



**EZA CORPORATION LIMITED  
ACN 151 155 734  
(to be renamed "Santa Fe Minerals Ltd")**

**NOTICE OF ANNUAL GENERAL MEETING**

**For the Annual General Meeting of the Company  
to be held at  
HLB Mann Judd, Level 4, 130 Stirling Street, Perth on Friday,  
29 September 2017 at 10:00am (WST)**

*This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

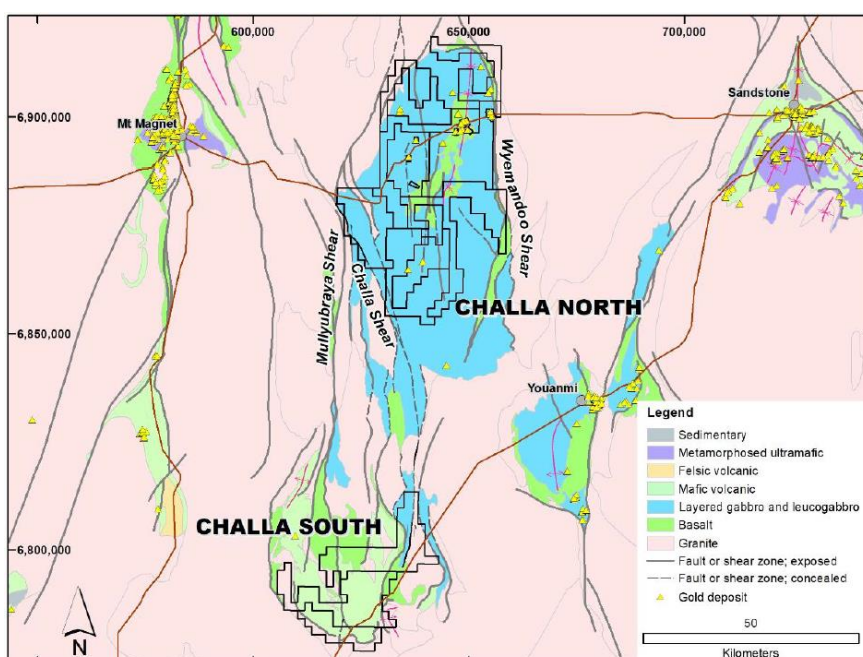
*Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9463 2463.*

# CHAIRMAN'S LETTER

Dear Shareholder

Since the disposal of its ATM Business in 2014, EZA Corporation Limited (the **Company**) has been focused on taking a disciplined, diligent and patient approach to evaluating new opportunities to deliver value to all Shareholders. In mid-2016, the Company shifted its focus towards identifying and evaluating opportunities in the resource sector and in particular, gold exploration assets.

On 3 July 2017, the Company announced that it had signed an agreement to acquire the Challa Projects, consisting of two Western Australian projects which the Company considers to be prospective for gold and base metals (**Acquisition**). On 14 August 2017, the Company announced its intention to proceed with the Acquisition, subject to your approval, with minimal dilution to all shareholders whilst preserving the Company's cash reserves.



The Challa exploration project area is in excess of 1,750 km<sup>2</sup> and lies between Mt Magnet and Sandstone in Western Australia. Ownership of the project area has previously been fragmented and only recently consolidated. The Company considers the tenements to be prospective for gold and base metals. Further information can be found in the Independent Geologist Report (refer to Schedule 7).

Given the period of time for which the Company's securities have been suspended from trading on

the ASX, the Acquisition will require the Company to re-comply with the Listing Rules as if it were applying for admission to the official list of ASX for the first time (**ASX Re-compliance**). This is a process which many listed companies in similar circumstances have been required to undertake.

In connection with the ASX Re-compliance, the Company intends to:

- return approximately \$2.75 million of the Company's capital to all Shareholders in proportion to their shareholdings (**Return of Capital**). This equates to approximately 4.5 cents per share. The Return of Capital will be at no cost to Shareholders; and
- raise \$1 million under a public offer at 10 cents per Share (**Capital Raising**).

The Return of Capital and Capital Raising are necessary in order for the Company to undertake the ASX Re-compliance, and the Return of Capital will provide Shareholders with some of the proceeds from the sale of the ATM Business.

Following the Acquisition, the Company intends to focus on undertaking exploration activities on the Challa Projects.

Accompanying this letter is the Company's notice of annual general meeting (**Notice**) in respect of the Company's annual general meeting to be held on Friday 29 September 2017 at 10.00am

(WST) (**Meeting**). In addition to the ordinary annual general meeting resolutions, the Notice sets out a number of important resolutions that are critical for the Company to complete the Acquisition and ASX Reconciliation. These resolutions include:

- **Resolution 5** - To approve a change to the nature and scale of the Company's activities
- **Resolution 6** - To approve the Return of Capital
- **Resolution 7** - To approve the issue of securities to the vendors of the Challa Projects
- **Resolution 8** - To approve the Capital Raising
- **Resolution 9** - To change the Company's name to "Santa Fe Minerals Ltd"

Further details on the above resolutions are included in the Notice.

**The Board recommend that you vote 'FOR' the above resolutions and each Board member intends to vote in favour in respect of their own shareholdings in the Company.**

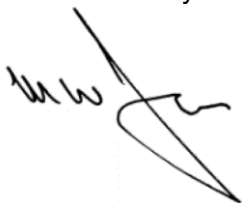
On 11 August 2017, the Company received a request under section 249D of the Corporation Act to call a general meeting of the Company for the purpose of winding up the Company. The request was made by One Managed Investments (as custodian for Mercantile Investments) and Mercantile OFM, following two unsuccessful takeover bids made by Mercantile OFM earlier in the year. The Company has decided to put the requested resolutions to Shareholders at the Meeting (refer to Resolutions 10 and 11). In order to complete the Acquisition, participate in the Return of Capital, and for the Company's securities to be reinstated to trading on ASX, **the Directors of the Company recommend that you vote 'AGAINST' Resolutions 10 and 11.**

You should consider the information provided to you in the Notice, the risks and potential rewards of remaining a Shareholder, and your own personal circumstances. I encourage you to read this document carefully. If you have any questions in relation to your position as a Shareholder, I encourage you to seek either financial or legal advice without delay.

Your Board look forward to developing a successful Western Australian gold and base metals exploration company and delivering value for all Shareholders.

If you have any questions about the Notice, please contact me on +61 419 919 250.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Jones', with a large, sweeping flourish extending downwards and to the right.

**Mark Jones**  
Non-Executive Chairman

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# EZA CORPORATION LIMITED

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of EZA Corporation Limited will be held at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia 6000 on Friday, 29 September 2017 at 10:00am (WST).

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

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 27 September 2017 at 5.00pm (WST).

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

## AGENDA

### ORDINARY BUSINESS

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#### Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017 which includes the Financial Report, the Directors' Report and the Auditor's Report.

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#### 1. Resolution 1 – Remuneration Report

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

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."*

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

##### Voting Prohibition

The Company will disregard any votes cast on this Resolution

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, and the appointment expressly authorises the Chairman to exercise the proxy.

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## 2. Resolution 2 – Re-election of Mark Jones as Director

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

*"That, pursuant to and in accordance with Listing Rule 14.4, Article 7.3(a) of the Constitution and for all other purposes, Mr Mark Jones, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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## 3. Resolution 3 – Re-election of Terence Brown as Director

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

*"That, pursuant to and in accordance with Listing Rule 14.4, Article 7.3(f) of the Constitution and for all other purposes, Terence Brown, Director, who was appointed as an addition to the Board on 14 August 2017, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

## SPECIAL BUSINESS

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## 4. Resolution 4 – Approval of Proportional Takeover Provisions

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

*"That, pursuant to and in accordance with sections 136 and 648D of the Corporations Act and for all other purposes, the Company insert into the Constitution the proportional takeover provisions set out in Schedule 2 of the Explanatory Memorandum in Article 4.14 and schedule 3 of the Constitution with effect from the end of the Meeting."*

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## 5. Resolution 5 – Change to 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 Acquisition Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes the Company be authorised to make a significant change to the nature and scale of its activities resulting from the Acquisition on the terms and conditions detailed in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person (or any associate of such a person) who might obtain a benefit (except a benefit solely in their capacity as holders of ordinary securities) if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. Resolution 6 – Approval of Return of Capital to Shareholders

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 Acquisition Resolutions being passed, for the purposes of Part 2J.1 of the Corporations Act and for all other purposes, approval is given for the share capital of the Company to be reduced, without cancelling any Shares, by way of an equal capital reduction in accordance with section 256C of the Corporations Act, such reduction of share capital to be effected by the Company paying an amount of \$0.045 per Share to each Shareholder registered as at the Record Date, on the terms and conditions set out in the Explanatory Memorandum."*

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## 7. Resolution 7 – Approval of Issue of Consideration Securities to Vendors

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 Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue to the Vendors (or their respective nominees) of an aggregate total of:*

- (a) 1,250,000 Shares; and
- (e) 1,250,000 options exercisable at \$0.20 on or before 30 September 2020 (**Vendor Options**),

*(together, the **Consideration Securities**) as consideration for the Acquisition, on the terms and conditions detailed in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Vendors (and any of their associates) and any person who might obtain a benefit (except a benefit solely in their capacity as a Shareholder) if the Resolution is passed, or an associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 8. Resolution 8 – Approval of Issue of Capital Raising 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 Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to allot and issue 10,000,000 Shares each at an issue price of \$0.10 to raise \$1,000,000 on the terms and conditions detailed in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue of Shares and a person who might obtain a benefit (except a benefit solely in their capacity as a Shareholder) if the Resolution is passed and any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. Resolution 9 – Approval of Change of Name

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

*"That, for the purposes of section 157 of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to "Santa Fe Minerals Ltd" with effect as soon as reasonably practicable following Completion on the terms and conditions detailed in the Explanatory Memorandum."*

## REQUISITIONED RESOLUTIONS

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### 10. Resolution 10 – To wind up the Company

To be considered and, if thought fit, passed as a special resolution:

*"That in accordance with section 491 of the Corporations Act the Company be voluntarily wound up."*

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### 11. Resolution 11 – Appointment of Proposed Liquidator

To be considered and, if thought fit, passed as an ordinary resolution:

*"That, subject to the passage of Resolution 10, in accordance with section 495 of the Corporations Act that Peter Krejci of BRI Ferrier (NSW) Pty Ltd be immediately appointed liquidators of the Company for the purpose of such winding up."*

**BY ORDER OF THE BOARD**

A handwritten signature in blue ink, appearing to be 'DR', with a long horizontal flourish extending to the right.

**Mr Doug Rose**  
Managing Director

Dated: 24 August 2017



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# EZA CORPORATION LIMITED

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This 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 HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia 6000 on Friday, 29 September 2017 at 10:00am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

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

Section 2: Action to be taken by Shareholders

#### 2017 Annual General Meeting

|           |   |
|-----------|---|
| Section 3 | Annual Report   |
| Section 4 | Resolution 1 – Remuneration Report                      |
| Section 5 | Resolution 2 – Re-election of Mr Mark Jones as Director |
| Section 6 | Resolution 3 – Re-election of Terence Brown as Director |

#### Special Business

|            |  |
|------------|--|
| Section 7  | Resolution 4 – Approval of Proportional Takeover Provisions                                    |
| Section 8  | Overview of the Acquisition and Change of Nature and Scale of Activities and Return of Capital |
| Section 9  | Resolution 5 – Change to Nature and Scale of Activities  |
| Section 10 | Resolution 6 – Approval of Return of Capital to Shareholders                                   |
| Section 11 | Resolution 7 – Approval of Issue of Consideration Securities to Vendors                        |
| Section 12 | Resolution 8 – Approval of Issue of Capital Raising Shares                                     |
| Section 13 | Resolution 9 – Approval of Change of Company Name  |

## Requisitioned Resolutions

|            |   |
|------------|---|
| Section 14 | Background to the Requisitioned Resolutions   |
| Section 15 | Resolutions 10 and 11 - Winding up the Company and Appointment of Proposed Liquidator |

## Schedules

|            |   |
|------------|---|
| Schedule 1 | Definitions and Interpretation                              |
| Schedule 2 | Proportional Takeover Provisions                            |
| Schedule 3 | Vendors and Consideration Securities                        |
| Schedule 4 | Pro-Forma Statement of Financial Position                   |
| Schedule 5 | Risk Factors  |
| Schedule 6 | Terms and Conditions of Vendor Options                      |
| Schedule 7 | Independent Geologist Report                                |
| Schedule 8 | Section 249P Statement from the Requisitioning Shareholders |

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum.

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## 2. Action to be taken by Shareholders

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

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

### 2.1 Proxies

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum. 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 detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

- (a) in person to 39 Clifton Street, Nedlands, WA 6009;
- (b) post to 39 Clifton Street, Nedlands, WA 6009;
- (c) facsimile on +61 8 9389 8226; or
- (d) email to the Company Secretary at [krystel.kirou@nexiapertth.com.au](mailto:krystel.kirou@nexiapertth.com.au),

so that it is received not later than 10:00am (WST) on 27 September 2017. Proxy Forms received later than this time will be invalid.

Please note that:

- (a) a proxy need not be a Shareholder;
- (b) a Shareholder may appoint a body corporate or an individual as its proxy;
- (c) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (d) Shareholders 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.

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint an individual to act as its representative at the Meeting in accordance with section 250D of the Corporation Act.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body's corporate representative. The authority may be sent to the Company or the Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## ORDINARY BUSINESS

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### 3. Annual Report

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the annual general meeting. 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.ezacorp.com.au](http://www.ezacorp.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 Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of 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.

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## 4. Resolution 1 – Remuneration Report

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

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

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) 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 2016 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2018 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

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

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

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## 5. Resolution 2 - Re-election of Mr Mark Jones as Director

In accordance with Listing Rule 14.4 and Article 7.3(a) of the Constitution, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment, or three years, whichever is longer.

Mr Jones was appointed on 27 May 2011. Resolution 2 provides that he retires from office and seeks re-election as a Director.

Details of Mr Jones' background and experience is set out in Section 8.5.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Mr Jones) supports the re-election of Mr Jones to the Board and recommends that shareholders vote in favour of Resolution 2.

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## **6. Resolution 3 - Re-election of Mr Terence Brown as Director**

In accordance with Listing Rule 14.4 and Article 7.3(f) of the Constitution, a director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 7.2(b) of the Constitution allows the Directors to appoint a person as an addition to the Board at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for re-election at that meeting.

Mr Terence Brown was appointed on 14 August 2017 as an addition to the Board. Resolution 3 provides that he retires from office and seeks re-election as a Director.

Details of Mr Brown's background and experience are set out in the Section 8.5.

Resolution 3 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

The Board (excluding Mr Brown) supports the election of Mr Brown and recommends that shareholders vote in favour of Resolution 3.

## **SPECIAL BUSINESS**

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### **7. Resolution 4 - Approval of Proportional Takeover Provisions**

#### **7.1 Background**

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the shareholders. Such provisions cease to apply three years after they were inserted into the company's constitution, or last renewed by shareholders. A company may insert new provisions by special resolution in the same manner as altering its constitution.

When the Company was incorporated in May 2011, the Constitution included Article 4.14 and schedule 3 relating to proportional takeovers. As these provisions have not been renewed since, they ceased to apply in 2014.

Resolution 4 seeks Shareholder approval by way of special resolution (requiring approval by 75% of the votes cast by Shareholders entitled to vote on the Resolution) to insert new proportional takeover bid provisions in the Constitution so that they remain in effect for three years from the date of the Meeting. The Directors consider that it is in the best interests of Shareholders to insert the new proportional takeover provisions in its Constitution, by way of a new Article 4.14 and schedule 3, in the form detailed in Schedule 2.

The information is set out below so that Shareholders may make an informed decision on whether to support or oppose this Resolution.

## **7.2 What is a proportional takeover bid**

A proportional takeover bid is a takeover bid where the offer made to each shareholder of a company is only for a proportion of that shareholder's shares in the company.

Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in the company and retain the balance of the shares.

## **7.3 Effect of the provisions to be renewed**

If a proportional takeover bid is made to Shareholders, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover bid. That meeting must be held at least 14 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the resolution to approve the offer is voted on. However, if no resolution is voted on before the end of the 15th day before the close of the offer, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of Shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the Constitution. If the resolution is not approved, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions may be renewed for a further three year term, but only by a special resolution of Shareholders.

## **7.4 Reasons for proposing Resolution 4**

The Directors consider that Shareholders should have the opportunity to insert the proportional takeover approval provisions in the Constitution. Without the inclusion of such provisions, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

These provisions deal with this possibility by providing that if a proportional takeover bid is made for Shares, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of these provisions is that Shareholders are able to decide collectively whether the proportional takeover bid is acceptable in principle and it may ensure that any partial offer is appropriately priced.

## **7.5 No knowledge of present acquisition proposals**

As at the last date before the finalisation of this Explanatory Memorandum, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

## **7.6 Potential advantages for Directors and Shareholders**

The insertion of the proportional takeover approval provisions will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that the renewal of these provisions has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that inserting the new proportional takeover approval provisions will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

## **7.7 Potential disadvantages for Directors and Shareholders**

It may be argued that renewing the proportional takeover provisions will make it more difficult for a proportional takeover bid to succeed and will therefore discourage proportional takeover bids. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company. Such a provision may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

## **7.8 Directors' Recommendation**

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that the insertion of the proportional takeover approval provisions is in the interests of Shareholders.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4. Each Director intends to vote all the Shares controlled by him or her in favour of the Resolution.

If Resolution 4 is approved by 75% of the votes cast by members entitled to vote on the Resolution, Article 4.14 and schedule 3 of the Constitution, as set out in Schedule 2 of this Notice will be inserted into the Constitution and will take effect from the end of the Meeting.

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## 8. Overview of the Acquisition and Change of Nature and Scale of Activities and Return of Capital

### 8.1 Background

The Company is an Australian public company that has been listed on the Official List (ASX code: EZA) since 5 October 2011.

On 29 October 2014, the Company sought and obtained shareholder approval to dispose of its business of supplying, installing, and operating ATM's (**ATM Business**). The sale of the ATM Business completed on 31 October 2014.

On 7 December 2015, the Company's securities were suspended from official quotation on ASX due to non-compliance with Listing Rule 12.1. The Company's securities have remained suspended since that date.

Since the disposal of its ATM Business, the Company has been focused on evaluating new opportunities to deliver value to all Shareholders. In mid-2016, the Company shifted its focus towards identifying and evaluating opportunities in the resource sector and in particular, gold exploration assets.

On 24 May 2017, Mercantile OFM Pty Ltd (**Mercantile OFM**) announced a conditional, unsolicited offer to acquire all of the Shares in the Company for \$0.1375 per Share (**Mercantile Offer**). The Mercantile Offer was on substantially the same terms as a previous offer by Mercantile OFM, which closed on 3 April 2017, pursuant to which Mercantile OFM received acceptances equaling approximately 2.25% of the Company's Shares. The Mercantile Offer closed on 1 August 2017. Mercantile OFM received acceptances equaling approximately 6.15% of the Company's Shares.

On 3 July 2017, the Company announced it had entered into an agreement to acquire a 100% interest in the Challa North and Challa South base metal projects (**Projects**) from T.E. Johnston & Associates Pty Ltd, Pegmatite Holdings Pty Ltd, Mr Bruce Legendre, Mr Robert Perring and Corporate & Resource Consultants Pty Ltd (together, the **Vendors**) (**Agreement**) (**Acquisition**).

On 14 August 2017, the Company announced that it had exercised its right to acquire the Projects and also announced the Return of Capital, appointment of Mr Terence Brown as Director, and that the Agreement had been varied by a deed of variation dated on the same day (**Deed of Variation**) pursuant to which the consideration payable to the Vendors increased as follows:

- (a) from 1,000,000 Shares to 1,250,000 Shares; and
- (b) from 1,000,000 Vendor Options to 1,250,000 Vendor Options.

The Acquisition requires the Company to comply with the Listing Rules as if it were applying for admission to the official list of ASX for the first time (**ASX Re-compliance**). As part of the ASX Re-compliance, the Company will undertake the Return of Capital and raise \$1,000,000 (before costs) pursuant to a prospectus.

### 8.2 Consideration for the Acquisition

The consideration payable by the Company for the Acquisition under the terms of the Agreement (as varied by the Deed of Variation) is as follows:

- (a) \$25,000 cash upon signing of the Agreement, which has already been paid and is non-refundable;



- (b) \$50,000 cash upon the Company being satisfied with its due diligence investigations, which has already been paid and is non-refundable;
- (c) \$100,000 cash upon the Company's securities being reinstated to official quotation on the ASX;
- (d) a 0.4% net smelter return royalty on future production in respect of the Projects (**NSR Royalty**); and
- (e) the issue of:
  - (i) 1,250,000 Shares; and
  - (ii) 1,250,000 Vendor Options,
 (together, the **Consideration Securities**),

to the Vendors in the proportions detailed in Schedule 3.

### 8.3 Summary of Acquisition

- (a) Completion under the Agreement is subject to a number of conditions precedent, including:
  - (i) Shareholders passing all necessary resolutions to give effect to the Acquisition, including:
    - (A) approving the change to the nature and scale of the Company's activities (Resolution 5); and
    - (B) approving the issue of the Consideration Securities to the Vendors (Resolution 7);
  - (ii) the Minister providing written consent to the Company to transfer any tenement comprising the Projects which is in its first year of grant at the time of Completion (unless waived by the Company); and
  - (iii) the Company's Shares being reinstated to official quotation on ASX,
 (together, the **Conditions Precedent**).
- (b) If the Company's securities are not reinstated to official quotation on ASX by 28 February 2018 (or such other date as agreed between the Company and the Vendors):
  - (i) the Vendors will retain all monies paid by the Company to date;
  - (ii) if transfer of the Projects to the Company has already occurred, the Company shall return the Projects to the Vendors for \$1.00; and
  - (iii) the Agreement will terminate.
- (c) The Vendors have acknowledged that some or all of the Consideration Securities may be treated as Restricted Securities by ASX and have agreed to execute a restriction agreement for the longer period of:
  - (i) 18 months; or
  - (ii) the period required by ASX.

- (d) The Company and the Vendors have provided other warranties, covenants and indemnities, which are customary for a transaction of this nature.

## 8.4 The Projects

The total area comprising the Projects is 1,757 km<sup>2</sup> and lies between the historic gold mining centres of Mt Magnet and Sandstone in Western Australia. Challa North is prospective for gold and covers the northern part of the Windimurra Layered Igneous Complex (LIC). Challa South is prospective for Nickel and other base metals. It covers the southern part of the Narndee LIC and surrounding supracrustal greenstone sequences (Figure 1).

