Resources Limited (the 'Company') in connection with the acquisition of 100% of the issued capital of Australian United Silica Corporation Pty Ltd ('Ausco') (the 'Proposed Acquisition') and a proposed capital raising via a public offer at AUD\$0.03 per fully paid ordinary share to raise up to AUD\$3,000,000 on a post-consolidation basis ('Capital Raising') (together the 'Proposed Transaction'), a waiver from listing rule 1.1 condition 12 to the extent necessary to permit the Company to issue up to 50,000,003 options to the option holders of Ausco ('Ausco Optionholders') exercisable at AUD\$0.06 with an expiry date of five years from the date of issue (the 'Consideration Options'), 25,000,000 options to Golden Triangle Capital Pty Ltd (the 'Facilitator') exercisable at AUD\$0.06 with an expiry date of five years from the date of issue (the 'Facilitator Options') and 5,000,000 Performance Rights each (a total of 10,000,000) to Mr Peter Batten and Mr Peter Main (the 'Proposed Directors') with an exercise price of less than A\$0.20 and expiring 5 years from the date of issue (the 'Performance Rights'), (together, 'the Transaction Options'), subject to the following conditions:

1.1 The exercise price of the Transaction Options are not less than A\$0.02 each;

1.2 The terms of this waiver are disclosed to the market and, along with the terms and conditions of the Consideration Options, Facilitator Options and Performance Rights, are clearly disclosed in the notice of meeting pursuant to which the Company will seek the approval required under listing rule 11.1.2 for the Transaction and in the prospectus to be issued in respect of the Capital Raising; and

1.3 The Company's shareholders approve the issue of the Proposed Transaction Options in conjunction with the approval obtained under listing rule 11.1.2 for the Proposed Transaction.

2. ASX has considered Listing Rule 1.1 condition 12 only and makes no statement as to the Company's compliance with other listing rules.

Waiver Decision – Listing Rule 2.1 Condition 2

1. Based solely on the information provided, ASX Limited ('ASX') grants Carbine Resources Limited (the 'Company') in connection with the acquisition of 100% of the issued capital of Australian United Silica Corporation Pty Ltd ('Ausco') (the 'Proposed Acquisition') and a proposed capital raising via a public offer at AUD\$0.03 per fully paid ordinary share to raise up to AUD\$3,000,000 on a post-consolidation basis ('Capital Raising') (together the 'Proposed Transaction'), a waiver from listing rule 2.1 condition 2 to the extent necessary to permit the Company to issue ordinary shares at an issue price of AUD\$0.03 ('Capital Raising Shares'), subject to the following conditions:

1.1 The issue price of the Capital Raising Shares is not less than AUD\$0.02 per share;

1.2 The terms of this waiver are disclosed to the market and, along with the terms and conditions of the Capital Raising Shares, are clearly disclosed in the notice of meeting pursuant to which the Company will seek the approval required under Listing Rule 11.1.2 for the Proposed Acquisition and in the prospectus to be issued in respect of the Capital Raising;

1.3 The Company's shareholders approve the issue price of the Capital Raising Shares in conjunction with the approval obtained under Listing Rule 11.1.2 in respect of the Proposed Transaction; and

1.4 The Company completes a consolidation of its capital structure in conjunction with the Proposed Acquisition such that its securities are consolidated at a ratio that will be sufficient, based on the lowest price at which the Company's securities traded over the 20 trading days preceding the date of the suspension of the Company's securities from official quotation, to achieve a market value for its securities of not less than the offer price.

2. ASX has considered Listing Rule 2.1 condition 2 only and makes no statement as to the Company's compliance with other listing rules.

Waiver Decision – Listing Rule 10.13.5

1. Based solely on the information provided, ASX Limited ('ASX') grants Carbine Resources Limited (the 'Company') a waiver from listing rule 10.13.5 to the extent necessary to permit the Company's notice of meeting ('Notice'), seeking shareholder approval for the issue of:

1.1 20,000,000 shares to Mr Peter Main, Mr Peter Batten, Mr Evan Cranston, Mr Matthew O'Hara and Ms Oonagh Malone (or their respective nominees)(the 'Related Party Participant Shares') in connection with a proposed capital raising via a public offer at A\$0.03 per fully paid ordinary shares to raise up to A\$3,000,000 (the 'Capital Raising'); and

1.2 A total of 10,000,000 Performance Rights to be issued to Mr Matthew O'Hara and Mr Peter Main (5,000,000 each) (the 'Proposed Directors') (the 'Performance Rights') not to state that the date by which the Company will issue the Related Party Participant Shares and the Performance Rights will be no later than one month after the general meeting, on the following conditions:

1.2.1 The Notice must state that the Related Party Participant Shares and the Performance Rights will be issued no later than three months after the date of the general meeting.

1.2.2 For any annual reporting period during which any of the Related Party Participant Shares and the Performance Rights are issued or remain to be issued, the Company's annual report must set out in detail the number of Related Party Participant Shares and Performance Rights issued in that annual reporting period, the number of Related Party Participant Shares and the Performance Rights that remain to be issued, and the basis on which the Related Party Participant Shares and the Performance Rights may be issued.

