



7 November 2016

Dear Optionholder,

Blaze International Limited – Pro-rata Non-renounceable Rights Issue

As announced on 31 October 2016, Blaze International Limited (ACN 074 728 019) (**BLZ** or the **Company**) is undertaking a 1:3 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 42,000,000 fully paid ordinary shares (**New Share**) (together with one (1) free attaching option (**New Option**) for every two (2) New Shares subscribed for and issued) to raise approximately \$2,100,000. The price of New Shares under the Offer is \$0.05 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 4 November 2016.

The Offer is being managed by Cicero Advisory Services Pty Ltd and Merchant Corporate Finance Pty Ltd (together, the **Manager**), who will be paid a placement fee of 6% of all funds raised under the Shortfall Offer under the Prospectus. The Manager is also entitled to subscribe for 10,000,000 options (on the same terms as the New Options) at an issue price of \$0.0001 each.

The purpose of the Offer is raise up to \$2,100,000. No funds will be raised from the issue of the Options.

The funds raised from the Offer are planned to be used in accordance with the table set out below, further details of which are contained in the Prospectus:

| Item | Proceeds of the Offer | Full Subscription (\$) | % |
|------|--|------------------------|-------------|
| 1. | Exploration and development of the Mt Barkly Project | \$500,000 | 23.81% |
| 2. | Drilling and management of the Marble Bar Project | \$300,000 | 14.29% |
| 3. | Assessing new tenement acquisitions and pegging in the East Pilbara region | \$400,000 | 19.05% |
| 4. | Internal investment | \$300,000 | 14.29% |
| 5. | Expenses of the Offer | \$168,782 | 8.04% |
| 6. | Working capital | \$431,218 | 20.53% |
| | Total | \$2,100,000 | 100% |

The above table is a statement of current intentions as of the date of the Prospectus. As with any budget, intervening event and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 10 November 2016, whose registered address is in Australia.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue. New Options are on the same terms and conditions as options to purchase Shares in the Company (**Options**) currently on issue and the Shares to be issued on conversion of the New Options will rank equally with Shares already on issue.

Following completion of the Offer, the Company will have issued approximately 42,000,000 New Shares and 31,000,000 New Options (including options to be issued to advisers), resulting in total Shares on issue of approximately 168,000,000 and total Options on issue of approximately 56,000,000.

Optionholders

The terms and conditions of the Options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your Options in time for new Shares to be allotted and to be entered on the Company's register of members on or before 5:00pm (WST) on 10 November 2016 (**Record Date**).

To exercise your Options and thereby participate in the Rights Issue, you will need to deliver the following to the Company at Suite 9, 330 Churchill Avenue, SUBIACO, WA 6008:

- (a) A notice of exercise of options (attached to this letter);
- (b) an option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those Options to be exercised; and
- (c) payment for the exercise price in respect of those Options to be exercised by way of electronic funds transfer.

To ensure that your new Shares are allotted prior to the Record Date, the above must be received by the Company **no later than 5:00pm (WST) on 9 November 2016**. If received after this date, allotment of new Shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your Options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, please contact your financial adviser or Loren Jones, BLZ's Company Secretary, on +61 8 6489 1600.

Yours sincerely,



Loren Jones
Director and Company Secretary

BLAZE INTERNATIONAL LIMITED

BLZ94114

ACN 063 366 487

INCORPORATED IN WESTERN AUSTRALIA

APPLICATION FOR SHARES UPON EXERCISE OF OPTIONS

I/We _____

Securityholder Reference Number (S.R.N) / Holder Identification Number (H.I.N) _____

Contact Telephone Number _____

The registered holder(s) of the Options hereby exercise my/our Option for: _____
In figures *In words*

Ordinary Fully Paid Shares and enclose application money of \$0.08 per share \$._____ *(amount payable on exercise)*

I/We whose full name(s) and address(es) appear above hereby apply for the number of Shares shown above. I/We agree to be bound by the Constitution of the Company.

| Signature Of Shareholder(s) (All joint holders must sign) | Companies Only - Executed in accordance with the Company's Constitution and the Corporations Act. |
|--|---|
| x----- Signature Date | x----- Sole Director and Sole Secretary Date |
| x----- Signature Date | x----- Director Date |
| x----- Signature Date | x----- Secretary Date |
| x----- Signature Date | x----- Director Date |
| x----- Signature Date | x----- Director Date |

Note: If signed under Power of Attorney, a Certified Copy of the relevant Power of Attorney document must be exhibited to the Registry. The Attorney declares that he/she has had no notice of revocation of the Power of Attorney.

PLEASE REFER TO THE ATTACHED
TERMS AND CONDITIONS

Cheques should be made payable to **Blaze International Limited** and crossed "Not Negotiable" and drawn on an Australian Bank and posted to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia 6909.

NOTE: OPTIONS NOT EXERCISED BY 1 MARCH 2019 WILL AUTOMATICALLY EXPIRE.

BLZ94114 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.08 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 1 March 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

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

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.