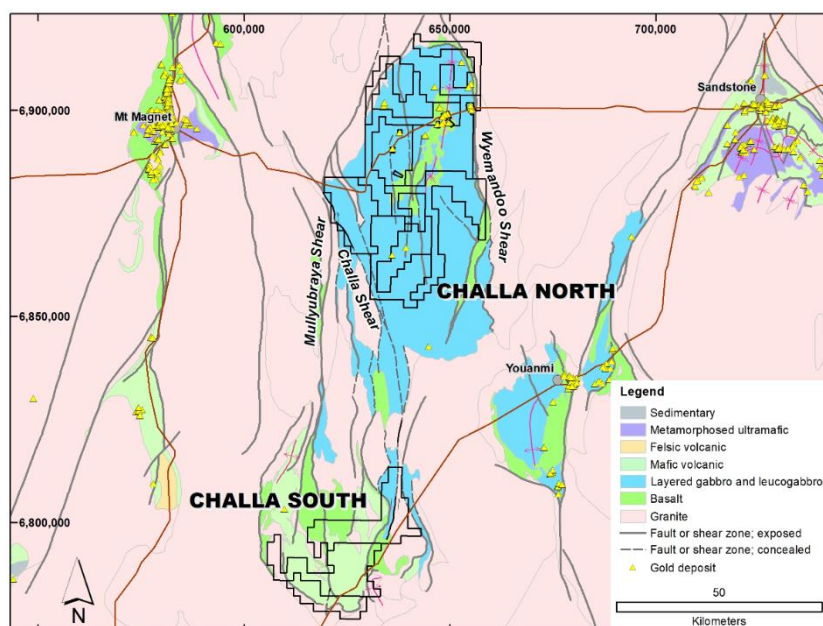


Figure 1: Challa Project area and geology

The Directors are of the view that the Projects represent a rare opportunity to conduct meaningful exploration on two prospective and contiguous tenement packages in a world class mining jurisdiction. Ownership in the area has historically been fragmented, which in the Board's opinion, has inhibited systematic exploration. The Vendors have recently consolidated the tenement package, making large scale exploration more attractive.

The Company has completed a preliminary compilation of the past exploration work undertaken over the project area and this work has already generated gold and nickel targets.

### Challa North

Challa North hosts the Paynesville Gold Trend which is a 45km long mineralisation trend encompassing many historical gold mines (some excised from the current project), gold diggings, and nugget patches, all with little drilling or systematic exploration. Primary gold mineralisation occurs within structurally emplaced quartz veins associated with gabbronorite host rocks. The tenements being acquired cover almost the entire trend. Three gold targets have been identified, based on structural interpretation and known gold occurrences (Figure 2).

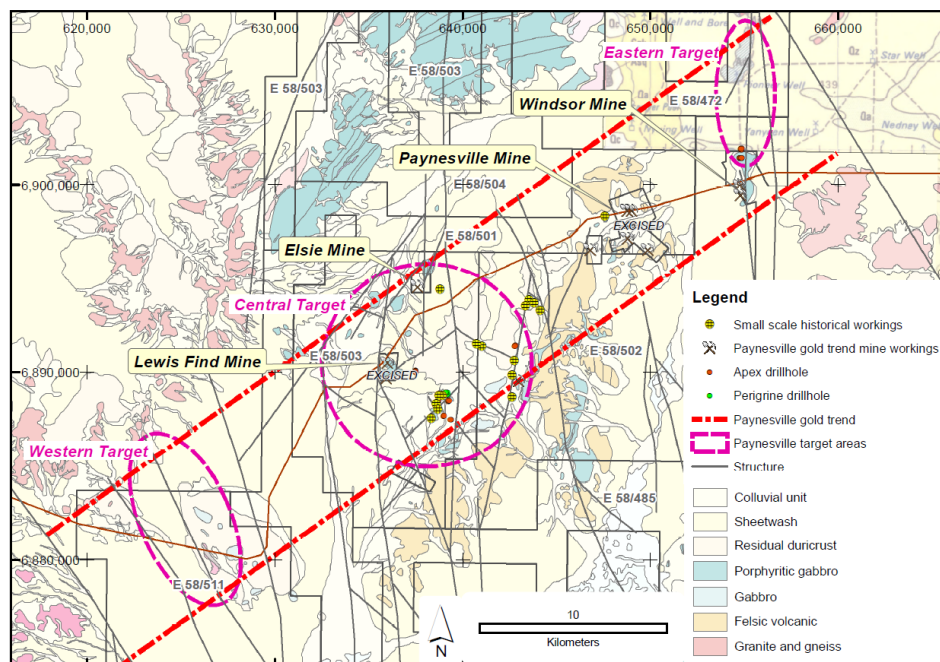


Figure 2: Paynesville Gold Trend (Challa North) and priority targets 1.) Central Target 2.) Eastern Target 3.) Western Target

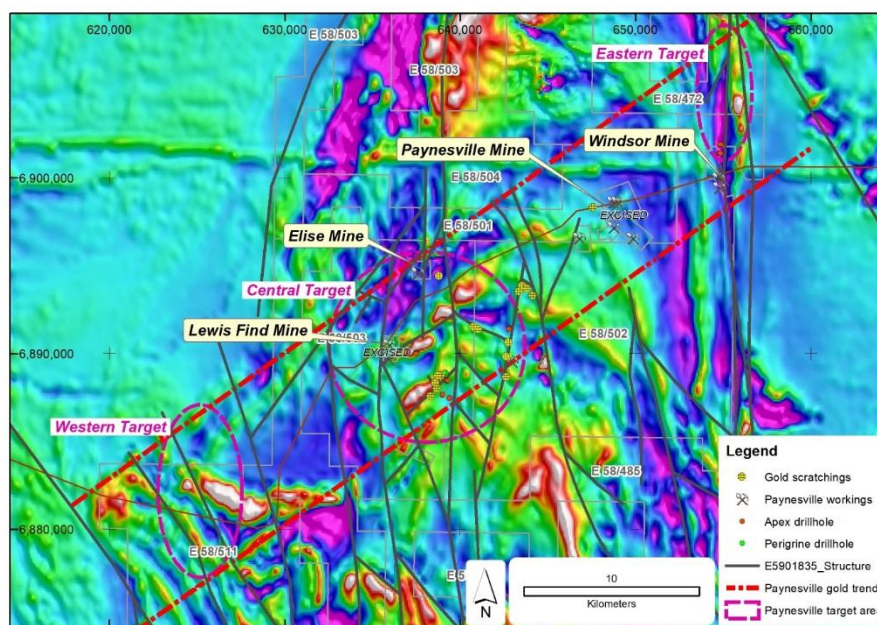


Figure 3: Paynesville Gold Trend with Aeromagnetic survey.

### Central Target

The Central Target covers a zone of significant structural offset within the gabbro-norite unit surrounding the Lewis Find and Elsie mines. There are numerous prospector pits dug on exposed auriferous quartz veins in the area. Many of the prospector workings and reported nugget patches lie on, or close to interpreted aeromagnetic structures. Rock chip sampling of quartz veining undertaken by the Vendors has also defined auriferous trends that may be related to controlling bedrock structures.

The Central Target area has had little effective exploration in the past, and the Directors believe that the area could potentially host stockwork style gold mineralisation at, or close to, the intersection of the known mineralised structures.

This style of target has not been previously recognised in the area. As the majority of the area is under cover, it represents an attractive target for exploration. The Company is proposing systematic auger or shallow RAB drilling across the target, to better define structure and bedrock gold anomalism. Any such anomalism would be followed up by deeper reverse circulation drilling to target bedrock mineralisation.

Within the Central Target area, the Company has identified the Fenceline Prospect as an immediate exploration focus. The Fenceline Prospect consists of a series of cross-cutting quartz veins which have returned rock chip samples up to 15.1 Au g/t (refer to ASX announcement on 14 August 2017). The quartz veins outcrop extensively in the area and the main vein is interpreted to be at least 1km in length. Apex Minerals NL unsuccessfully drilled 12 aircore or reverse circulation holes at the prospect in 2003, however the Director's believe that this drilling may have failed to intersect the target quartz veins.

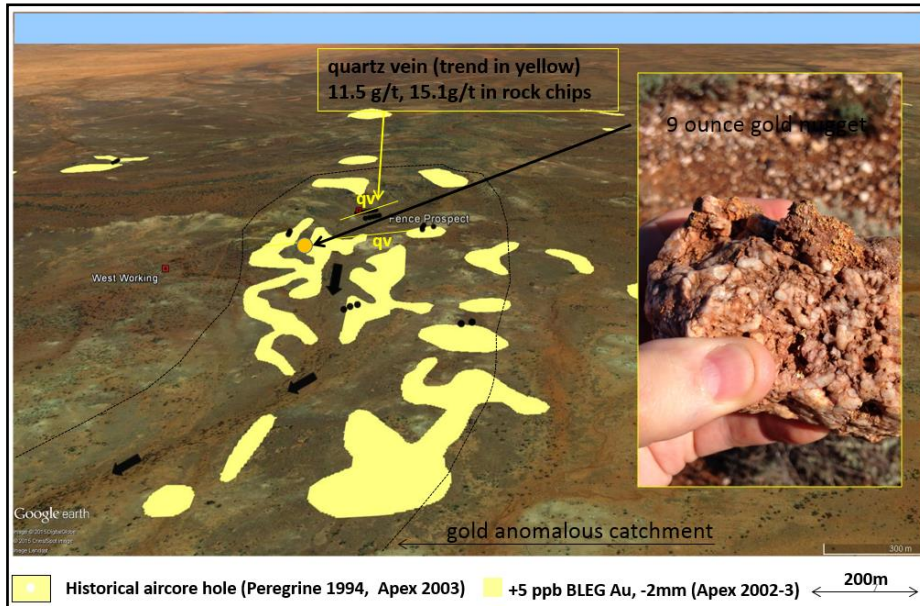


Figure 4: Fenceline Prospect

### **Eastern Target**

The Eastern Target covers the Wyemandoo Shear and interpreted splay structures which separate the Windimurra LIC and basement granite rocks and is along strike from the Windsor Gold Mine. The majority of the area is under a veneer of transported cover. Isolated outcrops of sheared gabbro, containing malachite stained quartz veining which hosts the Pioneer mine working, occur approximately 5 km north of the Windsor Mine area. Recent rock chip sampling by the Vendors around the Pioneer workings, and outcropping quartz veining along strike from the workings has returned anomalous gold values up to 33.28 Au g/t (refer to ASX announcement on 14 August 2017), from malachite stained a quartz vein which has an observed strike of approximately 600m.

Aeromagnetic interpretation suggests several structures strike through the target. These structures are largely under cover and have not been adequately tested by modern exploration techniques. The company has proposed a program of auger or shallow RAB geochemical drilling be used to define geochemical anomalies along the structures. Any gold anomalies defined by this work will require more detailed RAB or reverse circulation drill testing.

### **Western Target**

The Western Target covers a series of splay structures of the Challa Fault. These faults are interpreted to strike northwest - southeast and cut leucogabbro units of the Upper Zone of the Windimurra LIC. A raft of sheared metagranite is interpreted to have been

emplaced by faulting, offering a competency contrast that could create favorable sites for the formation of gold mineralisation. The Western Target is covered by a veneer of transported material, and no previous exploration for gold has occurred in the area. The company believes the target warrants testing and has proposed a program of bedrock geochemical drilling and sampling targeting the interpreted structures to define targets for follow up deeper drill testing.

### **Challa South - Yarrambie Nickel/Copper/Cobalt**

Challa South comprises a coincident nickel/copper/cobalt maglag surface geochemical anomaly, and rock chip samples returning anomalous copper assays, corresponding with a bullseye aeromagnetic anomaly. The target is proximal to ultramafic intrusive rocks which may provide a source for the mineralisation and adjacent to an interpreted regional structure which may have acted as a pathway for mineralised fluids. The target is prospective for disseminated nickel copper sulphide mineralisation associated with deep seated structures.

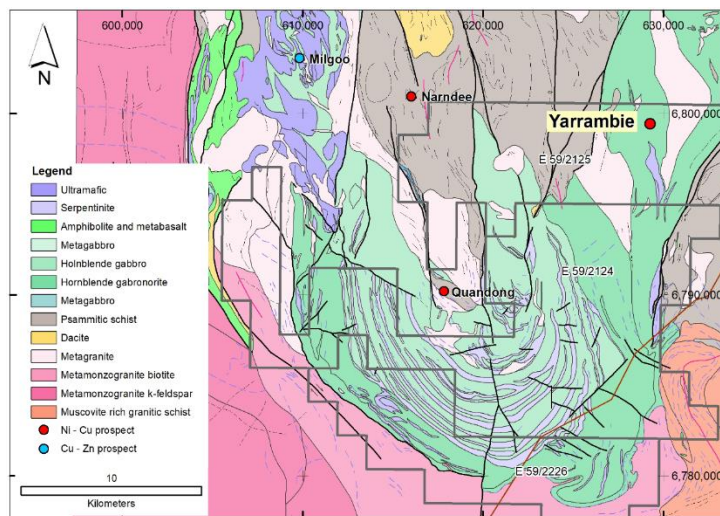


Figure 5: Challa South Location/Yarrambie Prospect

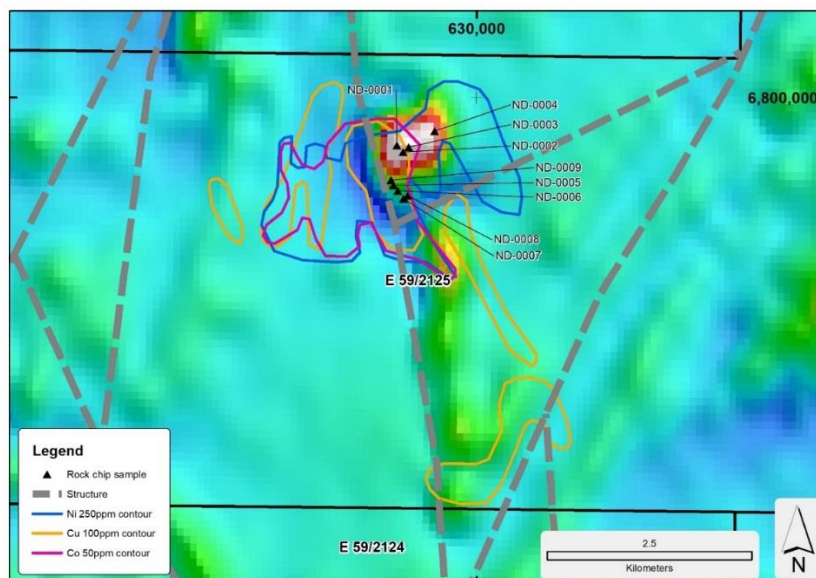


Figure 6: Yarrambie Aeromagnetic image and coincident soil anomaly

The geochemical anomalism and coincident aeromagnetic high has defined an exciting near term target that the Directors consider requires additional testing. The Company intends to test the target by completing a ground electromagnetic geophysical survey followed by reverse circulation or diamond drilling of any conductors identified by the

survey. In addition, prospective deep - seated structures are also interpreted to strike through the project area under a veneer of transported cover. The Directors believe further testing of these structures by auger or shallow RAB geochemical drilling is warranted and may lead to additional targets for further exploration.

### **Additional Regional Prospectivity**

In addition, the Company will have 1,757 sq. km of Archaean greenstone prospective for gold, nickel copper, cobalt, and platinum group elements (**PGE**) deposits. The Company is aware of the history of exploration in the general area since the early 1970's, however the area was previously constrained by fragmented tenement holdings and poorly funded exploration companies, which has meant that in the past, little effective exploration work has been completed on the current tenements. The Company is currently in the process of compiling the considerable amount of historical exploration data available over the Projects.

### **Exploration Budget and Work Program**

The Company has prepared an anticipated exploration program and exploration budget for the first two years of exploration.

At Challa North, exploration activities will focus on defining and testing structural gold targets along the Paynesville Gold Trend. This work will involve regolith and outcrop mapping, detailed interpretation of aeromagnetic surveys, bedrock geochemical drilling and follow up RC and/or diamond drilling.

At Challa South, the Company intends to test the Yarrambie Target with high powered, fixed loop electromagnetic (**EM**) surveying, and test any conductors as defined with RC and/or diamond drilling, followed by down hole EM surveying.

The Company also intends undertake a detailed compilation of data collected during previous nickel, copper, PGE, and base metal exploration programs. This work will be completed to determine the effectiveness of the previous work and if warranted, to follow up any new targets generated.

| <b>Allocation of funds</b> | <b>Amount A(\$)</b> |
|----------------------------|---------------------|
| <b>Challa North</b>        |                     |
| Geology <sup>1</sup>       | \$632,850           |
| Geophysics <sup>2</sup>    | \$104,000           |
| Drilling                   | \$1,128,750         |
| Assay <sup>3</sup>         | \$324,450           |
| Field Support <sup>4</sup> | \$315,300           |
| Sub-total                  | \$2,505,350         |
| <b>Challa South</b>        |                     |
| Geology <sup>1</sup>       | \$347,750           |
| Geophysics <sup>2</sup>    | \$104,000           |
| Drilling                   | \$494,250           |
| Assay <sup>3</sup>         | \$204,000           |
| Field Support <sup>4</sup> | \$114,900           |
| Sub-total                  | \$1,264,900         |
| <b>TOTAL</b>               | <b>\$3,770,250</b>  |

#### Notes

1. "Geology" relates to payments made to qualified Geologists for geological interpretation, exploration program planning and Geological reporting.

2. "Geophysics" relates to ground/downhole magnetic surveys and purchase/acquisition of high resolution aerial imagery.
3. "Assays" relates to single and multi-element testing of soil, rock chip and drilling samples by qualified laboratory services.
4. "Field Support" relates to field assistants, fuel and supplementary supplies as required.

Please refer to Schedule 7 for the Independent Geologist Report on the Projects.

### **Competent Persons Statement**

The information in this Notice that relates to exploration results for the Projects is based on, and fairly represents, information compiled or reviewed by Mr Peter van Luyt that was first reported on 14 August 2017, by the Company under the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (**2012 JORC Code**). The information has not materially changed since it was first reported and the Company confirms that the form and context in which Mr van Luyt's findings are presented have not been materially modified from the original market announcement.

Mr van Luyt is a contractor to the Company and is a Member of the Australian Institute of Geoscientists. Mr van Luyt has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 JORC Code.

## **8.5 Board and Management**

There will be no change to the Board as a result of the Acquisition.

Details of the qualifications and experience of each of the Directors is set out below.

### **Mr Mark Jones (Chairman and Non-Executive Director)**

Mr Jones has been the Non-Executive Chairman of the Company since the Company floated on the Australian Securities Exchange in October 2011. He was instrumental in the listing of the company and subsequent capital raisings. Mr. Jones is a Non-Executive Director (Private Clients) of Patersons Securities Limited and brings 23 years' of capital markets experience to the Board.

### **Mr Douglas Rose (Executive Director)**

Mr Rose was appointed to the Board in March 2013 as a Non-Executive Director. He has been the Managing Director of the Company since 1 July 2013, and oversaw the restructure and sale of the ATM Business. Prior to his appointment as Managing Director, Mr Rose was a Private Client Adviser with Patersons Securities Limited. He holds a Bachelor of Commerce degree from Curtin University and has over 11 years' experience in the financial services industry.

### **Mr Andrew Quin (Non-Executive Director)**

Mr Quin is an economist with extensive experience in both the Australian and US stock markets. He has a unique international perspective and macro view on markets, global economics and investment strategy. Mr Quin was previously Research Strategy Coordinator for Patersons Securities Limited, focused on both macroeconomic strategy and stock investment selection. He holds a Masters of Science, Mineral Economics from Curtin University of Technology.

## **Terence Brown (Non-Executive Director)**

Mr Brown is a geologist with over 30 years' experience in mining and exploration of precious, base and industrial minerals. He has been involved in exploration, project development and operational roles within Australia and Africa for a number of mid-tier mining companies including Resolute Mining Limited and Integra Mining Limited. Mr Brown has a Bachelor of Science (Mining Geology) from Western Australian School of Mines and a Post-Graduate Diploma in Natural Resources from Curtin University.

## **8.6 Return of Capital**

The Company proposes to distribute \$0.045 per Share in cash to Shareholders by way of an equal capital reduction (**Return of Capital**). This equates to a reduction in the Company's share capital by approximately \$2.75 million assuming 61,068,789 Shares are on issue on the Record Date.

The rationale for the Return of Capital is as follows:

- (a) to provide a quick and efficient way of returning funds from the Sale of the ATM Business to all Shareholders who have been unable to trade on-market in the Company's securities since they were suspended on 7 December 2015; and
- (b) to reduce the Company's net asset position which will assist the Company to meet ASX's reinstatement requirements in light of the Capital Raising, and the Company's budgeted capital expenditure requirements following completion of the Acquisition.

The Return of Capital will be undertaken in accordance with section 256B(1) of the Corporations Act

Refer to Section 10 for further details of the Return of Capital and to Schedule 4 for a pro-forma statement of financial position of the Company following completion of the Return of Capital, the Capital Raising and the Acquisition.

The Return of Capital is conditional on Shareholders approving the other Acquisition Resolutions (Resolutions 5 to 8).

## **8.7 Capital Raising**

The Company is proposing to raise \$1,000,000 (before costs) through the offer of 10,000,000 Shares at an issue price of \$0.10 per Share (**Capital Raising**). Refer to Section 8.16 for details on the timing of the Capital Raising.

The rationale for the Capital Raising is as follows:

- (a) to assist the Company to meet ASX's requirements for the reinstatement of the Company's Shares to official quotation on ASX by providing a sufficient number of Shareholders holding at least 20,000 Shares each (**Minimum Holding**); and
- (b) to enable Shareholders who currently hold less than the Minimum Holding, the opportunity to increase their holdings equal to or above the Minimum Holding; and
- (c) in light of the Return of Capital (refer to Section 8.6), to ensure that the Company has sufficient funding to:
  - (i) carry out its exploration programmes on the Projects;



- (ii) satisfy the expenses associated with the Acquisition and the Capital Raising and re-complying with Chapters 1 and 2 of the Listing Rules (refer to Section 9); and
- (iii) maintain a sufficient level of working capital following Completion.

The Capital Raising will be undertaken pursuant to a prospectus to be issued by the Company in accordance with section 710 of the Corporations Act (**Prospectus**). The issue of the Prospectus is also required as part of the proposed reinstatement of the Company's securities to trading on ASX.

Refer to Section 12 for further details of the Capital Raising.

The Company intends to use the funds raised under the Capital Raising, together with the Company's existing cash reserves post-Acquisition, following the reinstatement of the Company's securities to official quotation, as follows:

| Allocation of funds (2 years)                              | Amount           | %          |
|--|------------------|------------|
| Expenses of the Capital Raising                            | 274,159          | 4.2        |
| Consideration for the Acquisition <sup>1</sup>             | 100,000          | 1.5        |
| Exploration activities - Challa North Project <sup>2</sup> | 2,505,350        | 38.1       |
| Exploration activities - Challa South Project <sup>2</sup> | 1,264,900        | 19.2       |
| Challa Projects rents and license fees/rates <sup>3</sup>  | 164,820          | 2.5        |
| Administration <sup>4</sup>                                | 1,320,000        | 20.1       |
| Working Capital <sup>5</sup>                               | 948,052          | 14.4       |
| <b>TOTAL</b>   | <b>6,577,281</b> | <b>100</b> |

Notes:

1. Refer to Section 8.2 for further details.
2. Refer to Section 8.4 for further details.
3. Estimated annual rents and other fees/rates payable in accordance with Department of Mines, Industry Regulation and Safety and historical shire rates.
4. Administration costs includes corporate overheads, payment of director fees, ASX fees, audit fees, rent and other general administration costs.
5. Working capital is intended to be applied to expenditure where necessary and which is outside of the budgeted amounts. This could relate to potential travel for key management personnel and exploration expenditure if the Company determines it appropriate to allocate additional funds to project-related exploration expenditure.