1.2.3 In any half year or quarterly report for the period during which any of Related Party Participant Shares and the Performance Rights have been issued or remain to be issued, the Company must include a summary statement of the number of Related Party Participant Shares and the Performance Rights issued during the reporting period, and the number of Related Party Participant Shares and the Performance Rights that remain to be issued and the basis on which the Related Party Participant Shares and the Performance Rights may be issued.

1.2.4 The terms of the waiver are included in the Notice.

2. ASX has considered Listing Rule 10.13.5 only and makes no statement as to the Company's compliance with other Listing Rules.

Confirmation Decision – Listing Rule 6.1

Subject to Resolution 2 and based solely on the information provided, ASX Limited ('ASX') confirms that the terms of the 10,000,000 Performance Rights proposed to be issued by Carbine Resources Limited (the 'Company') to Mr Peter Batten and Mr Peter Main (5,000,000 each) (the 'Performance Rights') and in connection with the acquisition of all issued capital of Australian United Silica Corporation Pty Ltd ('Ausco') ('Transaction') and a proposed capital raising via a public offer at A\$0.03 per fully paid ordinary share to raise up to A\$3,000,000 on a post-consolidation basis (the 'Capital Raising'), are appropriate and equitable pursuant to listing rule 6.1, subject to the following conditions:

1.1 The Company obtains shareholder approval for the issue of the Performance Rights 'and the notice of meeting seeking shareholder approval ("Notice") and the prospectus include:

1.1.1 sufficient information about the terms and conditions of the Performance Rights including, if applicable, approval for the issue of the Performance Rights which are held by a related party pursuant to Chapter 2E of the Corporations Act 2001 (Cth);

1.1.2 a statement that Performance Rights are being issued to remunerate or incentivise a director or employee and are not ordinary course of business remuneration securities;

1.1.3 details of the role (if any) the director or employee will play in meeting the respective performance milestones;

1.1.4 details of the existing total remuneration package of the director or employee;

1.1.5 if the director or employee or any of their associates hold securities in the entity, details of those securities and the consideration they paid or provided for those securities;

1.1.6 in light of the above, an explanation why it is considered necessary or appropriate to further remunerate or incentivise the director or employee to achieve the applicable performance milestone;

1.1.7 details of how the Company determined the number of Performance Rights to be issued to the director or employee and why it considers that number to be appropriate and equitable;

1.1.8 the full terms of the Performance Rights;

1.1.9 the number of ordinary shares that the Performance Rights will convert into if the applicable performance milestone is met and the impact that will have on the Company's capital structure; and

1.1.10 if the Performance Rights convert into ordinary shares on the basis of a formula, the impact on the Company's capital structure for different scenarios that indicate a reasonable low, mid and high case for the number of ordinary shares that might be issued based on the formula.

1.2 The Performance Rights are not quoted.

1.3 The Performance Rights are not transferable

1.4 The Performance Rights do not confer any right to vote, except as otherwise required by law.

1.5 The Performance Rights do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues.

1.6 The Performance Rights do not carry an entitlement to a dividend.

1.7 The Performance Rights do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

1.8 The Performance Rights do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company.

1.9 Each Performance Right is converted into 1 fully paid ordinary share ("Share") in the Company on achievement of the relevant performance milestone ("Milestone"). If the Milestone is not achieved by the expiry date ("Expiry Date"), then each Performance Share will expire. Any vested but unexercised Performance Rights will automatically lapse on the relevant Expiry Date.

1.10 The Company makes an announcement upon the satisfaction of the Milestone, the conversion of any of the Performance Rights and the expiry of the Performance Rights.

1.11 The terms and conditions of the Performance Rights, including without limitation the Milestone to be satisfied before the Performance Rights are converted into ordinary shares, are not to be changed without the prior approval of ASX and the Company's shareholders.

1.12 Upon conversion of the Performance Rights into Shares, the Company applies to the ASX for quotation of the shares within the requisite time period.

1.13 The Company discloses the following in each annual report, annual audited accounts, half-yearly report and quarterly cash flow report issued by the Company in respect of any period during which any of the Performance Rights remain on issue or were converted or cancelled:

1.13.1 The number of Performance Rights on issue during the relevant period;

1.13.2 A summary of the terms and conditions of the Performance Rights, including without limitation the number of Shares into which they are convertible and the relevant Milestone(s);

1.13.3 Whether any of the Performance Rights were converted or cancelled during that period; and

1.13.4 Whether the Milestone(s) were met during the period.

1.14 The Company discloses the following in item 9 of each Appendix 3B lodged by the Company while any of the Performance Rights remain on issue:

1.14.1 The number of Performance Rights on issue at the time of lodgement of the Appendix 3B; and

1.14.2 The conversion ratio of the Performance Rights into Shares upon achievement of a relevant Milestone.

2. ASX has considered Listing Rule 6.1 only and makes no statement as to the Company's compliance with other listing rules.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Tuesday, 18 May 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

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

Joint holding: Where the holding is in more than one name, all Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/loginsah>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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