## 8.8 Capital Structure

If all of the Acquisition Resolutions are passed, upon Completion, the proposed capital structure of the Company will be as follows:

|   | Shares            | Options                |
|---|-------------------|------------------------|
| As at the date of the Notice                | 61,068,789        | -                      |
| Issued as consideration for the Acquisition | 1,250,000         | 1,250,000 <sup>1</sup> |
| Issued pursuant to the Capital Raising      | 10,000,000        | -                      |
| <b>Total</b>                                | <b>72,318,789</b> | <b>1,250,000</b>       |

Note:

1. Exercisable at \$0.20 on or before 30 September 2020.

## 8.9 Dilution

The Company currently has 61,068,789 Shares on issue which. The Company will issue:

- (a) 1,250,000 Shares as part of the Consideration Securities;
- (b) 10,000,000 Shares under the Capital Raising; and
- (c) 1,250,000 Shares if all Vendor Options are exercised.

The table below details the dilutionary effect of the Acquisition and Capital Raising on the holdings of current Shareholders on a fully diluted basis (assuming all Vendor Options are exercised):

| Shares to be issued pursuant to the Capital Raising (10,000,000) | Shares issued as part consideration for the Acquisition (1,250,000) | Shares to be issued upon exercise of the Vendor Options issued as part consideration for the Acquisition (1,250,000) | Total shares on issue <sup>1</sup> | Percentage of shares held by current shareholders | Dilutionary effect on current shareholders |
|--|---|--|------------------------------------|---|--|
|  |   |  | 61,068,789                         | 100%  | 0%   |
| x  |   |  | 71,068,789                         | 85.93%  | 14.07%                                     |
| x  | x   |  | 72,318,789                         | 84.44%  | 15.56%                                     |
| x  | x   | x  | 73,568,789                         | 83.01%  | 16.99%                                     |

Note:

1. Assumes that no current Shareholder participates in the Capital Raising.

As detailed in the above table, immediately following the issue of the Shares offered under the Capital Raising and the Acquisition, current Shareholders will retain approximately 84.44% of the Company's Shares.

Immediately following the issue of the Shares offered under the Capital Raising and the Acquisition, and if all the Vendor Options exercised, current Shareholders will retain approximately 83.01% of the Company's Shares.

## 8.10 Effect of the Acquisition and Capital Raising on control and Substantial Shareholdings

As at the date of the Notice, the following persons have a relevant interest in 5% or more of the Shares on issue:

| Name                                 | Number of Shares | Percentage of Shares |
|--------------------------------------|------------------|----------------------|
| Oakajee Corporation Limited          | 11,000,000       | 18.012%              |
| Mercantile OFM Pty Limited           | 8,001,230        | 13.102%              |
| Mark Jones and associated entities   | 5,860,000        | 9.596%               |
| Asian Star Investments Limited       | 4,750,000        | 7.778%               |
| Garry Thomas and associated entities | 4,580,000        | 7.499%               |
| Success Concept Investment Limited   | 4,500,000        | 7.369%               |
| Douglas Rose and associated entities | 4,000,000        | 6.550%               |

Based on the information known at the date of the Notice, upon Completion, the following persons will have a relevant interest in 5% or more of the Shares on issue:

| Name                                 | Number of Shares | Percentage of Shares <sup>1</sup> |
|--------------------------------------|------------------|-----------------------------------|
| Oakajee Corporation Limited          | 11,000,000       | 15.210%                           |
| Mercantile OFM Pty Limited           | 8,001,230        | 11.064%                           |
| Mark Jones and associated entities   | 5,860,000        | 8.103%                            |
| Asian Star Investments Limited       | 4,750,000        | 6.568%                            |
| Garry Thomas and associated entities | 4,580,000        | 6.333%                            |
| Success Concept Investment Limited   | 4,500,000        | 6.222%                            |
| Douglas Rose and associated entities | 4,000,000        | 5.531%                            |

Note:

1. Assumes that no current Substantial Shareholder participates in the Capital Raising.

## 8.11 Pro-forma Financial Position of the Company

Refer to Schedule 4 for a pro-forma statement of financial position of the Company following Completion.

## 8.12 Advantages of the Acquisition

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

- (a) **exposure to the resource industry:** Shareholders will be exposed to the resource industry, with a direct interest in gold and other base metal exploration assets;
- (b) **reinstatement:** the Company's securities may be reinstated to official quotation on the ASX and trading in the Company's securities will become more liquid;
- (c) **return of capital:** the return of capital will apply to all Shareholders and is a quick and efficient way to return funds to Shareholders received by the Company pursuant to the sale of the ATM Business;

- (d) **potential to enhance Shareholder value:** the Directors consider that, in the current market environment, there is a greater likelihood of restoring Shareholder value by proceeding with the Acquisition and changing the nature and scale of the Company's activities to focus on the resources industry; and
- (e) **increased investor interest and Share trading volume:** the potential increase in market capitalisation of the Company, following Completion and the associated Capital Raising, may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity.

### 8.13 Disadvantages of the Acquisition

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

- (a) **change of business focus:** following Completion, the Company will be changing the nature and scale of its activities to become a company focused on the resources sector, which may not be consistent with the investment objectives of some Shareholders;
- (b) **dilution of existing Shareholders' voting rights:** the issue of Shares pursuant to the Acquisition and the Capital Raising will have a dilutionary effect on the current voting rights of Shareholders;
- (c) **additional risks:** there are many risks associated with the change to the nature and scale of the Company's activities and attributable to business and operations of the Company following Completion (refer to Schedule 5 for further information); and
- (d) **re-compliance:** the Company will seek to re-comply with the Listing Rules if Shareholders approve all of the Acquisition Resolutions. There is no guarantee that the Company will successfully re-comply with the requirements or that the Securities will be reinstated to trading on ASX.

### 8.14 Risks

Shareholders should be aware that if Shareholders approve all of the Acquisition Resolutions and the Acquisition is completed, the Company will be changing the nature and scale of its activities which will result in it being subject to various risks (in addition to those that are presently applicable). These risks are both specific to the industry in which the Company will commence operations and also relate to the general business and economic environment in which the Company will operate. Based on the information available, a non-exhaustive list of these risks is detailed in Schedule 5.

### 8.15 Plans for the Company if the Acquisition is not completed

If the Company does not complete the Acquisition, it will investigate, and as required, undertake due diligence on, new business opportunities. In addition, if the Acquisition does not complete, the Capital Raising will not be completed.

### 8.16 Indicative Timetable

The following is an indicative timetable for, among other things, implementation of the Return of Capital, completion of the Acquisition, and the Capital Raising.

| Event   | Indicative Date*                   |
|---|------------------------------------|
| Despatch of Notice  | 28 August 2017                     |
| Lodgement of Prospectus with ASIC and ASX   | 15 September 2017                  |
| Capital Raising offer opens   | 22 September 2017                  |
| Last day for lodgement of Proxy Form  | 27 September 2017 at 10.00am (WST) |
| Meeting   | 29 September 2017 at 10.00am (WST) |
| Ex Date for Return of Capital   | 2 October 2017                     |
| Record Date for Return of Capital   | 3 October 2017 at 5.00pm (WST)     |
| Payment Date for Capital Return   | 5 October 2017                     |
| Capital Raising offer closes  | 18 October 2017                    |
| Completion of the Acquisition** and issue of Securities   | 18 October 2017                    |
| Satisfaction of Chapters 1 and 2 of the Listing Rules and expected date for reinstatement of the Company's securities to trading on ASX | 23 October 2017                    |

*\*The above timetable is indicative only and subject to change. The Directors reserve the right to amend the timetable without notice and will keep Shareholders updated (via ASX announcements) on the timing of Completion as the Acquisition progresses.*

*\*\*The Acquisition will complete following the satisfaction of the Conditions Precedent to the Agreement (see paragraph 8.3) and is therefore subject to change.*

## 8.17 Restricted Securities

If Shareholders approve all of the Acquisition Resolutions, ASX will, subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules, classify the Consideration Securities to be issued to the Vendors as part of the Acquisition as Restricted Securities and will require those Securities to be held in escrow for up to 24 months from the date the Shares are reinstated to trading on ASX. During the period which those Securities are prohibited from being transferred, trading in Shares may be less liquid which may affect a Shareholder's ability to dispose of their Shares in a timely manner.

## 8.18 Directors' Recommendation

The Directors are of the view that the Acquisition, the Capital Return, and the Capital Raising:

- (a) will give Shareholders the opportunity to benefit from the presented merits of acquiring the Projects; and
- (b) have the potential to create future Shareholder value,

and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Acquisition Resolutions.

## 8.19 Interdependence of Acquisition Resolutions

The Acquisition Resolutions (Resolutions 5 - 8 (inclusive)) are interdependent, 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 Acquisition Resolutions are not approved at the Meeting, none of the Acquisition Resolutions will take effect and the

Acquisition and other matters contemplated by the Acquisition Resolutions will not be completed.

## **8.20 Forward Looking Statements**

The forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Memorandum. These risks include, but are not limited to, the risks detailed in Schedule 5. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

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## **9. Resolution 5 – Change to Nature and Scale of Activities**

### **9.1 General**

The Company has agreed to undertake the Acquisition, subject to the satisfaction of the Conditions Precedent (refer to Section 8.3), including but not limited to, the passing of the Acquisition Resolutions.

Refer to Section 8 for further information on the Company and the likely affect that the Acquisition will have on the Company.

Resolution 5 seeks approval from Shareholders for a change to the nature and scale of the activities of the Company as a result of the Acquisition.

Resolution 5 is an ordinary resolution. Resolution 5 is subject to the approval of each of the other Acquisition Resolutions.

The Chairman will cast all available proxies in favour of Resolution 5.

### **9.2 Listing Rule 11.1**

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change in the nature or scale of an ASX listed company's activities. Completion of the Acquisition will have the effect of changing the nature, and increasing the scale, of the Company's activities.

Resolution 5 seeks Shareholder approval to allow the Company to complete the Acquisition thereby changing the nature and increasing the scale of its activities.

Where an ASX listed company seeks to change the nature or scale of its activities, it must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change, if required by ASX; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX.

The Company acknowledges that:

- (a) Listing Rule 11.1.2 does apply in respect of the Acquisition and that the Company does need to obtain Shareholder approval to undertake the change in nature and scale of activities arising from the Acquisition. In this regard, the Company has agreed to undertake the Acquisition, subject to the satisfaction of the Conditions Precedent (refer to Section 8.3) including but not limited to, the obtaining of Shareholder approval; and
- (b) Listing Rule 11.1.3 does apply in respect of the Acquisition and accordingly the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. In this regard, the Company proposes to undertake the Capital Raising (the subject of Resolution 8) to satisfy the requirements of re-compliance.

On the basis that ASX gives the confirmations sought and that Shareholders approve all of the Acquisition Resolutions, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. In accordance with these requirements, the Company will issue the Prospectus.

Trading of Shares is currently suspended and will remain suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. It is anticipated that the Company's securities will be reinstated to trading on ASX in October 2017 (refer to Section 8.16). If Shareholders do not approve all of the Acquisition Resolutions, trading of Shares on ASX will remain suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

Refer to Section 8 for further information on the Acquisition and the likely effect that the Acquisition will have on the Company.

A voting exclusion statement is included in the Notice.

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## **10. Resolution - 6 Approval of Return of Capital to Shareholders**

### **10.1 Background**

As detailed in Section 8.1, the Company disposed of the ATM Business on 31 October 2014. Since the disposal of the ATM Business the Company has been actively evaluating potential investment opportunities as well as maintaining its ASX listing. The Company currently has cash reserves of approximately \$8,536,380 and the Directors have proposed to return a portion of these cash reserves to Shareholders.

See Section 8.6 for details and rationale for the Return of Capital.

### **10.2 Terms of the Return of Capital**

The Company proposes to distribute \$0.045 per Share in cash to Shareholders by way of an equal capital reduction. This equates to a reduction in the Company's share capital by approximately \$2.75 million assuming 61,068,789 Shares are on issue on the Record Date.

The Record Date for determining entitlements to receive the Return of Capital is 5.00pm (WST) on 3 October 2017.

If the Return of Capital under Resolution 6 is approved by Shareholders, payments are expected to be made on or around 5 October 2017.

If the Return of Capital is approved by Shareholders, cheques will be despatched to entitled Shareholders, being registered holders of Shares at the Record Date referred to in Section 8.16.

No fractional entitlements will arise from the Return of Capital. All Shares issued by the Company are fully paid.

### **10.3 Corporations Act Requirements**

For the purposes of section 256B(2) of the Corporations Act, the Return of Capital the subject of this Resolution is an "equal capital reduction" because:

- (a) it relates only to ordinary shares in the Company;
- (b) it applies to each holder of ordinary shares in the Company in proportion to the number of ordinary shares they hold in the Company; and
- (c) its terms are the same for each holder of ordinary shares in the Company.

Under section 256B(1) of the Corporations Act, a company may effect a reduction of capital if:

- (d) It is fair and reasonable to shareholders as a whole.

The Directors consider that the proposed Return of Capital is fair and reasonable to the Shareholders as a whole as it will apply to all Shareholders on the Record Date equally, in proportion to the number of Shares which they hold on the Record Date. The Return of Capital will not reduce or otherwise affect the voting or other rights attaching to each Share or rights on a winding-up of the Company, with the result that each Shareholder will have the same proportionate interest in the Company after the Return of Capital as held prior to the Return of Capital.

- (e) It does not materially prejudice the company's ability to pay its creditors.

The Directors are also of the opinion that the Return of Capital will not materially prejudice the Company's ability to pay its creditors after having reviewed the anticipated financial position of the Company following the Acquisition and Capital Raising, including the Company's assets, liabilities, cash flows and capital requirements. The Directors consider the pro forma statement of financial position set out in Schedule 4 supports this conclusion.

The Company is currently able to pay its debts as and when they become due and payable and the Directors consider that the Return of Capital will not alter this position.

- (f) It is approved by shareholders under section 256C of the Corporations Act.

Resolution 6 seeks Shareholder approval for the Return of Capital, for the purposes of section 256C of the Corporations Act.

### **10.4 Effect of the Return of Capital on the Company's Capital Structure**

For the purposes of Listing Rule 7.20, the Company provides the following information to Shareholders regarding the effect of the Return of Capital on its securities.

- (a) As at the date of this Notice, the Company has 61,068,789 Shares on issue.
- (b) No Shares will be cancelled as part of the Return of Capital and the number of Shares on issue will not change as a result of the Return of Capital.



- (c) The Company's share capital will be reduced by \$0.045 per Share, which as at the date of this Notice, amounts approximately to \$2,748,096. No fractional entitlements to Shares will arise from the Return of Capital. All Shares issued by the Company are fully paid and will remain fully paid after the Return of Capital is effected.
- (d) As at the date of this Notice, the Company does not have any convertible securities on issue.

## **10.5 Effect of the Return of Capital on the Company's Share Price**

The last traded price of the Company's Shares was \$0.12 on 7 December 2015. If the Acquisitions Resolutions are passed, the Return of Capital is implemented, and the Company's securities are reinstated to official quotation following recompliance with Chapters 1 and 2 of the Listing Rules, the Company's Shares are likely to trade at a lower Share price than they would have done had the Return of Capital not been implemented, reflecting the outflow of funds (represented by the Return of Capital amount per Share) from the Company.

The forecast comparative effect on the Share price depending on whether or not the Return of Capital is effected, using 30 June 2017 figures, as outlined in the pro forma statement of financial position in Schedule 4 of this Notice, is as follows:

- (a) if Resolution 6 (and the other Acquisition Resolutions) are approved and the Return of Capital is effected in accordance with the terms described, the Company will have a net asset value of approximately \$7,171,934 or \$0.0992 per Share;
- (b) if Resolution 6 (or the other Acquisition Resolutions) are not approved and the Return of Capital is not affected, the Company will have a net asset value of approximately \$8,886,151 or \$0.146 per Share.

Given that the Company's Share price is likely to decrease from a starting position below \$0.20 per Share following the implementation of the Return of Capital, a waiver to Listing Rule 7.25 is required. ASX has granted the Company a waiver of Listing Rule 7.25 to the extent necessary to permit the Company to undertake the Return of Capital.

## **10.6 Effect of the Return of Capital on the Company's Consolidated Financial Position**

A pro forma statement of financial position (incorporating the Acquisition and Capital Raising) is included in Schedule 4 .

## **10.7 Tax**

The summary in this section is general in nature. In addition, particular taxation implications will depend on the circumstances of each Shareholder. Accordingly, Shareholders are encouraged to seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisers assume any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed Return of Capital.

### ***Australian income tax implications***

#### ***Australian Resident Shareholders***

- (a) No part of the proposed Return of Capital will be treated as a dividend for tax purposes.

- (b) If the cost base of a Share acquired is less than the Return of Capital amount (on a cents per Share basis) then an immediate capital gain may arise for the difference.
- (c) Otherwise, the cost base for each Share will be reduced by the Return of Capital amount (on a cents per Share basis) for the purpose of calculating any capital gain or loss on the ultimate disposal of that Share.

#### *Non-Resident Shareholders*

- (d) No part of the proposed Return of Capital will be treated as a dividend for tax purposes.
- (e) If the cost base of a Share acquired is less than the Return of Capital amount (on a cents per Share basis) then an immediate capital gain may arise for the difference subject to certain conditions i.e. the Share is Taxable Australian Property (including an Indirect Australian Real Property Interest).
- (f) Otherwise, the cost base for each Share will be reduced by the Return of Capital amount (on a cents per Share basis) for the purpose of calculating any capital gain or loss on the ultimate disposal of that Share.

#### ***Foreign income tax implications***

#### *Non-Resident Shareholders*

Existing Shareholders who are not residents of Australia for tax purposes should seek specific advice in relation to the taxation consequences arising from the return of capital under the laws of their country of residence.

### **10.8 Advantages of the Return of Capital**

The Return of Capital has the following advantages:

- (a) the Return of Capital will treat all Shareholders equally – it will apply to all Shareholders on the same terms having regard to the number of Shares held by the Shareholders on the Record Date;
- (b) the Return of Capital is a relatively quick and efficient way of returning funds to all Shareholders; and
- (c) as there are no transaction costs, Shareholders participating in the Return of Capital will be able to do so without incurring any costs.

### **10.9 Disadvantages of the Return of Capital**

The Return of Capital will reduce the Company's cash balance and should any circumstances arise whereby the Company would require such cash, the Company would need to seek that cash through other means.

### **10.10 Directors Interests**

No Director will receive a payment or benefit of any kind as a result of the Return of Capital, other than as Shareholders of the Company.

The following list details the Directors' shareholdings (direct and indirect) in the Company as at the date of this Notice:

| Name                                  | Number of Shares |
|---------------------------------------|------------------|
| Mark Jones and associated entities    | 5,860,000        |
| Douglas Rose and associated entities  | 4,000,000        |
| Andrew Quin and associated entities   | -                |
| Terence Brown and associated entities | -                |

### 10.11 No other material information

Other than as set out in this Notice or as previously disclosed to Shareholders, there is no information known to Directors which might reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 6. Shareholders may wish to review information contained in the following documents in deciding whether or not to vote in favour of or against the Resolution:

- (a) the Annual Report; and
- (b) information regarding the Company which is available on the ASX website. [www.asx.com.au](http://www.asx.com.au) and also available at its website, [www.ezacorp.com.au](http://www.ezacorp.com.au)

### 10.12 Directors' Recommendation

Directors unanimously recommend that Shareholders vote in favour of the proposed reduction of capital, the subject of Resolution 6.

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## 11. Resolution 7 – Approval of Issue of Consideration Securities to Vendors

### 11.1 General

Resolution 7 seeks Shareholder approval for the issue of the following Securities:

- (a) 1,250,000 Shares; and
- (b) 1,250,000 Vendor Options,

to the Vendors, in the proportions set out in Schedule 3 as consideration for the Acquisition. The Consideration Securities are proposed to be issued on the terms and conditions in this Explanatory Memorandum.

Resolution 7 is an ordinary resolution. Resolution 7 is subject to the approval of each of the other Acquisition Resolutions.

The Chairman will cast all available proxies in favour of Resolution 7.

### 11.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of approving Resolution 7 will be to allow the Directors to issue the Consideration Securities (refer to Section 8.2 and Schedule 3) during the three month period after the Meeting (or a longer period, if allowed by ASX), without using up the Company's 15% placement capacity under Listing Rule 7.1.

### 11.3 Specific Information Required by Listing Rule 7.3

For the purposes of Shareholder approval of the issue of the Consideration Securities and the requirements of Listing Rule 7.3, the following information is provided as follows:

- (a) A maximum of:
  - (i) 1,250,000 Shares;
  - (ii) 1,250,000 Vendor Options,will be issued or granted.
- (b) The Consideration Securities will be issued no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (c) The Consideration Securities will be issued to the Vendors (in the proportions detailed in Schedule 3), each of who are neither related parties nor associates of related parties of the Company.
- (d) The Consideration Securities will be issued for nil cash consideration.
- (e) The Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The Vendor Options will be issued on the terms and conditions set out in Schedule 6. The Shares issued upon the conversion of the Vendor Options will rank equally with, and confer rights identical with, all other Shares then on issue.
- (g) No funds will be raised from the issue of Consideration Securities as they are being issued as consideration for the Acquisition (refer to Section 8.2).
- (h) Subject to Section 11.3(b), the allotment and issue or grant of the Consideration Securities will occur at Completion, which is to occur on the day that all of the Conditions Precedent have been satisfied (or waived).
- (i) A voting exclusion statement is included in the Notice.

### 11.4 Listing Rule 7.9

Listing Rule 7.9 prohibits a company from issuing (or agreeing to issue) equity securities within three months after it is told in writing that a person is making, or proposing to make a takeover offer, unless a specified exception applies. The Mercantile Offer was announced on 24 May 2017, and as a result, Listing Rule 7.9 continued to apply to the Company until 24 August 2017. An agreement to issue securities is not prohibited (an exception applies) when the issue of securities is conditional on Shareholders approving the issue before the issue is made. The Company entered into the Agreement pursuant to which it agreed to issue the Consideration Securities to the Vendors on 1 July 2017, and the Deed of Variation on 14 August 2017. The issue of the Consideration Securities is subject to Shareholder approval and therefor falls under an exception to Listing Rule 7.9.

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## **12. Resolution 8 – Approval of Issue of Capital Raising Shares**

### **12.1 General**

Resolution 8 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 10,000,000 Shares (**Capital Raising Shares**) at an issue price of \$0.10 per Share to raise \$1,000,000 (before costs). The Shares will be offered and issued under the Prospectus (refer to Section 8.7). Refer to Section 8.7 for details of the proposed use of funds in respect of the funds raised pursuant to the Capital Raising.

Resolution 8 is an ordinary resolution. Resolution 8 is subject to the approval of each of the other Acquisition Resolutions.

The Chairman will cast all available proxies in favour of Resolution 8.

### **12.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is provided in Section 11.2.

The effect of approving Resolution 8 will be to allow the Company to issue the Shares to be offered under the Capital Raising during the three month period after the Meeting (or a longer period, if allowed by ASX), without utilising the Company's 15% placement capacity under Listing Rule 7.1.

### **12.3 Specific Information Required by Listing Rule 7.3**

For the purposes of Shareholder approval of the issue of the Shares and the requirements of Listing Rule 7.3, the following information is provided:

- (a) A maximum of 10,000,000 Shares will be issued.
- (b) The Company will issue the Shares no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (c) The Shares will be issued at a price of \$0.10 per Share.
- (d) The Shares will be issued to investors (retail, professional and sophisticated) who are not related parties or associates of related parties of the Company.
- (e) The Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The funds raised from the issue of the Shares will be utilised by the Company to:
  - (i) carry out its exploration programmes on the Projects;
  - (ii) satisfying the expenses associated with the Acquisition and the Capital Raising and re-complying with Chapters 1 and 2 of the Listing Rules (refer to Section 9); and
  - (iii) providing the Company with additional working capital following Completion.
- (g) Refer to Section 8.2 for further details.

- (h) Subject to Section 12.3(b), the allotment and issue of the Shares may occur progressively.
- (i) A voting exclusion statement is included in the Notice.

## 12.4 Listing Rule Waiver

Listing Rule 2.1 Condition 2 provides that the issue price or sale price of all securities for which an entity seeks quotation (except options) must be at least \$0.20. The Company has been granted a waiver from Listing Rule 2.1 condition 2 by ASX to the extent necessary not to require the issue price of the Shares proposed to be issued pursuant to the Capital Raising to be at least \$0.20 on the conditions that this issue price is not less than \$0.02 and the Shareholders specifically approve the issue price (as contemplated by Resolution 8).

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## 13. Resolution 9 – Approval of Change of Company Name

Resolution 9 seeks Shareholder approval for the change of the name of the Company to "Santa Fe Minerals Ltd" in accordance with section 157 of the Corporations Act. Section 157(1) of the Corporations Act provides that if a company wishes to change its name it must pass a special resolution adopting a new name.

The Directors consider that this change of name is appropriate given the Acquisition.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Resolution 9 is not subject to the approval of the other Acquisition Resolutions.

The Chairman will cast all available proxies in favour of Resolution 9.

The change of name will take effect from when ASIC alters the details of the Company's registration. It is intended that the change of name will occur as soon as reasonably practicable following Completion.

Subject to Shareholders approving Resolution 9, the Company's ASX listing code will also be changed from "EZA" to "SFM". The ASX listing code "SFM" has been reserved by the Company.

## REQUISITIONED RESOLUTIONS

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### 14. Background to Requisitioned Resolutions

#### 14.1 Background

On 11 August 2017, the Directors received a notice, under section 249D of the Corporations Act, from One Managed Investments and Mercantile OFM (**Requisitioning Shareholders**) to convene a general meeting of the Company to consider and vote on the voluntary winding up of the Company and the appointment of the Proposed Liquidator for that purpose.

#### 14.2 About the Requisitioning Shareholders

The Requisitioning Shareholders are:

- (a) One Managed Investment Funds Limited (**One Managed Investments**) as custodian for Mercantile Investment Company Limited (**Mercantile Investments**) only in respect of 2,870,575 shares held in the Company as at 9 August 2017; and
- (b) Mercantile OFM only in respect of 5,130,655 shares held as at 9 August 2017,

who together hold more than 5% of the Company's Shares and are therefore entitled, under the Corporation Act, to request such a meeting.

As detailed in Section 8.1, on 24 May 2017, Mercantile OFM announced the conditional, unsolicited Mercantile Offer to acquire all of the Shares in the Company for \$0.1375 per Share. The Mercantile Offer was on substantially the same terms as a previous offer by Mercantile OFM, which closed on 3 April 2017, pursuant to which Mercantile OFM received acceptances equaling approximately 2.25% of the Company's Shares. The Mercantile Offer closed on 1 August 2017. Mercantile OFM received acceptances equaling approximately 6.15% of the Company's Shares.

### **14.3 Directors comments in relation to the Requisitioned Resolutions**

A statement prepared by the Requisitioning Shareholders is attached as Schedule 8. The Board does not support or agree with this statement and in particular makes the following comments:

- (a) The Board believes that Mercantile OFM, one of the Requisitioning Shareholders, and a wholly-owned subsidiary of Mercantile Investments, is clearly attracted to your Company's cash reserves and notes that Mercantile OFM has made similar unsuccessful takeover offers with respect to other listed companies. This is reflected in the Mercantile Offer, pursuant to which Mercantile OFM attempted to gain control of your Company at a discount to the net tangible asset backing per Share and with no premium for control.
- (b) The Board believes that the Company's sale of the ATM Business in October 2014, was highly successful and placed the Company in an enviable and opportunistic position to capitalise on value adding opportunities.
- (c) Following the sale of the ATM Business, the Board has taken a disciplined, diligent and patient approach to evaluating new opportunities to deliver value to all Shareholders. On 12 July 2016, the Company announced that the entire Board was voluntarily reducing its remuneration to preserve cash reserves. At 30 June 2017, the Company had \$8,776,440 of cash, \$26,336 of receivables, and 7,500,000 Shares in Emerald resources NL. This represents a low net cash burn rate of approximately \$610,000 over two and half years, despite necessary corporate expenditure and the review and due diligence activities conducted on potential investment opportunities.
- (d) Unfortunately in the period following the sale of the ATM Business, the Australian equity markets suffered from a significant downturn. This was particularly hard felt in the resources sector. During this time the Board considered more than 200 investment opportunities and has only recently identified an opportunity which the Board is confident has the potential to deliver value to Shareholders (refer to Section 8 for further details).
- (e) It is worth noting in Section 10.10, that some of your Directors have a significant shareholding in the Company, and would receive a substantial amount on winding up of the Company. The Board has decided not to wind up the Company following the careful consideration of all options, and having determined that the Acquisition is in the best interests of the Company, and of Shareholders as a

whole. The Requisitioning Shareholders seeking to do otherwise may not have undertaken the same exercise.

- (f) Despite the Board's efforts to preserve your Company's cash reserves, Mercantile OFM has made two highly unsuccessful takeover bids for your Company in an attempt to gain control of your Company's cash reserves at a discount. Mercantile OFM has now requisitioned a number of resolutions to effectively wind up your Company. Responding to these takeover bids, including the preparation of an independent experts report has been a costly exercise for the Company and has delivered little value to Shareholders. Furthermore, requisitioning a shareholders meeting is extremely costly and the Company notes that Mercantile OFM acknowledges that the Requisitioned Resolutions are unlikely to be approved by Shareholders. The Board believes that Mercantile OFM has a total disrespect for preserving Shareholder value.

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## **15. Resolutions 10 and 11 - Winding up the Company and appointment of Proposed Liquidator**

### **15.1 Resolution 10 - Winding up the Company**

Resolution 10 has not been proposed by your Board but by the Requisitioning Shareholders. The effect of Shareholders passing Resolution 10 would be that the Company be wound up, and all of its remaining assets distributed to Shareholders. If Shareholders pass Resolution 10, the Company must, in accordance with the Corporations Act, cease to carry on ordinary business (except so far as to give effect to the winding up of the Company). Therefore, if Shareholders have approved the Acquisition Resolutions, it is likely that the transactions contemplated by the Acquisition Resolutions will not proceed and the Company will be wound up.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **15.2 Resolution 11 - Appointment of Proposed Liquidator**

Resolution 11 is subject to Shareholders approving Resolution 10.

The effect of Shareholders approving Resolution 11 is that the Proposed Liquidator be appointed as liquidator of the Company for the purpose of winding up the Company, as contemplated by Resolution 10.

Resolution 11 is an ordinary resolution.

Shareholders should note that the Resolutions 10 and 11 have not been proposed by the Board. The Board rejects the basis of the Requisitioned Resolutions, for the reasons set out in Section 14.3, and strongly recommends that Shareholders vote against Resolutions 10 and 11.

The Chairman will cast all available proxies against of Resolutions 10 and 11.

There are no voting restrictions on Resolutions 10 or 11 under the Corporations Act or the Listing Rules.



## **Schedule 1 – Definitions and Interpretation**

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

**Acquisition** has the meaning given to that term in Section 8.1.

**Acquisition Resolutions** means Resolutions 5 to 8 (inclusive).

**Agreement** has the meaning given in Section 8.1.

**Annual Report** means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2017 and includes the corporate directory, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2017, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2017.

**ASIC** means the Australian Securities and Investments Commission.

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

**ASX Reconciliation** has the meaning given to that term in Section 8.1.

**ATM Business** has the meaning given to that term in Section 8.1.

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

**Bidders Statement** means the document issued by Mercantile OFM in connection with the Mercantile Offer Offer under Part 6.5 of the Corporations Act dated 8 June 2017.

**Board** means the board of Directors.

**Capital Raising** has the meaning given to that term in Section 8.7.

**Capital Raising Shares** has the meaning given in Section 12.1.

**Chairman** means the person appointed to chair the Meeting convened by the Notice.

**Closely Related Party** has the meaning given in section 9 of the Corporations Act.

**Company** means EZA Corporation Limited ACN 151 155 734.

**Completion** means completion of

- (a) the Acquisition in accordance with the Agreement; and
- (b) completion of the Capital Raising.

**Conditions Precedent** has the meaning given in Section 8.3.

**Consideration Securities** has the meaning given in Resolution 7.

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

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

**Deed of Variation** has the meaning given in Section 8.1.

**Director** means a director of the Company.

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

**Explanatory Memorandum** means this explanatory memorandum.

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

**Group Company** means any one of the Company or a Related Body Corporate.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the official listing rules of ASX.

**Meeting** means the annual general meeting of the Company to be held at HLB Mann Judd, Level 4, 130 Stirling Street, Perth on Friday, 29 September 2017, at 10:00am (WST).

**Mercantile Investments** means Mercantile Investment Company Limited ACN 121 415 576.

**Mercantile Offer** means the unsolicited off-market takeover offer by Mercantile OFM for all the Shares on the terms and conditions set out in the Bidder's Statement.

**Mercantile OFM** means Mercantile OFM Pty Ltd ACN 120 221 623, a wholly owned subsidiary of Mercantile Investments.

**Minimum Holding** means a parcel of Shares equal to 20,000.

**Minister** means the Minister referred to in Section 10 of the *Mining Act 1981* (WA).

**Notice** means the notice convening the Meeting which accompanies this Explanatory Memorandum.

**NSR Royalty** means a royalty equal to 0.4% on future production from the Projects.

**Official List** means the official list of ASX.

**One Managed Investments** means One Managed Investment Funds Limited (ABN 47 117 400 987).

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

**Projects** has the meanings given to that term in Section 8.1.

**Proposed Liquidator** means Peter Krejci of BRI Ferrier (NSW) Pty Ltd.

**Prospectus** has the meaning given to that term in Section 8.7.

**Proxy Form** means the proxy form attached to the Notice.

**Record Date** means the date referred to as such in the Indicative Timetable detailed in Section 8.16.

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

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

**Requisitioned Resolutions** means Resolutions 10 and 11.

**Requisitioning Shareholders** has the meaning given in section 14.1.

**Resolution** means a resolution in the Notice.

**Restricted Securities** has the meaning given in the Listing Rules.

**Return of Capital** has the meaning given to that term in Section 10.2.

**Schedule** means a schedule to this Explanatory Memorandum.

**Section** means a section of this Explanatory Memorandum.

**Securities** means any Shares issued or Vendor Options granted by the Company.

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

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

**Share Registry** means Advanced Share Registry Limited ACN 127 175 946.

**Takeover Bid** has the meaning given to that term in section 9 of the Corporations Act.

**Target's Statement** means the statement issued by the Company (including its annexures) dated 23 June 2017, in connection with the Mercantile Offer under Part 6.5, Division 3 of the Corporations Act.

**Vendor** means a party named in Schedule 3.

**Vendor Options** means the Options which are the subject of Resolution 7 and having the terms and conditions as described in Schedule 6.

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

In the Notice and this Explanatory Memorandum, headings and words in bold are for convenience only and do not affect the interpretation of the Notice and this Explanatory Memorandum and, unless the context otherwise requires:

- (c) words importing the singular include the plural and vice versa;
- (d) words importing a gender include any gender;
- (e) other parts of speech and grammatical forms of a word or phrase defined in the Notice or this Explanatory Memorandum have a corresponding meaning;
- (f) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (h) a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not:
  - (i) which ceases to exist; or
  - (ii) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

- (i) **“include”** and **“including”** are not words of limitation; and
- (j) **“\$”** is a reference to Australian currency.

## **Schedule 2 - Proportional Takeover Provisions**

### **4.14 Proportional Takeover Bids**

Schedule 3 applies and forms part of this Constitution.

#### **SCHEDULE 3 - PROPORTIONAL TAKEOVER BID**

### **1. PLEBISCITE TO APPROVE PROPORTIONAL TAKEOVER BIDS**

#### **1.1 DEFINITIONS**

In this rule 1:

- (a) approving resolution, in relation to a proportional takeover bid, means a resolution to approve the proportional takeover bid passed in accordance with rule 1.3;
- (b) proportional takeover bid means a takeover bid that is made or purports to be made under section 618(1)(b) of the Corporations Act in respect of securities included in a class of securities in the company;
- (c) relevant class, in relation to a proportional takeover bid, means the class of securities in the company in respect of which offers are made under the proportional takeover bid; and
- (d) approving resolution deadline, in relation to a proportional takeover bid, means the day that is 14 days before the last day of the bid period.

#### **1.2 Transfers not to be Registered**

Despite rules 4.3 and 4.6, a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid must not be registered unless and until an approving resolution to approve the proportional takeover bid has been passed or is taken to have been passed in accordance with rule 1.3.

#### **1.3 Resolution**

- (a) Where offers have been made under a proportional takeover bid, the directors must:
  - (i) convene a meeting of the persons entitled to vote on the approving resolution for the purpose of considering and, if thought fit, passing a resolution to approve the proportional takeover bid; and
  - (ii) ensure that such a resolution is voted on in accordance with this rule 1.3, before the approving resolution deadline.
- (b) The provisions of this constitution relating to general meetings apply, so far as they can and with such changes as are necessary, to a meeting that is convened pursuant to rule 1.3(a).
- (c) The bidder under a proportional takeover bid and any associates of the bidder are not entitled to vote on the approving resolution and if they do vote, their votes must not be counted.

- (d) Subject to rule 1.3(c), a person who, as at the end of the day on which the first offer under the proportional takeover bid was made, held securities of the relevant class is entitled to vote on the approving resolution relating to the proportional takeover bid and, for the purposes of so voting, is entitled to 1 vote for each such security held at that time.
- (e) An approving resolution is to be taken as passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one half, and otherwise is to be taken to have been rejected.
- (f) If an approving resolution has not been voted on in accordance with this rule 1.3 before the approving resolution deadline, an approving resolution will be taken to have been passed in accordance with this rule 1.3 on the approving resolution deadline.

### Schedule 3 – Vendors and Consideration Securities

| Vendor                                   | Cash             | Shares           | Vendor Options   |
|--|------------------|------------------|------------------|
| Corporate & Resource Consultants Pty Ltd | \$155,000        | 893,750          | 700,000          |
| T.E. Johnston & Associates Pty Ltd       | -                | -                | -                |
| Pegmatite Holdings Pty Ltd               | -                | -                | -                |
| Mr Bruce Robert Legendre                 | -                | 262,500          | 300,000          |
| Mr Robert John Perring                   | \$20,000         | 93,750           | 250,000          |
| <b>Total</b>                             | <b>\$175,000</b> | <b>1,250,000</b> | <b>1,250,000</b> |

## Schedule 4 Pro-Forma Statement of Financial Position

The pro-forma statement of financial position is located below and is based on audited 30 June 2017 figures.

|   | <i>Audited</i><br>30 June 2017 | <i>Subsequent</i><br><i>Events</i> <sup>1</sup> | <i>Proforma</i><br><i>Adjustments</i> <sup>2</sup> | <i>Proforma</i>    |
|---|--------------------------------|---|--|--------------------|
|   | \$                             | \$  | \$   | \$                 |
| <b>CURRENT ASSETS</b>                         |                                |   |  |                    |
| Cash and cash equivalents                     | 8,776,440                      | (75,000)  | (2,124,159)  | <b>6,577,281</b>   |
| Trade and other receivables                   | 26,336                         | -   | -  | <b>26,336</b>      |
| Other financial assets                        | 951                            | -   | -  | <b>951</b>         |
| <b>TOTAL CURRENT ASSETS</b>                   | <b>8,803,727</b>               | <b>(75,000)</b>                                 | <b>(2,124,159)</b>                                 | <b>6,604,568</b>   |
| <b>NON-CURRENT ASSETS</b>                     |                                |   |  |                    |
| Property, plant & equipment                   | 2,569                          | -   | -  | <b>2,569</b>       |
| Deferred exploration & evaluation expenditure | -                              | 75,000  | 270,941  | <b>345,941</b>     |
| Assets classified as available-for-sale       | 300,000                        | -   | -  | <b>300,000</b>     |
| <b>TOTAL NON-CURRENT ASSETS</b>               | <b>302,569</b>                 | <b>75,000</b>                                   | <b>270,941</b>                                     | <b>648,510</b>     |
| <b>TOTAL ASSETS</b>                           | <b>9,106,296</b>               | <b>-</b>  | <b>(1,853,218)</b>                                 | <b>7,353,077</b>   |
| <b>CURRENT LIABILITIES</b>                    |                                |   |  |                    |
| Trade and other payables                      | 52,475                         | -   | -  | <b>52,475</b>      |
| Employee benefits liability                   | 28,669                         | -   | -  | <b>28,669</b>      |
| <b>TOTAL CURRENT LIABILITIES</b>              | <b>81,144</b>                  | <b>-</b>  | <b>-</b>   | <b>81,144</b>      |
| <b>TOTAL LIABILITIES</b>                      | <b>81,144</b>                  | <b>-</b>  | <b>-</b>   | <b>81,144</b>      |
| <b>NET ASSETS</b>                             | <b>9,025,152</b>               | <b>-</b>  | <b>(1,853,218)</b>                                 | <b>7,171,934</b>   |
| <b>EQUITY</b>                                 |                                |   |  |                    |
| Issued capital                                | 16,405,862                     | -   | (1,899,159)  | <b>14,506,703</b>  |
| Reserves                                      | (72,452)                       | -   | 45,941   | <b>(26,511)</b>    |
| Accumulated losses                            | (7,308,258)                    | -   | -  | <b>(7,308,258)</b> |
| <b>TOTAL EQUITY</b>                           | <b>9,025,152</b>               | <b>-</b>  | <b>(1,853,218)</b>                                 | <b>7,171,934</b>   |

Notes:

1. Subsequent to 30 June 2017, the Company paid \$75,000 cash consideration for the acquisition of the Projects (refer to Section 8.2).
2. The pro-forma adjustments include:
  - Issue of the Capital Raising Share shares pursuant to the Prospectus of \$1,000,000
  - Share issue costs of \$274,159
  - Return of Capital of \$2,750,000
  - Payment of cash consideration to the Vendors of \$100,000
  - Issue of Shares to the Vendors with value of \$125,000
  - Issue of the Vendor Options to the Vendors with value of \$45,941



## **Schedule 5 – Risk Factors**

There are a number of risks associated with the Acquisition and future activities of the Company that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Shareholders are already exposed to a number of risks through their existing shareholding in the Company. A number of these risks are inherent in investing in securities generally.

The risks include, but are not limited to, those detailed below. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

### **Specific Risks**

#### **1. Title Risk**

The Company's mining and exploration activities are dependent upon the maintenance (including renewal) of the tenements in which the Company has or acquires an interest. Maintenance of the Company's tenements is dependent on, among other things, the Company's ability to meet the licence conditions imposed by relevant authorities including compliance with the Company's work program requirements which, in turn, is dependent on the Company being sufficiently funded to meet those expenditure requirements. Although the Company has no reason to think that the tenements in which it proposes to acquire an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority.

#### **2. Exploitation, exploration and mining licences**

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

#### **3. Commodity price volatility**

As future revenues will primarily be derived from the sale of gold and other base metals, any future earnings will be closely related to the price of gold and base metals. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for gold, forward selling by producers, and production cost levels in major gold producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. 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.

#### **4. Currency volatility**

International prices of various commodities, including gold, are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken in account in Australian dollars, consequently exposing the Company to fluctuations and

volatility of the rate of exchange between the United States dollar and the Australian dollar as determined by the international markets.

## **5. Environmental risk**

The Projects are subject to certain regulations regarding environmental matters. The Governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable 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.

Further, the Company may require additional approvals from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. 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.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

## **6. Change in Regulations**

Any material adverse changes in government policies, legislation or shifts in political attitude in Australia that affect mineral mining and exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project or the Company.

No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's exploration.

## **7. Equipment Risk**

The operations of the Company could be adversely affected if essential equipment fails or becomes unavailable to access in a timely manner.

## **8. Commercial risks of mineral exploration and extraction**

The Projects are at various stages of exploration and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Projects or any other tenements that may be acquired in the future, will result in the discovery of any economic deposits. Even if the Company identifies a viable deposit, there is no guarantee that the mineral deposit can be economically exploited.

## **9. New projects and acquisitions**

The Company may make acquisitions in the future as part of future growth plans. In this regard, the Directors will use their expertise and experience in the resources sector to

assess the value of potential projects that have characteristics that are likely to provide returns to shareholders.

There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in use of the Company's cash resources and issuances of equity securities, which might involve a substantial dilution to Shareholders.

#### **10. Dilution Risk**

Future equity offerings by the Company may dilute the percentage ownership of the Company by existing Shareholders. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior, to or otherwise adversely affect, those attached to the Shares.

#### **11. Future capital requirements**

The Company's growth through its proposed and future drilling and exploration campaigns will require substantial expenditure. There can be no guarantees that the Company's cash reserves together with the funds raised by the Capital Raising will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Capital Raising and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or if at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

#### **12. Contractual Disputes**

As with any contract, there is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

#### **13. Third Party Risk**

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and clients.

Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect the Company against all such risks.

#### **14. Litigation**

The participation by the Company in the mineral industry may expose the Company to possible litigation risks, including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

The Company is not presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company may arise.

## **Industry Specific Risks**

### **1. Nature of mineral exploration and mining**

The business of mineral exploration, development and production is subject to risk by its nature. The success of the business depends, inter alia, on successful exploration and/or acquisition of resources and reserves, securing and maintaining title to tenements and consents, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining are speculative undertakings which may be hampered by force majeure circumstances, land claims and unforeseen mining problems. Increased costs, lower output or high operating costs may all contribute to make a project less profitable than expected at the time of the development decision. There is no assurance that the Company's attempts to exploit its exploration activities will be successful.

### **2. Operational risks**

The operations of the Company may be affected by various factors which are beyond the control of the Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or 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, fire, explosions and other incidents beyond the control of the Company.

## **General Risks**

### **1. Securities investments**

There are risks associated with any securities investment. The prices at which the Shares trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares regardless of the Company's operational performance.

### **2. Economic risk**

Changes in the general economic climate in which Company operates may adversely affect the financial performance of Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, and include, are but not limited to:

- (i) general economic conditions;
- (ii) changes in Government policies, taxation and other laws;
- (iii) the strength of the equity and share markets in Australia and throughout the world;
- (iv) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (v) industrial disputes in Australia and overseas;

- (vi) changes in investor sentiment toward particular market sectors;
- (vii) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- (viii) natural disasters, social upheaval or war.

### **3. Dilution**

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership of Shareholders may be reduced and diluted.

### **4. Share market**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the Securities may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism or other hostilities.

The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

### **5. Unforeseen expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

### **6. Macro-economic risks**

Changes in the general economic outlook in Australia and globally may impact the performance of the Company and its projects. Such changes may include:

- (i) uncertainty in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- (ii) increases in expenses (including the cost of goods and services used by the Company);
- (iii) new or increased government taxes, duties or changes in taxation laws; and

(iv) fluctuations in equity markets in Australia and internationally.

A prolonged and significant downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance.

## **7. Broader general risks**

There are also a number of broader general risks which may impact the Company's performance. These include:

- (i) abnormal stoppages in normal business operations due to factors such as war, political or civil unrest, infrastructure failure or industrial disruption; and
- (ii) higher than budgeted costs associated with the provision of service offerings.

## **8. Accounting standards**

Changes to any applicable accounting standards or to any assumptions, estimates or judgments applied by management in connection with complex accounting matters may adversely impact the Company's financial statements, results or condition.

## Schedule 6 – Terms and Conditions of Vendor Options

Vendor Options entitle the holder to subscribe for Shares on the terms and conditions set out below.

### 1. Entitlement

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

### 2. Expiry Date and Exercise Price

Each Vendor Option is exercisable at \$0.20 (**Exercise Price**) and will expire on 30 September 2020.

### 3. Exercise Period

Subject to clause 8, each Vendor Option is exercisable at any time after the date of grant of the Vendor Option and before the Expiry Date (**Exercise Period**). After this time, the unexercised Vendor Options will automatically lapse.

### 4. Notice of Exercise and Payment

The Vendor Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Vendor Option being exercised. Any Exercise Notice for a Vendor Option received by the Company will be deemed to be a notice of the exercise of that Vendor Option as at the date of receipt. Cheques paid in connection with the exercise of Vendor Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

### 5. Shares issued on exercise

Shares issued on exercise of Vendor Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

### 6. Quotation of Shares

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Vendor Options.

### 7. Timing of issue of Shares

Subject to clause 8, within five business days after the later of the following:

- (a) receipt of an Exercise Notice given in accordance with these terms and conditions, and payment of the Exercise Price for each Vendor Option being exercised, by the Company, if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (b) the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Option being exercised by the Company,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of Vendor Options;

- (d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- (e) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of Vendor Options.

## **8. Shareholder and regulatory approvals**

Notwithstanding any other provision of these terms and conditions, exercise of Vendor Options into Shares will be subject to the Company obtaining all required Shareholder and regulatory approvals (if any) for the purpose of issuing the Shares to the holder. If exercise of the Vendor Options will result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Vendor Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders of Vendor Options must give notification to the Company in writing if they consider that the exercise of Vendor Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of Vendor Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

## **9. Participation in new issues**

There are no participation rights or entitlements inherent in the Vendor Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of Vendor Options. However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Vendor Options the opportunity to exercise their Vendor Options prior to the announced record date for determining entitlements to participate in any such issue.

## **10. 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 a Vendor Option will be increased by the number of Shares which the holder would have received if the holder had exercised a Vendor Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

## **11. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

## **12. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

## **13. Quotation**

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



**14. Transferability**

The Vendor Options are not transferable.

## Schedule 7 – Independent Geologist Report

### James Guy & Associates Pty. Ltd Consulting Geologists ABN 66 156133658

James Guy and Associates Pty Ltd

ABN: 66156133658

PO Box 538 Mount Hawthorn, WA, 6915

Email: [jamesguyconsulting@bigpond.com](mailto:jamesguyconsulting@bigpond.com)

The Directors,  
EZA Corporation Limited,  
39 Clifton Street,  
Nedlands, WA, 6009.

Dear Sir's,

James Guy and Associates Pty Ltd ("JGA") has been commissioned by EZA Corporation Limited ("EZA") to provide an Independent Geological Report ("Report") on the Challa Gold Nickel Project located in the Murchison Region of Western Australia which EZA has obtained an exclusive right to acquire under the terms set out in the EZA's announcements to the Australia Securities Exchange dated 3<sup>rd</sup> July 2017 and 14<sup>th</sup> August 2017. The Independent Geological Report is to be included in a notice of meeting to shareholders which is to be lodged with the Australian Securities Exchange ("ASX") on or about the 25<sup>th</sup> of August 2017 ("Notice of Meeting").

EZA is acquiring a total of nine granted exploration licenses and two ungranted licenses covering a combined area of approximately 1757 sq. km. within the Murchison region of Western Australia. The legal status of the tenements including Native Title considerations associated with the tenements being acquired are subject to a separate report included in the Notice of Meeting. These matters have not been independently verified by JGA. The present status of the tenements listed in this report is based on information provided by EZA, and the report has been prepared on the assumption the tenements will prove to be lawfully accessible for evaluation.

This Report has been prepared as a technical assessment in accordance with the Australasian Code of Public Reporting of Technical Assessment of Mineral Assets (the "Valmin Code", 2015 edition), which is binding upon members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG") as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX which pertains to Independent Expert Reports (Guidelines RG111 and RG112 March 2011).

Where exploration results have been referred to in this Report, they are historic in nature and were prepared either before the adoption of the 2012 edition of the Australian Code for Reporting of Mineral Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"), or earlier versions of the JORC code that was current at the time. Information on exploration data collected or compiled by the vendors of the Challa Gold Nickel Project ("Vendors") was incorporated into a JORC table format as part of EZA's announcements to the Australian Securities Exchange dated 3<sup>rd</sup> of July 2017 and 14<sup>th</sup> August

James Guy & Associates ph 0407195447 email [jamesguyconsulting@bigpond.com](mailto:jamesguyconsulting@bigpond.com)

2017. Additional historical exploration data referenced in this report has been compiled into JORC Table 1 format and attached as appendix 1 of this Report.;

The author Mr James Guy ("Author"), accompanied by directors of EZA, and Mr. Robert Perring representing the Vendors, undertook a field trip to the project area between the 4<sup>th</sup> and 6<sup>th</sup> of August 2017. The field trip inspected prospects along the Paynesville Gold Trend and Yarrambie Prospect as well as allowed the Author to gain an understanding of the local geology and regolith conditions.

The Author of this Report, is not aware of any additional information or data that materially effects the information included in the earlier reports. Under the definitions provided by the VALMIN Code, the mineral properties being acquired are classified as early stage exploration projects where mineralisation may or may not have been identified, but where mineral resources have not been identified. The properties are sufficiently prospective to warrant further exploration to fully access the economic potential of the tenements.

JGA has not been requested to provide an Independent Valuation, nor have it been asked to comment on the fairness and reasonableness of the consideration payable to the Vendors, and therefore has not offered any opinion on these matters.

#### **Sources of Data**

The statements and opinions contained in this Report are given in good faith and are based on data from previous company exploration reports, government survey maps and information provided by the Vendors. The Author has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this Report is based. A final draft of this Report was provided to EZA, along with a written request to identify any material errors or omissions prior to lodgement.

The Report has been compiled based on information available up to and including the date of this Report. Consent has been given for the distribution of this report in the form and context in which it appears. The Author has no reason to doubt the authenticity or substance of the information provided.

#### **Qualifications and Experience**

The Report has been prepared by Mr. James Guy, Principal Consultant at James Guy and Associates. Mr. Guy has a BSc (Applied Geology) from the University of New South Wales and a Graduate Diploma in Finance and Investment from the Securities Institute of Australia. Mr. Guy is a member of the Australian Institute of Mining and Metallurgy (AusIMM)

Mr. Guy has more than 30 years' experience in mineral exploration and mining geology covering a range of commodities including gold, nickel, copper, potash, manganese, and industrial minerals in a variety of geological settings. Mr. Guy has the appropriate relevant qualifications, experience, competence and independence to be considered as a "Competent Person" the Australian Valmin and JORC Codes. Mr. Guy consents to the inclusion in this report the matters based on his information in the form and context in which it appears.

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**Independence**

Neither James Guy and Associates Pty Ltd or James Guy personally have any material interest in the tenements or EZA. The relationship between JGA and EZA is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

**Yours faithfully**

*James Guy*

**James Guy  
MAusIMM  
James Guy and Associates Pty Ltd**

**15<sup>th</sup> August 2017**

**Independent Geological Report**

**on the**

**CHALLA GOLD and BASE METAL PROJECT**

**For**

**EZA Corporation Limited**

**Prepared By**

**James Guy and Associates Pty Ltd**

**15<sup>th</sup> August 2017**

## Table of Contents

|      |   |    |
|------|---|----|
| 1.0  | Introduction                            | 4  |
| 2.0  | Project Location and Access             | 5  |
| 2.1  | Climate and Landform                    | 5  |
| 3.0  | Ownership and Tenure                    | 6  |
| 4.0  | Regional Geological Setting             | 6  |
| 5.0  | Previous Mining and Exploration History | 9  |
| 6.0  | Challa North Project                    | 14 |
| 6.1  | Project Geology                         | 14 |
| 6.2  | Gold Mineralisation                     | 15 |
| 6.3  | Additional Prospectivity                | 19 |
| 7.0  | Challa South Project                    | 19 |
| 7.1  | Local Geology                           | 19 |
| 7.2  | Yarrambie Prospect                      | 21 |
| 7.3  | Additional Prospectivity                | 22 |
| 8.0  | Exploration Budget and Work Program     | 22 |
| 9.0  | Sources of Information                  | 24 |
| 10.0 | Glossary                                | 26 |
|      | Appendix 1                              | 29 |

**List of Tables**

|         |  |
|---------|--|
| Table 1 | Current Tenement Ownership Details                     |
| Table 2 | Historical Mine Production Paynesville Trend           |
| Table 3 | Apex Air Core Drill Results Maximum Gold in Hole (ppb) |
| Table 4 | Paynesville Gold Trend Vendor Rockchip Sample Results  |
| Table 5 | Yarrambie Prospect Vendor Rockchip Sample Results      |
| Table 6 | Planned Exploration Expenditure                        |

**List of Figures**

|          |   |
|----------|---|
| Figure 1 | Tenement and Location Plan              |
| Figure 2 | Regional Geology Plan                   |
| Figure 3 | Challa North Project Geology            |
| Figure 4 | Paynesville Gold Trend Showing Targets  |
| Figure 5 | Paynesville Gold Trend – Central Target |
| Figure 6 | Challa South Project Geology            |
| Figure 7 | Yarrambie Prospect Plan                 |

## 1.0 Introduction

EZA Corporation Limited is acquiring two groups of mineral titles forming the Challa Gold Nickel Project within the Murchison District of Western Australia, under the terms set out in the company's announcements to the Australia Stock Exchange dated 3<sup>rd</sup> July 2017 and 14<sup>th</sup> August 2017.

The Challa Gold Nickel Project comprises the Challa North Project, covering the northern part of the Windimurra Layered Igneous Complex (LIC), and the Challa South Project covering the southern part of the Narndee LIC and surrounding supracrustal greenstone sequences. The projects are prospective for gold, nickel, copper, and PGE mineralisation.

The vendors have completed a preliminary compilation of the past exploration work undertaken over the project area and this work has generated advanced gold and nickel copper base metal targets that, based on the past work, warrant follow up evaluation.

- **Paynesville Gold Trend** located in the Challa North Project Area. The Paynesville Gold Trend is a 45km long structural trend encompassing many historical gold mines (excised from the current project), gold diggings, and nugget patches, all with little drilling or systematic exploration. Primary gold mineralisation occurs within structurally emplaced quartz veins associated with gabbro-norite host rocks. Three conceptual gold targets have been defined within the tenements for acquisition, based on structural interpretation and known gold occurrences. The targets each offer potential to host gold mineralisation and warrant additional exploration
- **Yarrambie Ni-Cu-Co Target** in the Challa South Project area. The target comprises a coincident Ni-Cu-Co maglag surface geochemical anomaly, and rock chip samples returning anomalous copper assays, corresponding with a bullseye aeromagnetic anomaly. The target is within ultramafic intrusive rocks, and adjacent to an interpreted regional structure which may have acted as a pathway for mineralised fluids. The target is prospective for disseminated nickel copper sulphide mineralisation associated with deep seated structures.

In addition, the company will have 1757 sq. km of Archaean greenstone prospective for gold, nickel copper, cobalt, and PGE deposits. The company is aware of the extensive history of exploration in the general area since the early 1970's, however historically the area was constrained by fragmented tenement holdings and poorly funded exploration companies, has meant that in the past, little effective exploration work has been completed on the current tenements.

EZA is currently in the process compiling the vast amount of historical exploration data available over the Project. At the time of finalising this report, this process was ongoing and the exploration data set used as a basis for compiling this report was still incomplete.

The projects being acquired are considered grass roots, and targets identified to date are at an early stage of exploration. The company has prepared a two-year exploration budget to further evaluate the existing targets and develop additional prospects, with the majority of the funds directed toward in-ground expenditure.



## 2.0 Project Location and Access

The Challa Gold – Nickel Project is located approximately 500km north-north east of the state capital of Perth, Western Australia, and 300km due east of the port of Geraldton. Access is via the sealed North-West Highway passing to the west of the project. The sealed Mt Magnet to Sandstone road runs east west through the northern part of the project. Unsealed shire roads, and station tracks provide access to most parts of the project area (figure 1).

The historic gold mining township of Mt Magnet is located approximately 40 km to the west of the northern part of the project and acts as a regional base for exploration activities. Pastoral activities dominate the current land use over the project area.

The project straddles the Yalgoo and Murchison Mineral Fields and is covered by the CUE SG5015, SANDSTONE SG5016, KIRKALOCKA SH5003, YOUANMI SH5004 and NINGAN SH5007 1: 250,000 map sheets.

### 2.1 Climate and Landform

The area is used primarily for pastoral agriculture, and comprises gentle plains that are either covered by saltbush or acacia scrub, or isolated moderately timbered hills.

The region is in a temperate desert region with the average summer daytime temperature of around 35<sup>o</sup> and the average winter temperature of around 15<sup>o</sup>. The average rainfall is 200mm per annum, with most of the rain falling between February and July.

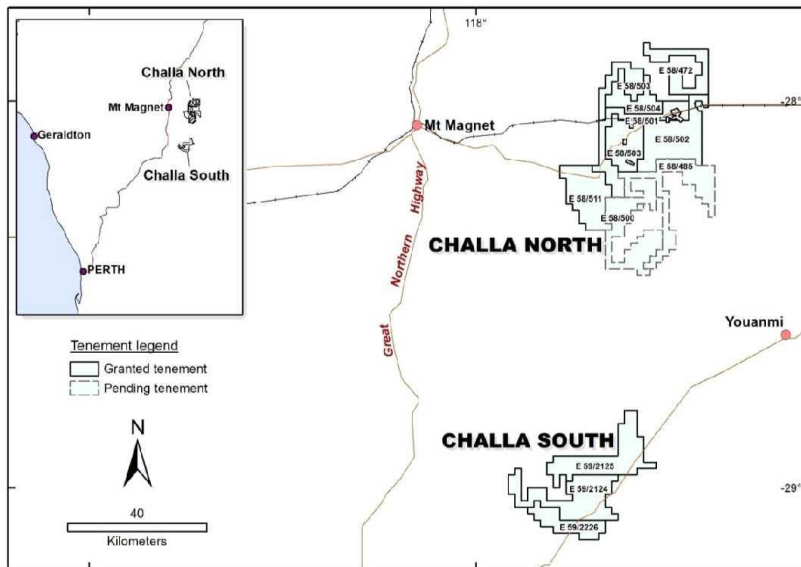


Figure 1 Location and Tenement Plan

### 3.0 Ownership and Tenure

The table below lists the tenements that form the basis of this report and their current details, as provided by EZA. JGA has not made any enquiries to validate the titles or their status. A plan showing the tenements is presented in figure 1.

| Tenement | Status  | Registered Holder  | Date Granted | Blocks (No.) |
|----------|---------|--|--------------|--------------|
| E58/472  | Live    | Corporation& Resource Consultants Pty Ltd.; T.E Johnstone & Associates Pty Ltd, Legendre Bruce | 8/09/2015    | 34           |
| E58/485  | Pending | Corporation& Resource Consultants Pty Ltd.; T.E Johnstone & Associates Pty Ltd, Legendre Bruce |              | 70           |
| E58/500  | Pending | Corporation& Resource Consultants Pty Ltd.; Legendre Bruce, Perring Robert                     |              | 70           |
| E58/501  | Live    | Corporation& Resource Consultants Pty Ltd.; Perring Robert, Legendre Bruce                     | 30/0/2016    | 45           |
| E58/502  | Live    | Pegmatite Holding Pty Ltd  | 1/9/2016     | 70           |
| E58/503  | Live    | Pegmatite Holding Pty Ltd  | 1/9/2016     | 69           |
| E58/504  | Live    | Corporation& Resource Consultants Pty Ltd.; Legendre Bruce, Perring Robert                     | 30/8/2016    | 31           |
| E58/511  | Live    | Pegmatite Holding Pty Ltd  | 23/09/2016   | 55           |
| E59/2124 | Live    | Corporation& Resource Consultants Pty Ltd. Legendre Bruce TE Johnstone and Associates Pty Ltd  | 6/10/2016    | 70           |
| E59/2125 | Live    | Corporation& Resource Consultants Pty Ltd. Legendre Bruce, TE Johnstone and Associates Pty Ltd | 17/03/2016   | 70           |
| E59/2226 | Live    | Corporation& Resource Consultants Pty Ltd. Legendre Bruce, TE Johnstone and Associates Pty Ltd | 27/07/2017   | 31           |

**Table 1 Current Tenement Ownership Details**

### 4.0 Regional Geological Setting

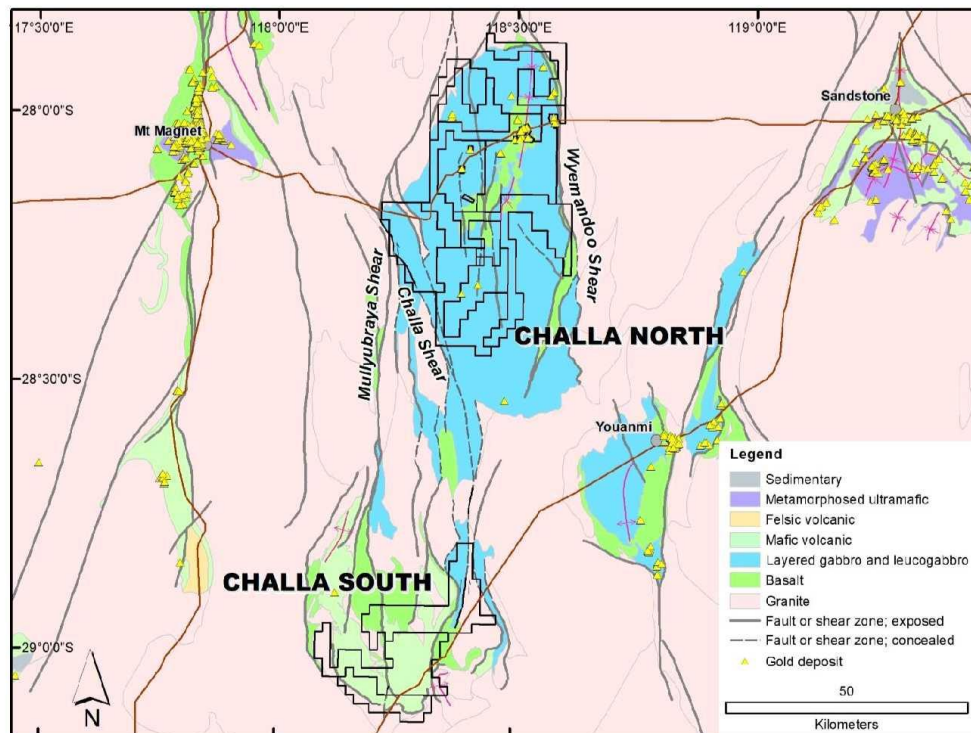
The project area is located within the north western Yilgarn Craton of Western Australia, lying along the boundary of the Murchison and Southern Cross granitoid greenstone provinces (figure 2). The regional geology is dominated by typical Archaean granite greenstone terrain, with the greenstone sequences dated between 3.03Ga and 2.8Ga and the granites at 2.95 Ga and 2.6Ga. The project area covers parts of the Windimurra and Narndee Layered Igneous Complexes (LIC) and surrounding supracrustal rocks.

The oldest Archaean rocks in the area belong to the Norrie Group (approx. 2800Ga) which comprise the Murrouli Basalt Formation, the Yaloginda Formation, and the Kantie – Murdana Volcanic Member. This sequence has been extensively stoped out by latter intrusions, and only isolated rafts of the greenstone sequence remains.

The Murrouli Basalt comprises interbedded Ti-rich, Al-depleted komatiites and komatiitic volcanoclastic sediments, and a thick succession of pillowed and massive tholeiitic basalts. The unit is thought to be conformable with the overlying Yaloginda Formation and the Kantie- Murdana Member. The Yaloginda

Formation and Kantie – Murdana Member both consists of rhyolite, fine to medium grained felsic volcanoclastic sediments with interbedded units of ferruginous shale, and banded iron formation.

The Windimurra and Nardee LIC have intruded the Norrie Group along preexisting deep crustal structures. The contacts between the intrusive complexes and Norrie Group sequences are not well understood. The Windimurra LIC is an elliptical body with dimensions of approximately 85 km north-south and 35 km east - west, and covers a total area of approximately 2350 sq. km. The magmatic layering dips inwards from the margins and flattens in the centre of the complex, consistent with the complex having a basin-shaped or lopolith form (Ahmat 1986).



**Figure 2 Regional Geological Setting**

The Windimurra LIC is dominantly comprised of basic cumulate rocks, that can be broadly classified as gabbroic in composition. Work undertaken by Ahmat, 1990, and Ivanic 2016 has developed an internal magmatic stratigraphy for the complex, comprising from the base to top:

- Dolerite Border Zone -typically 100m thick and occurs along the boundary between the sheared supracrustal rocks and lower gabbro Zone.

- Ultramafic Zone –the only exposure is in small outcrops close to Muleryon Hill. Characterized by abundant peridotite.
- Lower Zone -hosts olivine-rich gabbros and gabbronorites, that grade upward to leucocratic gabbros. Unit is layered on a centimetre to metre scale and rock types repeated every 200m.
- Middle Zone -composed of troctolitic rocks with intercumulus magnetite.
- Upper Zone –magnetite-bearing leuconorite, and anorthosite with locally abundant magnetite. This unit hosts the Windimurra V<sub>2</sub>O<sub>5</sub> deposit.
- The Corner Well Gabbro -a late phase series of gabbroic pipes which intrude into the middle and upper zones of the western lobe of the Complex.
- The Roof Zone -comprises kilometre-scale tabular dolerite and porphyritic dolerite and gabbros.
- Unassigned units -comprise units that have become detached from the known stratigraphy and are not of a distinctive composition. The sequence hosting the Watsons Well Prospect is an unassigned unit.

The Narndee LIC occupies the majority the southern part of the project. The complex consists of rhythmically layered ultramafic and gabbroic sequences, which are poorly exposed over a strike length of approximately 50 kilometres. The complex covers a surface area of approximately 700 sq. km and is interpreted to represent a cumulative stratigraphic thickness of 6-9 km. The internal stratigraphy of the Narndee LIC has been subdivided into three zones

- Upper Ultramafic Zone -approximately 1 km thick composed of pyroxene peridotite and olivine pyroxenite.
- Middle Zone -cyclically layered pyroxenite and gabbronorite up to 2 km thick.
- Lower Zone -cyclically layered peridotite–pyroxenite-gabbronorite – anorthosite.

The youngest rocks in the area are the Mt Kenneth metagranite which comprises a series of small plutons intruding within both complexes. Regional metamorphism is low grade except in shear zones.

Two north - south striking regional shears, the Wyemadoo Shear to the east and the Mullyubarya Shear to the west, separate the greenstone sequences from the basement granite gneiss terrane. Both shears have been interpreted as part of a regional anastomosing shear system. The Wyemadoo Shear incorporates mafic and felsic schists and banded iron formation, and may also include rocks of granitic composition. At its southern extent, the shear cuts the lower units of the Windimurra LIC. Further north the Wyemadoo Shear forms the sheared eastern boundary between the gabbroic bodies and granitoids. On the western boundary, the less well defined Mullyubarya Shear separates the greenstone sequences from basement granitoids. The Mullyubarya Shear is interpreted to be up to 20 km wide, and may truncate the south west margin of the Windimurra LIC. Brittle faults with east northeast and northwest strikes splay from the main north - south structures and dislocate stratigraphy. The largest spay fault, the Challa Fault, strikes north west - south east across the western side of the Windimurra Complex, effectively separating the northern part of the intrusion from the remainder of the complex

## 5.0 Previous Mining and Exploration History

Initial exploration and mining activities in the area were for gold. During the late 1800's and early 1900's gold was produced from a series of small scale gold diggings in the Paynesville and Windsor area, which are located in the northeastern corner of the Challa North Project area. Recorded gold production from mines within the project area is listed in table 2. These mines are excised from the tenements the company is acquiring.

| Group Name       | Ore Treated (tonnes) | Gold Produced (grams) | Grade (g/t)  | Period    |
|------------------|----------------------|-----------------------|--------------|-----------|
| Lady Maud        | 1040.16              | 30,600                | 29.42        | 1898-1916 |
| Hannah May       | 62.48                | 514.17                | 8.23         | 1899-1901 |
| Killarney        | 4.06                 | 179.76                | 44.28        | 1899-1900 |
| South Australian | 111.78               | 2,362.42              | 20.95        | 1899-1902 |
| Surprise         | 164.59               | 14,079.88             | 85.53        | 1898-1902 |
| Windsor          | 3,729.44             | 33,384.95             | 8.95         | 1898-1902 |
| Elsie            | 59.18                | 14917.34              | 252.07       | 1922-1928 |
| Lewis Find       | 19.58                | 1,334.41              | 68.15        | 1923-1928 |
| <b>Total</b>     | <b>5823.97</b>       | <b>108069.77</b>      | <b>18.55</b> |           |

**Table 2 Historical Mine Production Paynesville Trend**

The Windimurra Complex was first recognised in the early 1960's as prospective for PGE style mineralization, due to its similarities to the Bushveld Complex. Early exploration by Mangore Australia Limited located vanadium-rich magnetite rocks near the Windimurra Homestead, as well as PGE anomalous horizons in the Wonginong area. After these discoveries, many companies have explored the region for PGE's, gold, and base metals.

Between 1980 and 1987, Alcoa of Australia Pty Ltd (Alcoa) explored the northwest, central and southeast parts of the Windimurra Complex, carrying out detailed geological mapping, rock chip, and soil sampling, as well as ground and airborne magnetic surveys. Alcoa tested four PGE targets without success, however one hole unexpectedly intersected zinc-lead sulphide mineralisation within felsic volcanics in the pre-collar. Shallow scout drilling around the intersection defined a northerly strike for the mineralisation but no further work was undertaken.

During the same period, Anaconda Aust. Inc. (Anaconda) explored the Windimurra and Narndee complex for platinum and chromite. Exploration included geological mapping, rock chip, soil and stream sediment sampling, as well as ground and airborne magnetic surveys. Results of the work were disappointing and they withdrew from the area

Between 1977 and 1984, Western Mining Corporation Limited (WMC) completed an exploration program for vanadium, titanium, magnetite and PGE mineralisation over the Canegrass area in the northern part of the current project, with poor results.

Between 1986 and 1990 Pancontential Mining Limited, and Pancontential Mining (Europe) GmbH, in joint venture with Degussa Ag, undertook an extensive exploration program over the Windimurra

Complex for PGE mineralisation. Work included petrographic studies, rock chip, stream sediment surveys and detailed geological mapping, as well as airborne and ground magnetic surveys.

In 1989 Hunter Resources commenced exploration over parts of the Narndee Complex, exploring for PGE mineralization. Work included geological mapping, trenching, and stream sediment sampling, and tested seven targets with sixteen RC drill holes, all of which failed to return any significant mineralisation.

Peregrine Resources NL explored the Paynesville area for gold mineralisation between 1992-1994. Work completed included collecting 1,274 lag/soil samples and completing 21 RAB drill holes for 788m of drilling. The surface samples were analyzed for gold only, while composite drill samples were analyzed for gold with a multi-element suite completed on the bottom of hole sample. The soil sampling produced several low order gold anomalies. Location control on the work was poor but it appears to have been completed within the area of the current E58/502 lease. Drilling focused on testing an outcropping quartz reef at the Little Fenceline Prospect within the current Central Zone Target. Due to the orientation of the holes it is unlikely that the drilling would have been an effective test of the target.

In 1997, Windimurra Resources Pty Ltd completed an extensive soil sampling program within the current leases E58/502 and E 58/503. Sample traverses were completed along fence lines and station tracks, as well as infill lines. Sample spacing were variable and location control was poor. The samples were submitted to Genalysis Laboratory Services for Au, Cr, Fe, Ni, Cu, Zn, As, Ag, Pb, Pd and Ag analysis. Many low-grade gold anomalies were returned, which were later covered by more systematic soil sampling by Apex Minerals NL. Within the current tenure, soil sampling at Paynesville identified a 2 km X 1.5 km gold-in-soil anomaly, which was associated with significant quantities of nugget gold recovered by prospectors using metal detectors.

In 2002, Apex Minerals NL acquired title over the majority Windimurra and Narndee LIC's. Apex listed on the Australian Stock Exchange with the purpose of exploring for PGE and magmatic Ni-Cu-PGE mineralisation. Following data compilation, Apex flew low level aeromagnetic's, and tested many historical PGE targets outside the current project area. Apex also completed a program of gold exploration across the Paynesville area. Work included collecting 3,198 surface soil/lag samples on a 100m X100m grid pattern, analysing for Au, Cu, Ni, Zn, and Fe. The program generated several low order +5 ppb anomalies. Apex completed follow up testing on many the anomalies, including an area to the south of the earlier Peregrine drilling. In total 46 reverse circulation holes were drilled, including 32 holes in the current project area. Maximum gold in hole results for the drilling within the current tenure are tabulated in Table 3.

Reviewing the results of the lag sampling and geological logs, it appears that most of the anomalies tested were in transported cover and not reflective of bedrock mineralisation.

In 2002 Falconbridge joint ventured into the project, focusing on PGE mineralisation, but most of the work undertaken was outside the current project areas. In 2004 WMC joint ventured into the project and completed maglag sampling over parts of the Challa South Project. The sampling was completed on a 500m X 200m grid pattern. Samples were analysed for Ag, As, Au, Bi, Ca, Cd, Co, Cr, Fe Mg, Mn, Mo, Ni,

Pb, Pd, Pt, Sb, Ti, U, V, Zn. This work generated the Yarrambie Prospect, where coincident anomalous copper, cobalt and nickel corresponds with an aeromagnetic “bulls-eye” anomaly. Following BHP’s acquisition of WMC, the company withdrew from the project.

| Hole    | Prospect  | AMG84_E | AMG84_N | Dip | Azi | RL  | EOH | From | To | Width | Au ppb |
|---------|-----------|---------|---------|-----|-----|-----|-----|------|----|-------|--------|
| 3WMA001 | Windsor   | 654836  | 6901870 | -60 | 120 | 500 | 39  | 36   | 39 | 3     | 7.83   |
| 3WMA002 | Windsor   | 654850  | 6901864 | -60 | 135 | 500 | 42  | 20   | 21 | 1     | 18     |
| 3WMA003 | Windsor   | 654871  | 6901857 | -60 | 125 | 500 | 44  | 36   | 40 | 4     | 11.78  |
| 3WMA004 | Windsor   | 654850  | 6901920 | -60 | 75  | 500 | 15  | 12   | 15 | 3     | 1.03   |
| 3WMA005 | Windsor   | 654867  | 6901910 | -60 | 86  | 500 | 45  | 28   | 32 | 4     | 12.17  |
| 3WMA006 | Windsor   | 654889  | 6901918 | -60 | 90  | 500 | 51  | 16   | 20 | 4     | 34.49  |
| 3WMA007 | Windsor   | 654842  | 6901909 | -60 | 90  | 500 | 51  | 13   | 14 | 1     | 143    |
| 3WMA008 | Windsor   | 654760  | 6901402 | -60 | 90  | 500 | 24  | 12   | 16 | 4     | 2.85   |
| 3WMA009 | Windsor   | 654782  | 6901403 | -60 | 90  | 500 | 27  | 16   | 20 | 4     | 1.88   |
| 3WMA010 | Windsor   | 654816  | 6901402 | -60 | 90  | 500 | 30  | 0    | 4  | 4     | 3.98   |
| 3WMA011 | Windsor   | 654841  | 6901402 | -60 | 90  | 500 | 54  | 28   | 32 | 4     | 4      |
| 3WMA012 | Windsor   | 654880  | 6901402 | -60 | 90  | 500 | 36  | 12   | 16 | 4     | 4.04   |
| 3WMA013 | Windsor   | 654860  | 6901402 | -60 | 90  | 500 | 27  | 0    | 4  | 4     | 4.44   |
| 3WMA014 | Lewis E   | 637498  | 6890068 | -60 | 360 | 500 | 45  | 18   | 19 | 1     | 35     |
| 3WMA015 | Lewis E   | 637498  | 6890043 | -60 | 360 | 500 | 63  | 0    | 4  | 4     | 3.91   |
| 3WMA016 | Lewis E   | 637498  | 6890018 | -60 | 360 | 500 | 60  | 52   | 56 | 4     | 2.69   |
| 3WMA017 | Lewis E   | 637498  | 6889973 | -60 | 360 | 500 | 36  | 24   | 28 | 4     | 30.7   |
| 3WMA018 | Fenceline | 638706  | 6888425 | -60 | 180 | 500 | 57  | 20   | 24 | 4     | 29.26  |
| 3WMA019 | Fenceline | 638706  | 6888400 | -60 | 180 | 500 | 51  | 16   | 20 | 4     | 100.5  |
| 3WMA020 | Fenceline | 638706  | 6888450 | -60 | 180 | 500 | 45  | 16   | 20 | 4     | 17.34  |
| 3WMA021 | Fenceline | 639256  | 6888425 | -60 | 180 | 500 | 51  | 0    | 4  | 4     | 7.58   |
| 3WMA022 | Fenceline | 639256  | 6888450 | -60 | 180 | 500 | 63  | 56   | 58 | 2     | 7.83   |
| 3WMA023 | Fenceline | 639263  | 6888482 | -60 | 180 | 500 | 51  | 0    | 4  | 4     | 1.88   |
| 3WMA024 | Fenceline | 639304  | 6888453 | -60 | 360 | 500 | 45  | 22   | 24 | 2     | 2.97   |
| 3WMA025 | Fenceline | 639006  | 6887653 | -60 | 45  | 500 | 48  | 16   | 20 | 4     | 8.05   |
| 3WMA026 | Fenceline | 638987  | 6887633 | -60 | 45  | 500 | 35  | 12   | 16 | 4     | 20     |
| 3WMA027 | Fenceline | 639030  | 6887664 | -60 | 45  | 500 | 27  | 12   | 16 | 4     | 5.36   |
| 3WMA028 | Fenceline | 639399  | 6887454 | -60 | 90  | 501 | 31  | 12   | 16 | 4     | 6.53   |
| 3WMA029 | Fenceline | 639365  | 6887453 | -60 | 90  | 502 | 24  | 12   | 16 | 4     | 7.8    |
| 3WMA030 | The Gap   | 642826  | 6891427 | -60 | 45  | 500 | 36  | 0    | 4  | 4     | 6.99   |
| 3WMA031 | The Gap   | 642810  | 6891414 | -60 | 45  | 500 | 35  | 24   | 28 | 4     | 13.59  |
| 3WMA032 | The Gap   | 642792  | 6891387 | -60 | 45  | 500 | 36  | 24   | 28 | 4     | 2.81   |

**Table 3 Apex Reverse Circulation Drill Results Maximum Gold in Hole (ppb)**

Maximus Resources Ltd acquired title to the majority of the Windimurra and Narndee complexes around 2005. Maximus focused their activities on defining a magnetite resource outside the current project area. In 2006 Maximus completed a program of aircore drilling testing gold and uranium targets in the

Wonginong Hill project in the current Challa North Project. Two targets were drill tested, the Wonginong Paleochannel, and the Wyemadoo Shear. The paleochannel drilling was abandoned due to hard silcrete ground conditions. A single north - south traverse of aircore holes was drilled to test the Wyemadoo Shear target between the Windsor and Pioneer workings; in total 7 holes were drilled with an average depth of approximately 12 metres. No assay data was provided in the technical report on the drilling lodged with the Mines Department, though the report states that no meaningful results were returned.

In 2008 Maximus flew an extensive aerial REPTM electromagnetic survey over the project area, and identified several conductors. Follow up exploration work was focused on two target areas, which lead to the discovery of the Narndee Cu-Zn prospect (located to the northeast of the Challa South Project) and a nickel target in the Milgoo area. Maximus does not appear to have completed any further follow up testing of the conductors identified by the survey.

Recent work by the vendors has included compilation of past work, target generation, and rock chip sampling. At Paynesville, the vendors have collected approximately 80 rock chip samples from outcropping quartz veins, host rock and mullock piles. The sample sites were located by hand held GPS unit. The samples were analysed for low level gold, as well as a multi-element suite. Results of the rock chip sampling are tabulated in the table below, with the locations shown in figure 5. Results ranged from below detection limit to 33.25 g/t Au.

| Sample ID | East   | North   | Au ppb | Description   |
|-----------|--------|---------|--------|---|
| RBP-78    | 639278 | 6888261 | 293    | Quartz vein   |
| RBP-82    | 638828 | 6888327 | 138    | Quartz vein N-S orientation   |
| RBP-86    | 638825 | 6888373 | 14     | Quartz vein   |
| RBP-87    | 638825 | 6888351 | 2      | Ironstone (gossanous)   |
| RBP-92    | 639565 | 6887423 | 25     | Quartz vein (near 65ppb BLEG)   |
| RBP-94    | 639133 | 6888896 | 15080  | Quartz vein (prospector dig)  |
| RBP-99    | 634385 | 6892370 | 6620   | Quartz vein (mullock heap)  |
| RBP-101   | 640951 | 6896752 | 5140   | Quartz vein (mullock heap)  |
| RBP-103   | 639130 | 6888895 | 11510  | Quartz vein (mullock heap)  |
| RBP-105   | 639208 | 6889042 | 73     | Quartz/Fe leader  |
| RBP-106   | 639207 | 6889041 | 100    | Quartz/Fe leader  |
| RBP-113   | 639107 | 6889200 | 183    | Working: White vein quartz  |
| RBP-114   | 638452 | 6888190 | 82     | Working: White vein quartz  |
| RBP-115   | 638430 | 6888237 | 22     | Working: White vein quartz  |
| RBP-116   | 639194 | 6888520 | 7      | Working: White vein quartz and gabbro wall rock                                     |
| RBP-118   | 642594 | 6884398 | -1     | Quartz sandstone derived from felsic volcanic.                                      |
| DTBP-119  | 655128 | 6859718 | 7      | Dunn's Tank Prospect: Weakly gossanous banded chert (BIF)                           |
| DTBP-120  | 655128 | 6859718 | 2      | Dunn's Tank Prospect: Weakly gossanous banded chert (BIF)                           |
| DTBP-121  | 655119 | 6859655 | 50     | Dunn's Tank Prospect: White crystalline quartz, possibly silica replacement of BIF. |
| DTBP-122  | 655134 | 6859755 | -1     | Dunn's Tank Prospect: BIF   |
| DTBP-123  | 655117 | 6859693 | 2      | Dunn's Tank Prospect: BIF   |
| DTBP-124  | 655119 | 6859654 | 19     | Dunn's Tank Prospect: BIF   |
| DTBP-125  | 655093 | 6859620 | 37     | Dunn's Tank Prospect: Sulphide boxworks in silica altered BIF.                      |
| CH0003    | 604374 | 6795804 | -0.5   | Quartz vein in sheared ultramafic. Broad shear, minor Quartz vein in the area.      |



| Sample ID | East   | North   | Au ppb | Description  |
|-----------|--------|---------|--------|--|
| CH0004    | 604490 | 6795808 | 0.5    | Quartz vein in sheared ultramafic. Broad shear, moderate amount of Quartz vein in the area.                      |
| CH0005    | 628954 | 6839067 | 4.5    | Quartz vein, 1m wide, strike 030 deg.  |
| CH0006    | 628486 | 6839299 | -0.5   | Quartz vein  |
| CH0007    | 627563 | 6838735 | 3.7    | Quartz vein, 6m wide, polyphase  |
| CH0008    | 634364 | 6892354 | -0.5   | white buck Quartz vein, 0.5m wide  |
| CH0010    | 634289 | 6892100 | 2.2    | Quartz vein, ~0.5m wide, white and buck, vuggy   |
| CH0011    | 634249 | 6892080 | -0.5   | Quartz vein, white and buck, vuggy, poking through sheet wash.   |
| CH0012    | 634108 | 6891850 | -0.5   | Quartz vein, white and buck, vuggy, poking through sheet wash.   |
| CH0013    | 633981 | 6891713 | 30.4   | Quartz vein, white and buck, vuggy, poking through sheet wash.   |
| CH0014    | 634480 | 6892463 | -0.5   | Quartz vein, white and buck, vuggy, poking through sheet wash.   |
| CH0015    | 634617 | 6892646 | 43.7   | Quartz vein, white and buck, vuggy, poking through sheet wash.   |
| CH0016    | 634885 | 6893281 | -0.5   | Quartz vein, white and buck, vuggy, poking through sheet wash.   |
| CH0017    | 635917 | 6893255 | -0.5   | Quartz vein, white and buck, vuggy poking through sheet wash.  |
| CH0018    | 636580 | 6893566 | -0.5   | Quartz vein, 5m wide, carbonate/sulphide boxworks, strike 050 deg.   |
| CH0019    | 636648 | 6893617 | 3.5    | Quartz vein, 5m wide, carbonate/sulphide boxworks, strike 050 deg.   |
| CH0020    | 636872 | 6893777 | -0.5   | Quartz vein, 3m wide, buck and laminated, sheared.   |
| CH0021    | 637112 | 6894030 | -0.5   | Quartz vein, 3m wide, buck and laminated, sheared.   |
| CH0022    | 637230 | 6894185 | 2.4    | Quartz vein, 3m wide, buck, poking through sheet wash.   |
| CH0023    | 637764 | 6894602 | 2.9    | Elsie Mullock. Quartz vein in sheared anorthosite, quartz-sericite-pyrite alteration.                            |
| CH0024    | 637271 | 6895186 | 1.8    | Quartz vein, buck, poking through sheet wash.  |
| CH0025    | 637278 | 6894985 | -0.5   | Quartz vein, buck, poking through sheet wash.  |
| CH0026    | 638336 | 6893541 | -0.5   | Quartz vein, buck, poking through sheet wash.  |
| CH0027    | 638222 | 6893578 | 2.6    | Quartz vein, buck, poking through sheet wash.  |
| CH0028    | 638164 | 6893749 | -0.5   | Quartz vein, buck, poking through sheet wash, machinery activity.  |
| CH0029    | 638119 | 6893859 | 14.8   | Quartz vein, buck, poking through sheet wash.  |
| CH0030    | 637322 | 6893609 | 136    | Quartz vein, buck, poking through sheet wash.  |
| CH0031    | 637052 | 6893377 | -0.5   | Quartz vein, buck, strike 070 deg, poking through sheet wash.  |
| CH0032    | 640964 | 6896765 | -0.5   | Quartz vein, iron stained, strike 120 deg, working.  |
| CH0033    | 639200 | 6888515 | 6840   | Quartz vein, 5m composite across vein, boxworks after carbonate/sulphide   |
| CH0034    | 639160 | 6888510 | 14.5   | Quartz vein, 5m composite across vein, boxworks after carbonate/sulphide   |
| CH0035    | 639155 | 6888623 | 16.3   | Quartz vein, 2m composite across Quartz vein rubble.   |
| CH0036    | 639135 | 6888895 | 0.7    | Quartz vein, 2m wide, laminated, boxworks after carbonate/sulphide. Fence Vein.                                  |
| CH0037    | 638906 | 6888512 | 426    | Quartz vein, 2m composite.   |
| CH0038    | 638874 | 6888662 | 0.6    | Quartz vein, prominent quartz blow.  |
| CH0039    | 638932 | 6888710 | 5.5    | Quartz vein, 3m composite, laminated, grey, strike 160 deg.  |
| CH0040    | 638822 | 6889020 | 2.9    | Quartz vein rubble, ~0.5m wide, in-situ.   |
| CH0041    | 638734 | 6888891 | 1.2    | Quartz vein stringers in gabbro.   |
| CH0042    | 642121 | 6891192 | -0.5   | Quartz vein, 0.4m wide, lots of wall rock contamination.   |
| CH0043    | 642012 | 6891196 | 9.1    | Quartz vein, 0.4m wide, lots of wall rock contamination.   |
| CH0044    | 641977 | 6891253 | 1      | Quartz vein, quartz blow, isolated.  |
| CH0045    | 654489 | 6905615 | 1.1    | Quartz vein, 0.4m wide, 000 deg strike (N), in gabbro, malachite-stained. Windsor Working.                       |
| CH0046    | 654788 | 6905878 | 3310   | Quartz vein, 0.2m wide, 165 deg strike, in gabbro. Windsor Working.  |
| CH0047    | 638943 | 6891649 | 1410   | Quartz vein, 0.3m wide, 085 deg strike, small recent extraction activity (~15 oz. peers com.) Golden Girls Vein. |
| CH0048    | 638562 | 6891866 | 226    | Quartz vein, 0.3m wide, 188 deg strike, sheared. Golden Boys Vein.   |
| WS152     | 654800 | 6905650 | 84     | Quartz float, proximal.  |
| WS153     | 654800 | 6905650 | 388    | Quartz float and gabbro host rock.   |
| WS157     | 654800 | 6905705 | 141    | Quartz   |
| WS161     | 654780 | 6905870 | 33250  | qv, malachite staining. Working.   |
| WS162     | 654761 | 6906110 | 71     | silicified gabbroid (probably gabbro)  |

| Sample ID | East   | North   | Au ppb | Description                               |
|-----------|--------|---------|--------|---|
| WS163     | 654748 | 6906108 | 436    | Quartz vein                               |
| WS164     | 654767 | 6906275 | 15     | Quartz vein float, proximal.              |
| WS165     | 654776 | 6906272 | 16     | gabbronorite                              |
| WS170     | 654489 | 6905617 | 7200   | Quartz vein, malachite staining. Working. |
|           |        |         |        |   |

**Table 4 Paynesville Gold Trend Vendor Rockchip Sample Results**

At the Yarrambie Prospect, a total of nine rock chip samples were collected. The samples were from predominately outcropping dunite and pyroxenites, showing variable weathering and limonite staining. Results of the sampling are presented as table 5

| Sample No | East   | North   | Type        | Description                           | Au ppb | Co ppm | Cr ppm | Cu ppm | Mg % | Ni ppm | Pd ppb | Pt ppb |
|-----------|--------|---------|-------------|---------------------------------------|--------|--------|--------|--------|------|--------|--------|--------|
| ND-0001   | 629028 | 6799415 | Local Float | Limonite after pyrite. Near dunite.   | -1     | 99.5   | 613    | 55.9   | 0.06 | 612    | -10    | -5     |
| ND-0002   | 629107 | 6799336 | Local Float | Limonite after pyrite. Near dunite.   | -1     | 85.3   | 2994   | 119.8  | 0.05 | 1046.2 | -10    | -5     |
| ND-0003   | 629172 | 6799394 | Float       | Limonite cobbles. Possibly off dunite | -1     | 81.5   | 519    | 96.4   | 0.13 | 797.9  | -10    | -5     |
| ND-0004   | 629490 | 6799590 | Outcrop     | Hematite 'lens' in dunite.            | -1     | 142.3  | 3113   | 94     | 0.03 | 1651.9 | -10    | -5     |
| ND-0005   | 628985 | 6798931 | Outcrop     | Limonite-hematite on dunite.          | -1     | 85.2   | 1163   | 53.6   | 0.03 | 1399.2 | -10    | -5     |
| ND-0006   | 629040 | 6798860 | Outcrop     | Limonite-hematite on dunite.          | -1     | 42.1   | 3786   | 36.1   | 0.02 | 461.8  | -10    | -5     |
| ND-0007   | 629111 | 6798766 | Outcrop     | Dense hematite on dunite.             | -1     | 133.2  | 1836   | 60.4   | 0.08 | 1706.7 | -10    | -5     |
| ND-0008   | 629159 | 6798804 | Outcrop     | Dense hematite on dunite.             | 2      | 217.9  | 2502   | 43.4   | 0.08 | 1481.7 | -10    | -5     |
| ND-0009   | 628955 | 6798993 | Local Float | Dense hematite.                       | -1     | 59.2   | 3291   | 19.9   | 0.04 | 520.4  | -10    | -5     |

**Table 5 Yarrambie Prospect Vendor Rock Chip Sample Results.**

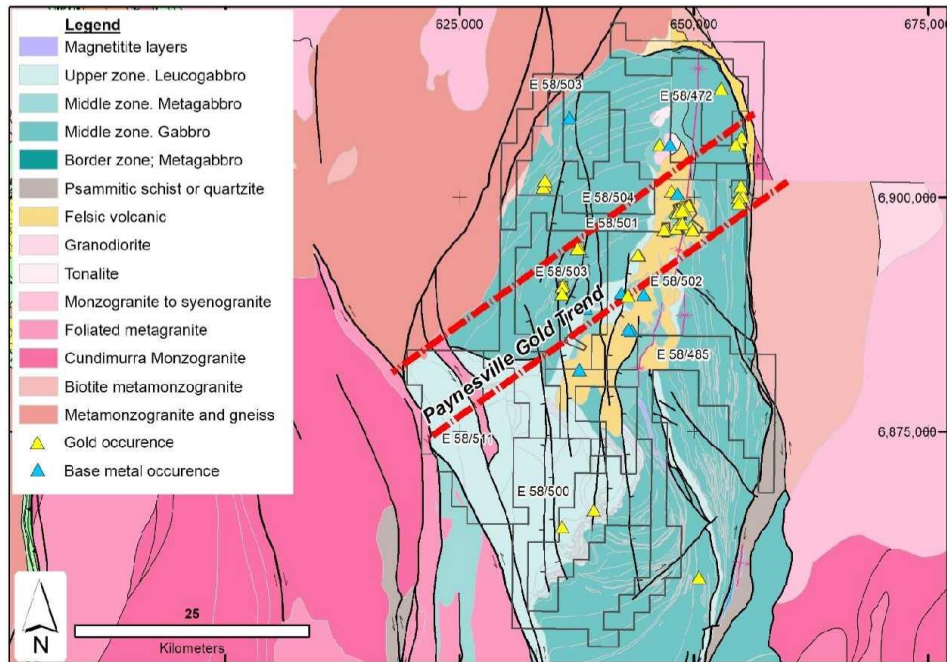
## 6.0 Challa North Project

### 6.1 Project Geology

Mapping by the Geological Survey of Western Australia and others shows the Challa North Project area covers an area of isolated outcrop of Archaean bedrock, forming low rises separated by shallow valleys comprising colluvium and recent alluvial sediments.

The Challa North Project covers the northern part of the Windimurra LIC and surrounding supacrustal rocks. The regional scale Wyemandoos Shear separates the greenstone sequence from the basement granites and gneiss terrane to the east, and the Challa Shear strikes north westerly through the southwestern boundary of the project area. The northern part of the Windimurra LIC forms a broad basin structure. A sequence of felsic volcanics and sedimentary rocks, belonging to the Kantie-Murdana Volcanic Member of the Norrie Group, strike in a north easterly direction through the centre of the project area. This unit forms a topographic high and may represent a roof pendant sitting over the younger igneous complex. Intrusive mafic rocks of predominately of gabbronorite composition belonging to the Middle and Upper zones of the Windimurra complex, occupy most of the project area (figure 3).

Structurally the area is dominated by the Wyemandoo and Challa Shears, with many secondary and tertiary splay faults striking roughly north - south and east - west. These are interpreted to cross cut the area.



**Figure 3 Challa North Project Geology**

### 6.2 Gold Mineralisation

The recorded gold production from the Windimurra area is modest, when compared to the +1 million ounce gold camps located with adjacent greenstone belts at Mt Magnet, Meekatharra, Cue and Sandstone. It is reasonable to speculate if similar potential may exist with the Windimurra Complex, and specifically the Challa North Project area.

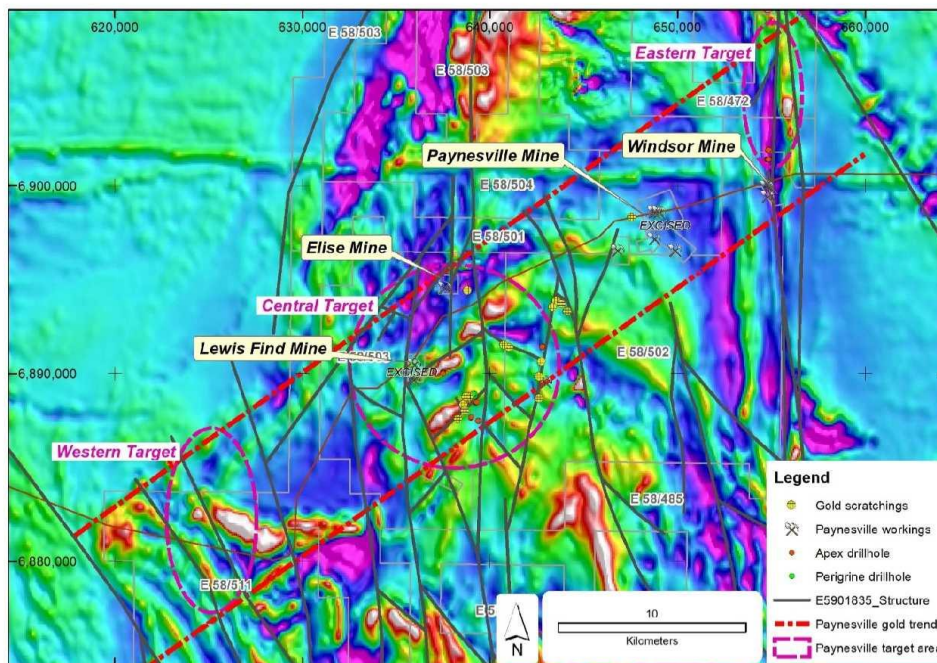
The presence of deep crustal structures and a network of splay structures within the Challa North Project creates a suitable plumbing system for mineralised fluids to migrate to favorable trap sites for deposition. Based on existing gold occurrences within the area, the iron rich gabbro units are believed to be favorable host rocks for gold mineralisation. Significant stockwork-style gold mineralisation could occur within the gabbro units if suitable structural settings could be identified

The known gold workings in the area all occur in area of outcrop easily identified by early prospectors. Larger areas of the Challa North Project area are covered by a veneer of transported cover. From the drilling completed by Apex, the cover is between 1 to 5 metres thick and effectively masks the

underlying bedrock. The majority of the earlier lag and soil sampling completed over the area is believed to be ineffective, and has generated false anomalies that returned negative results when drill tested.

### 6.3 Paynesville Gold Trend

The Paynesville Gold Trend is a 45-kilometre-long by 6 km wide, northeast - southwest striking structural zone cutting through the central section of the Challa North Project. The trend is bound to the east and southwest by the regional scale Wyemadoo and Challa shears respectively. The trend is defined on the basis of gravity and aeromagnetic data, historical gold mines and shallow gold diggings that occur in the area (Figure 4). The largest historical producers within the trend were the Windsor and Paynesville workings (both excised from the current tenure) which occur in the northeastern corner of the area. Records indicate gold mineralisation is primarily associated with quartz veins infilling shears within gabbro-norite, and to lesser extent felsic volcanic rocks of the Kantie-Murdana Member



**Figure 4 Paynesville Gold Trend**

Based on recent interpretations, three structural gold targets have been identified along the Paynesville gold trend that the company believes warrant additional testing. These targets are conceptual in

nature, but are supported in some cases by historical workings and results of recent rock chip sampling undertaken by the vendors.

#### **Eastern Target**

The Eastern Target covers the Wyemadoo Shear and interpreted splay structures which separate the Windimurra LIC and basement granite rocks, and is along strike from the Windsor Gold Mine. The majority of the area is under a veneer of transported cover. Isolated outcrops of sheared gabbro, containing malachite stained quartz veining and which hosts the Pioneer mine working, occur approximately 5 km north of the Windsor Mine area. Recent rock chip sampling by the vendors around the Pioneer workings, and outcropping quartz veining along strike from the workings has returned anomalous gold values up to 33.28 g/t Au, from malachite stained quartz veining along a strike of approximately 600m

Aeromagnetic interpretation suggests several mineralised structures strike through the target. These structures are largely under cover and have not been adequately tested by modern exploration techniques. Based on the data collected to date, the company believes further testing of the shear structures is warranted. The company has proposed a program of auger or shallow RAB geochemical drilling be used to define geochemical anomalies along the structures. Any gold anomalies defined by this work will require more detailed RAB or reverse circulation drill testing.

#### **Central Target**

The Central Target covers a zone of significant structural offset within the gabbronorite unit surrounding the Lewis Find and Elsie workings (Figure 5). There are numerous prospector pits dug on exposed auriferous quartz veins in the area. Many of the prospector working and reported nugget patches lie on, or close to interpreted aeromagnetic structures. Apex completed a regional lag sampling program over part of the area, which defined several low order +5 ppb gold anomalies. Several of the lag anomalies appear to sit over structures, however the majority of the anomalies are believed to be in transported cover. Rock chip sampling of quartz veining undertaken by the vendors has also defined auriferous trends that may be related to controlling bedrock structures.

The Central Target is a structural complex area, cut by a series of north south striking splay structures and north east and north west striking link structures. Known gold occurrences lie on, or close to these structures. The area has had little effective exploration in the past, and the company believes the area could potentially host stockwork style gold mineralisation at, or close to the intersection of the known mineralised structures. This style of target has not been previously recognised in the area. As the majority of the area is under cover it represents an attractive target for exploration. The company is proposing testing the concept with systematic auger or shallow RAB drilling across the target, to better define structure and bedrock gold anomalism. Any such anomalism would be followed up by deeper reverse circulation drilling to target bedrock mineralisation.

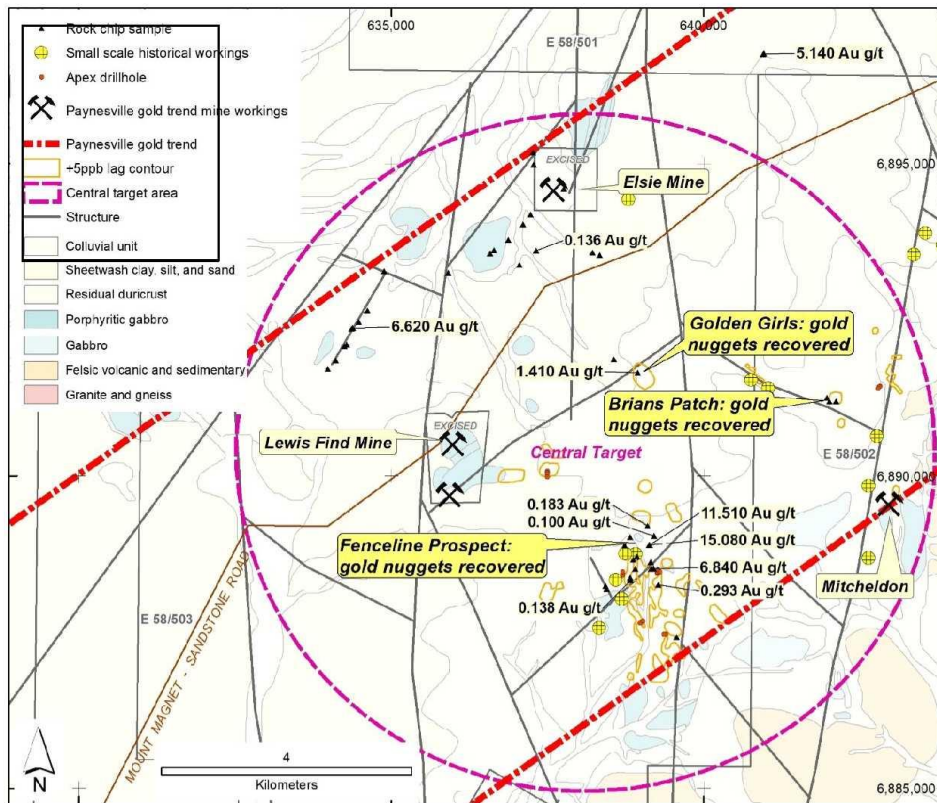


Figure 5 Paynesville Gold Trend – Central Target Area

#### Western Target

The Western Target is a conceptual target covering a series of splay structures of the Challa Fault. These faults are interpreted to strike northwest - southeast, and cut leucogabbro units of the Upper Zone of the Windimurra LIC. A raft of sheared metagranite is interpreted to have been emplaced by faulting, offering a competency contrast that could create favorable sites for the formation of gold mineralisation. This target is covered by a veneer of transported material, and no previous exploration for gold has occurred in the area. At this stage, the target is largely conceptual, however the company believes the target warrants testing and has proposed a program of bedrock geochemical drilling and sampling targeting the interpreted structures to define targets for follow up deeper drill testing.

### **6.3 Additional Prospectivity**

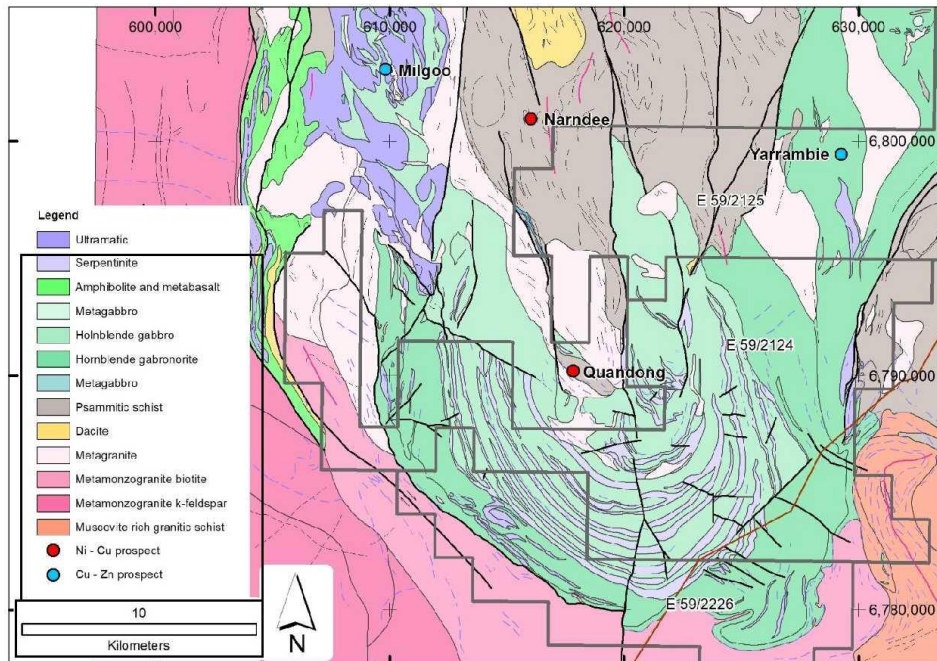
The Windimurra Mafic Igneous complex has long been recognised as being prospective for nickel, copper and PGE - style mineralisation. Two styles of mineralisation have been proposed for the area; Bushveld Reef PGE and Magmatic Mafic Intrusive - hosted Ni-Cu-PGE. The company's Challa North Project area occupies a central core of the complex, making the project prospective for both these styles of mineralisation. In addition, the identification of zinc and lead mineralisation during the early work by Alcoa warrant additional follow up. As part of the regional compilation of data, targets related to these styles of mineralisation will be reviewed, and if warranted further exploration using modern exploration techniques will be employed to evaluate the targets. In the company's proposed budget, funds have been allocated to complete this work.

## **7.0 Challa South Project**

### **7.1 Local Geology**

Geological mapping by the GSWA and explorers indicates that outcrop of Archaean bedrock is sparse in the northern and eastern parts of the project area, and becomes more extensive toward the south and south west of the area. The bedrock outcrop forms low rises and ridges with occasional intact relict laterite, and the intervening valleys and depressions are filled with colluvium and recent transported material.

The Challa South Project covers the southern part of the Narndee LIC, and surrounding supracrustal rocks. It covers a broad regional basin structure approximately 30 km wide. The oldest rocks belonging the Yaloginda Formation is interpreted to occur to the north and east. This formation consists of a rhyolite, fine to medium grained felsic volcanoclastic sedimentary rocks, with interbedded units of ferruginous shales and banded iron formation.



**Figure 6 Challa South Interpreted Geology showing Base Metal Prospects**

The contact between the Yaloginda Formation and younger Narndee LIC is not exposed, and the older rocks may form a roof pendant over the intrusive complex.

The southern part of the project area covers the Lower and Middle Zone of the Narndee LIC. The Middle zone comprises a cyclically layered pyroxenite and gabbro-norite sequence. The Lower Zone, which is a zone approximately 2 kilometres thick, and comprises cyclically layered peridotite, pyroxenite, gabbro-norite and anorthosite. The cyclical nature of these units attests to the periodic introduction of new pulses of less evolved parental magma into the more evolved resident magma within the main chamber.

The eastern side of the project area is interpreted to contain a raft of the upper Windimurra LIC that has been offset from the main body by regional scale faulting.

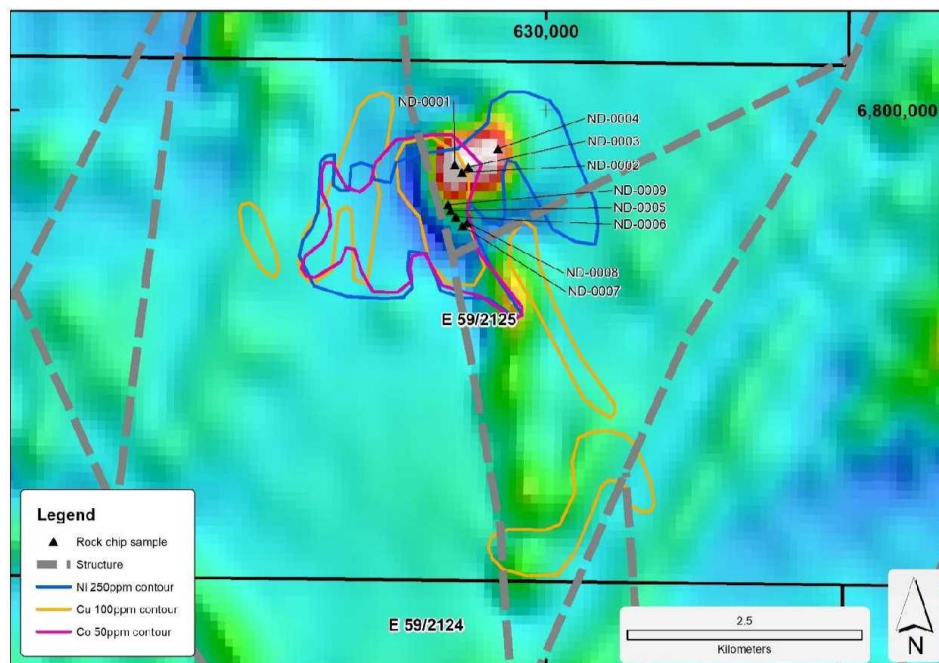
Granitic rocks belonging to the Mount Kenneth Group intrude the sequence.



## 7.2 Yarrambie Prospect

The Yarrambi Prospect is located within the lower zone of the Narndee complex. The prospect covers a shallow rise of outcropping serpentinised dunite, pyroxenite and gabbronorites interpreted to belong to the Middle Zone of the Narndee LIC, surrounded by colluvium and recent alluvial deposits. Aeromagnetic interpretation suggest that a number of faults dislocate the intrusive sequence. These faults appear to be deep seated structures and are believed to be long lived, and may have acted as a feeder for mineralised fluids.

The prospect was initially identified as a magnetic bullseye anomaly. Regional maglag sampling undertaken by WMC on a 500m by 200m pattern across the area identified a coincident copper, cobalt and nickel geochemical anomaly, corresponding with the magnetic bulls-eye target. Vendor rock chip sampling of outcropping ultramafic lithologies returned a number of samples with elevated copper assays, with the remaining elements at background levels for the rock types sampled.



**Figure 7 Yarrambie Project Aeromagnetic image and anomalous maglag metal contours and rock chip locations**

## **Potential**

The Yarrambie Project is a conceptual magmatic nickel and copper sulphide target. The deep seated structures interpreted to cut the olivine rich ultramafic rocks may represent conduit systems for disseminated nickel copper sulphide mineralisation associated with the less evolved magma.

The broad spaced lag anomalism and coincident aeromagnetic high has defined a target that the company considers requires additional testing. The Company intends to test the target by completing a ground electromagnetic geophysical survey followed by reverse circulation or diamond drilling of any conductors identified by the survey. In addition, prospective deep - seated structures are also interpreted to strike through the project area under a veneer of transported cover. The mag lag sampling previously completed over the area is not considered an effective test of this material. The company believes further testing of these structures by auger or shallow RAB geochemical drilling is warranted and may lead to additional targets for further exploration.

### **7.3 Additional Prospectivity**

The South Challa Project area secures significant exposure to the Yaloginda Formation, which comprises a sequence of felsic volcanics, volcanic sedimentary rocks metasediments and banded iron formation. There are many copper and copper - zinc prospects within the Yaloginda Formation in the vicinity of the Challa South Project area. These indicate the formation could be prospective for volcanogenic massive sulphide mineralisation. At Quandong Well, early exploration work undertaken by BHP identified oxide copper mineralisation in shallow drilling, that was at the time suggested to be related to VMS mineralisation. More recently, Maximus Resources Limited discovered the Narndee Copper Zinc Prospect, situated in the northwestern part of the Project area. Drill results released by Maximus to the ASX include 11 metres at 0.41% Zn in hole NX12 -16, 8 metres at 0.44% Cu in hole NX 12-13 and 2 metres at 3.8% Zn in hole NX12-11 (refer to Maximus Resources December 2012 Quarterly Report). To date, no specific VMS target has been identified within the Challa South Project, however the company believes exploration for this style of mineralisation is warranted. Future work programs including mapping and geochemical sampling are planned.

## **8.0 Exploration Budget and Work Program**

The company has prepared an anticipated exploration program and exploration budget for the first two years of exploration, which have been reviewed by this writer.

At Challa North, exploration activities will focus on defining and testing structural gold targets along the Paynesville Gold Trend. This work will involve regolith and outcrop mapping, detailed interpretation of aeromagnetic's, bedrock geochemical drilling and follow up RC and/or diamond drilling. At Challa South, the company intends to test the Yarrambie Target with high powered, fixed loop EM surveying, and test any conductors defined with RC and/or diamond drilling, followed by down hole EM surveying.

In conjunction with this work, the company intends to undertake a detailed compilation of data collected during previous Nickel, Copper and PGE, and base metal exploration programs. This work will

be completed to determine the effectiveness of the previous work and if warranted, to follow up any new targets generated.

The overall budgets provided by the company are tabulated below:

|                     | Year 1           | Year 2             |
|---------------------|------------------|--------------------|
| <b>Challa North</b> |                  |                    |
| Geology             | \$224,050        | \$408,800          |
| Geophysics          | \$93,500         | \$10,500           |
| Drilling            | \$327,750        | \$801,000          |
| Assay               | \$91,200         | \$233,250          |
| Field Support       | \$83,100         | \$232,200          |
| <b>TOTAL</b>        | <b>\$819,600</b> | <b>\$1,685,750</b> |
|                     |                  |                    |
| <b>Challa South</b> |                  |                    |
| Geology             | \$124,950        | \$222,800          |
| Geophysics          | \$93,500         | \$10,500           |
| Drilling            | \$108,250        | \$386,000          |
| Assay               | \$38,250         | \$165,750          |
| Field Support       | \$27,900         | \$87,000           |
| <b>TOTAL</b>        | <b>\$392,850</b> | <b>\$872,050</b>   |

**Table 6 Planned Exploration Expenditure**

The budget excludes payments for statutory rents and rates. The exploration budget will be subject to modifications on an ongoing basis, depending on results obtained from exploration activities as they progress. The proposed budget is sufficient to cover the minimum expenditure commitments as specified by the Department of Mines, Industry Regulation and Safety.

It is considered that the Company’s proposed exploration program and budget over the two years is reasonable and consistent with its stated objectives. It is also considered that the program is warranted and justified based on the potential for the discovery of economic mineral resources within the tenement package, and results of exploration undertaken to date.

## 9.0 Sources of Information

|                                     |  |
|-------------------------------------|--|
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| <b>Apex Minerals NL 2002</b>        | Prospectus to list on the Australian Stock Exchange  |
| <b>Barnes S, Hill R, 1991</b>       | Mafic – Ultramafic Complex Platinum Symposium Guide Book for the Post Symposium Field Excursion, Geological Society of Australia Guidebook No 3                                |
| <b>Ivanic T.J. 2016</b>             | A field Guide to Mafic – Ultramafic Intrusions of the Youanmi Terrane Yilgarn Craton Geological Survey of Western Australia record 2016/16                                     |
| <b>Maximius Resources Ltd 2008</b>  | Quarterly Report to the Australian Stock Exchange for the quarter ending September 2008  |
| <b>Maximius Resources Ltd 2012</b>  | Quarterly Report to the Australian Stock Exchange for the quarter ending December 2012   |
| <b>Perring R 2016</b>               | Challa Gold Nickel Project Investor Presentation (unpublished)   |
| <b>PVL Geological Services,2017</b> | EZA Corporation Limited Challa Gold Nickel Project Work Program Q3 - 2017 to Q2 2019 (internal company document)   |
| <b>WAMEX 6774, 1974</b>             | The Broken Hill Propriety Co Ltd, Narndee WA Field Investigations  |
| <b>WAMEX 11341, 1982</b>            | Alcoa Australia Limited, Exploration on Temporary Reserves 808 4H, 808 4H,855 8H, 8756H, within the Windimurra Complex Western Australia                                       |
| <b>WAMEX 11348 ,1982</b>            | Anaconda Australia Inc. 1981 Annual Report Windimurra Temporary Reserves 8240H- 8250H Mt Magnet Mining District WA   |
| <b>WAMEX 13058, 1984</b>            | Anaconda Australia Inc. 1983 Annual Report to 18 <sup>th</sup> December 1983 Windimurra Exploration License 58/13 and Mineral Claims 58/2490-2511 Mt Magnet Mining District WA |
| <b>WAMEX 13164, 1983</b>            | Alcoa Australia Limited, Exploration on Temporary Reserves 808 4H, 808 4H, 855 8H, 8756H, within the Windimurra Complex Western Australia                                      |
| <b>WAMEX 28724, 1989</b>            | Hunter Resources N.L. Narndee E 59/97, E59/98, E 59/99, E59/100 Annual Report 1989   |
| <b>WAMEX 42308, 1994</b>            | Peregrine Resources (Aust) N.L. Annual Report on Exploration license 58/126 Paynesville Western Australia 1984   |

|                           |  |
|---------------------------|--|
| <b>WAMEX 55389, 1998</b>  | Windimurra Resources Pty Ltd Geological Report Windimurra- Narndee Project E 58/164, E58/203,204,206, E59/770-773,775, Western Australia |
| <b>WAMEX 68139, 2004</b>  | Narndee Project Combined Annual Report for January 1 to December 31, 2003, E57/529, E59/908, E59/1078, E59/1081-1085, E59/1096           |
| <b>WAMEX 68969, 2004a</b> | Apex Minerals NL 2004 Annual and Combined Interim Report C30/2003 for the period 1/07/2003 -30/06/2004 Windimurra Project                |
| <b>WAMEX 70457, 2005</b>  | WMC Resources Limited Combine Annual Report C114/2004 for the Period 1 April 2004 to 31 March 2005 Windimurra Project                    |
| <b>WAMEX 70649 2004b</b>  | Apex Minerals NL 2004 Annual and Combined Interim Report C30/2003 Windimurra Project   |
| <b>WAMEX 73939 2006</b>   | Maximus Resources Limited 2006 Annual Report For the period 28/10/2005 to 27/10/2006 E58/270 Wonginong Hill                              |
| <b>WAMEX 75332, 2007</b>  | Apex Mineral NL Surrender Report C114/2004 period ending 22 May 2007   |

## 10.0 Glossary

|                       |  |
|-----------------------|--|
| <b>alteration</b>     | A change in mineral composition of a rock commonly due to hydrothermal fluids  |
| <b>Anorthosite</b>    | A plutonic rock comprised almost entirely of plagioclase that is usually the Ca-rich labradorite variety.  |
| <b>Anomaly</b>        | An area where exploration has revealed results higher than expected background levels  |
| <b>anticline</b>      | Applied to strata which dip in opposite directions from a common ridge or axis.  |
| <b>Archaean</b>       | The oldest rocks of the Precambrian era, older than about 2,500 million years.   |
| <b>arenite</b>        | A sedimentary rock composed of cemented or compacted detrital mineral grains.  |
| <b>Auger sampling</b> | A sampling method using auger drill to penetrate the upper profile to sample up to 2 – 4 metres below the surface  |
| <b>basalt</b>         | A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.  |
| <b>base metal</b>     | Referring to the transition elements, including iron, copper, zinc and lead.   |
| <b>basement</b>       | The igneous and metamorphic crust of the earth, underlying sedimentary deposits.   |
| <b>BIF</b>            | A rock consisting essentially of iron oxides and cherty silica   |
| <b>billion years</b>  | 1,000,000,000 years  |
| <b>Cainozoic</b>      | An era of geological time spanning the period from 65 million years ago to the present.  |
| <b>chert</b>          | Fine grained sedimentary rock composed of cryptocrystalline silica.  |
| <b>chromitite</b>     | Rock composed primarily of the mineral chromite, an opaque mineral of chromium pentoxide.  |
| <b>Clastic</b>        | Components of a sedimentary rock that were deposited by erosion and transportation of mineral and rock fragments.  |
| <b>Colluvium</b>      | A loose heterogeneous and incoherent mass of soil material   |
| <b>Coeval</b>         | Formed at the same time.   |
| <b>Conduits</b>       | The main pathways that facilitate the movement of mineralised fluids   |
| <b>craton</b>         | Large, and usually ancient, stable mass of the earth's crust.  |
| <b>cumulate</b>       | Textural term relating to layers formed by gravity settling of crystals within a magma chamber. The term can be modified to distinguish the texture and proportion of gravity-settled crystals relative to the minerals formed by crystallisation from the fluid trapped between those crystals. |
| <b>deformation</b>    | A general term for the process of folding, faulting, shearing, compression or extension of rocks as a result of stress.  |
| <b>depletion</b>      | The lack of gold in the near surface environment due to leaching process during weathering   |
| <b>dilational</b>     | Open space within a rock mass commonly formed as a response to folding or faulting   |

|                                |  |
|--------------------------------|--|
| <b>dolerite</b>                | A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.  |
| <b>dolomite</b>                | A mineral composed of calcium and magnesium carbonate; a rock predominantly comprised of this mineral is also referred to as dolomite or dolostone.  |
| <b>ductile</b>                 | Deformation of rocks or rock structures involving stretching or bending in response to folding or faulting   |
| <b>dyke</b>                    | Thin, sheet-like intrusion of magmatic rock  |
| <b>facies</b>                  | The aspect belonging to a geologic unit of sedimentation, including mineral composition, type of bedding, fossil content, etc.   |
| <b>fault zone</b>              | A wide zone of structural dislocation and faulting   |
| <b>Follow up</b>               | A term used to describe more detailed exploration work over targets generated during earlier exploration   |
| <b>felsic</b>                  | Light colored rocks containing an abundance of feldspars and quartz.   |
| <b>fluvial</b>                 | Pertaining to streams and rivers.  |
| <b>gabbro</b>                  | A coarse grained intrusive rock, which is low in silica and has relatively elevated levels of iron and magnesium minerals.   |
| <b>gabbronorite</b>            | Iron-rich intrusive rock comprised of pyroxene, calcic plagioclase, and iron oxides  |
| <b>granite</b>                 | A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.  |
| <b>greenstone</b>              | Term commonly applied to low metamorphic grade rocks of basic composition and comprised of the minerals chlorite and amphibole. Commonly applied to Archaean rock sequences dominated by these rock types. |
| <b>hydrothermal</b>            | Pertaining to hot aqueous solutions having temperatures up to 400°C. The solutions transport and deposit metals and chemicals in solution.   |
| <b>igneous</b>                 | Rocks that have solidified from magma.   |
| <b>intrusive</b>               | A mass of rock formed by magma cooling beneath the earth's surface.  |
| <b>Landsat TM</b>              | Imagery of the earth's surface collected by satellite and commonly processed to enhance particular features.   |
| <b>leuco (eg. leucogabbro)</b> | Description indicating rocks with a dominance of white minerals, usually plagioclase feldspar and sometimes olivine.   |
| <b>Lherzolite</b>              | Ultramafic rock composed dominantly of olivine and containing greater than 5% of the mineral pyroxene.   |
| <b>LIC</b>                     | Layered Igneous Complex is a large sill like body of igneous rock which exhibit vertical layering or differences in composition and texture.   |
| <b>lineament</b>               | A significant linear feature of the earth's crust, usually equating a major fault or shear structure.  |
| <b>lopolith</b>                | Saucer-shaped igneous intrusion with concave upward form.  |
| <b>mafic</b>                   | Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.   |
| <b>Maglag</b>                  | A geochemical sampling technique where the sample medium is near surface magnetic lag material   |
| <b>magnetic anomalies</b>      | Zones where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.   |
| <b>Mesoproterozoic</b>         | Middle Proterozoic era of geological time, 1,600 to 1,000 years ago.   |

|                                       |  |
|---------------------------------------|--|
| <b>metamorphic</b>                    | A rock that has been modified by the effects of pressure, heat and fluids within the crust.  |
| <b>nickel laterite mineralisation</b> | Nickel ore hosted within the laterite profile, usually derived from the weathering of olivine-rich ultramafic rocks.   |
| <b>norite</b>                         | A coarse-grained igneous rock of basic composition consisting essentially of plagioclase (near labradorite in composition) and orthopyroxene.  |
| <b>olivine</b>                        | An olive-green magnesium-iron silicate (Mg, Fe) <sub>2</sub> SiO <sub>4</sub> , common in mafic and ultramafic igneous rocks.  |
| <b>peridotite</b>                     | A general term for intrusive ultramafic igneous rocks dominantly consisting of olivine and lacking feldspar.   |
| <b>PGE</b>                            | An abbreviation for the platinum group elements, referring to ruthenium, rhodium, palladium, osmium, iridium and platinum.   |
| <b>pyroxenite</b>                     | A coarse grained igneous intrusive rock dominated by the mineral pyroxene.   |
| <b>REPTM</b>                          | A form of Airborne electromagnetic surveying   |
| <b>RAB</b>                            | A form of drilling where by air is blown down the inside of the drill rods and lifts sample cuttings through the outside annulus.  |
| <b>RC</b>                             | A form of drilling where sample cutting are returned inside the drill rods, allowing for less contamination and cleaner sample   |
| <b>sulphur saturation</b>             | Condition at which the chemical concentration of an element(s) in a magma (fluid or melt) is sufficiently high such that crystallization of a mineral must occur.                                    |
| <b>sediment hosted</b>                | Referring to rocks, typically of mineralisation, that are hosted within sedimentary rocks but which are not necessarily of sedimentary origin.   |
| <b>stockwork</b>                      | A network of (usually) quartz veinlets of varying orientation, produced during pervasive brittle fracture.   |
| <b>stratabound</b>                    | Referring to rocks that may be replacement in origin, but which occur predominantly within a specific package of sedimentary beds.   |
| <b>stratigraphy</b>                   | Sequence of layering formed in rocks by the depositional from a fluid, usually applied to sedimentary rocks but also to igneous rocks showing compositional variations within former magma chambers. |
| <b>stromatolite</b>                   | Marine organism that secretes calcareous material to form a dome shape and is typically found in shallow water.  |
| <b>thrust</b>                         | A low angle (shallowly inclined) fault or shear on which the rocks on the top have moved up and over the rocks on the bottom.  |
| <b>troctolite</b>                     | A variety of gabbro consisting essentially of labradorite feldspar and olivine with little or no pyroxene.   |
| <b>ultramafic</b>                     | Igneous rocks consisting essentially of ferromagnesium minerals with trace quartz and feldspar.  |
| <b>under-saturated</b>                | Condition where the composition of an element(s) in a magma (fluid or melt) is too low to allow crystallization of a mineral.  |



## Appendix 1

JORC Code, 2012 Edition – Table 1

### Section 1 Sampling Techniques and Data

| Criteria              | JORC Code explanation   | Commentary   |
|-----------------------|---|--|
| Sampling techniques   | <ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul> | <ul style="list-style-type: none"> <li>Reverse circulation Drilling</li> <li>Reverse circulation drill samples were collected at intervals ranging from 1 metre to 4 metres composite samples</li> </ul>   |
| Drilling techniques   | <ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>   | <ul style="list-style-type: none"> <li>34 reverse circulation drill holes. It is noted that in the drill report submitted to the Mines Department the holes are recorded as aircore but field inspection indicates the holes were reverse circulation, based on the drill collar, type of sample had hardness of the rock penetrated.</li> </ul> |
| Drill sample recovery | <ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> </ul>  | <ul style="list-style-type: none"> <li>Not documented</li> </ul>   |

| Criteria                                       | JORC Code explanation  | Commentary   |
|--|--|--|
|  | <ul style="list-style-type: none"> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>   |  |
| Logging  | <ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>   | <ul style="list-style-type: none"> <li>Drill holes were geologically logged using a standard logging code</li> </ul>   |
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul> | <ul style="list-style-type: none"> <li>Air core samples: the collection of metre and composite samples is unknown</li> </ul>   |
| Quality of assay data and laboratory tests     | <ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>   | <ul style="list-style-type: none"> <li>Previous explorers used reputable laboratories for assaying. Gold was analysed by AAS and base metals by mass spectrometry, both methods are considered appropriate for the metal being analysed</li> <li>Previous explorers did not document any additional QA/QC procedures</li> <li>Metadata provided includes Laboratory reference numbers</li> </ul> |
| Verification of sampling and assaying          | <ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data</li> </ul>   | <ul style="list-style-type: none"> <li>Not documented</li> </ul>   |

| Criteria  | JORC Code explanation  | Commentary   |
|---|--|--|
|   | <ul style="list-style-type: none"> <li>verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>   |  |
| Location of data points                                 | <ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>  | <ul style="list-style-type: none"> <li>Hand held GPS was used to record drill hole locations</li> </ul>  |
| Data spacing and distribution                           | <ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>                                 | <ul style="list-style-type: none"> <li>No systematic drill spacing was employed</li> <li>Holes were testing individual geochemical anomalies</li> </ul>  |
| Orientation of data in relation to geological structure | <ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul> | <ul style="list-style-type: none"> <li>Holes were orientated perpendicular to strike of geochemical anomaly or assume strike of mine workings</li> </ul> |
| Sample security   | <ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>  | <ul style="list-style-type: none"> <li>Not documented</li> </ul>   |
| Audits or reviews                                       | <ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>  | <ul style="list-style-type: none"> <li>Not documented</li> </ul>   |

#### Section 2 Reporting of Exploration Results

| Criteria                                | JORC Code explanation  | Commentary  |
|---|--|---|
| Mineral tenement and land tenure status | <ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul> | <ul style="list-style-type: none"> <li>Information provided in body of Independent Geologists Report</li> </ul> |

| Criteria   | JORC Code explanation   | Commentary   |
|--|---|--|
| Exploration done by other parties                                | <ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>   | <ul style="list-style-type: none"> <li>Previous explorers held title either covering parts of the current tenure or in its entirety</li> <li>Referenced in the body of the Independent Geologists Report</li> </ul>    |
| Geology  | <ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>   | <ul style="list-style-type: none"> <li>Information provided in the body of the Independent Geologists Report</li> </ul>  |
| Drill hole Information   | <ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul> | <ul style="list-style-type: none"> <li>Table 3 in the body of the Independent Geologists Report tabulates all the geographic data relating to the drilling undertaken</li> </ul>                                       |
| Data aggregation methods   | <ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>   | <ul style="list-style-type: none"> <li>Intercepts as quoted in the Independent Geologists Report are derived from information provided by Previous explorers</li> <li>No metal equivalents have been stated</li> </ul> |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>   | <ul style="list-style-type: none"> <li>All drilling reported is reverse circulation, none of the drilling intersected significant mineralisation</li> </ul>  |
| Diagrams   | <ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of</li> </ul>  | <ul style="list-style-type: none"> <li>Representative diagrams are in the body of</li> </ul>   |

| Criteria                                  | JORC Code explanation   | Commentary   |
|---|---|--|
|   | <i>intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>   | the Independent Geologists Report  |
| <i>Balanced reporting</i>                 | <ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results.</li> </ul>   | <ul style="list-style-type: none"> <li>Information discussed in the body of the Independent Geologists Report</li> </ul> |
| <i>Other substantive exploration data</i> | <ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul> | <ul style="list-style-type: none"> <li>Information discussed in the body of the Independent Geologists Report</li> </ul> |
| <i>Further work</i>                       | <ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>                                       | <ul style="list-style-type: none"> <li>Information discussed in the body of the Independent Geologists Report</li> </ul> |

## Schedule 8 Section 249P statement from the Requisitioning Shareholders

### Members' Statement by Mercantile Investment Company Ltd

#### THE SORRY HISTORY OF EZA CORPORATION LTD

The shares were listed on ASX on 7 October 2011 at 20c each.

The purpose of the company was to operate ATMs in WA.

The business was unsuccessful and was sold in September 2014.

At that stage, net assets were 16c per share.

So shareholders had lost 20% of their investment in 3 years.

The responsible course of action would have been to return funds to shareholders at that stage. But instead there followed nearly another three years of total inaction by the Board. During which they managed to lose a further 1 cent per share in Directors' fees and overheads. The shares were suspended from ASX on 7 December 2015.

So shareholders have been deprived of a market for nearly two years. Mercantile recently made an offer of 13.75c which the Board rejected. It should have been accepted.

In response the Board has come up with a most unattractive and unconvincing proposal to force upon shareholders.

A speculative venture to search for gold in the West Australian desert. A guaranteed loss making venture.

How disappointing to be confronted with this after three years inactivity!

MERCANTILE IS PROPOSING THAT EZA BE WOUND UP AND THE REMAINING FUNDS (AT LAST COUNT 14.81c) BE RETURNED TO SHAREHOLDERS.

This resolution will probably be defeated by the large shareholdings of the Directors and their associates. But it will provide a benchmark against which the value of your shares can be measured in the future.

In our view, the present value of 14.81c will never again be achieved.

Ron Brierley

Chairman

Mercantile Investment Co Ltd

8 August 2017

### ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chairman, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00 am (AWST), on 29 September 2017 at HLB Mann Judd, Level 4 130 Stirling Street, Perth WA 6000, and at any adjournment thereof.

**I/ we expressly authorise the Chairman to exercise my/ our proxy even if the proposed Resolution is connected directly or indirectly with the Remuneration of a member of Key Management Personnel.**

**The Chairman intends to vote undirected proxies in favour of Resolutions 1 to 9. The Chairman intends to vote undirected proxies against Resolutions 10 and 11. In exceptional circumstances the Chairman may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

| <b>Voting on business of the Meeting</b>                              | <b>FOR</b>               | <b>AGAINST</b>           | <b>ABSTAIN</b>           |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1: Non-Binding Resolution to adopt Remuneration Report     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2: Re-election of Mr Mark Jones as a Director              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3: Re-election of Mr Terence Brown as a Director           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4: Approval of Proportional Takeover Provisions            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5: Change to Nature and Scale of Activities                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6: Approval of Return of Capital                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7: Approval of Issue of Consideration Securities to Vendor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8: Approval of Issue of Capital Raising Shares             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 9: Approval of Change of Name                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 10: To wind up the Company                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 11: Appointment of Proposed Liquidator                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**If two proxies are being appointed, the proportion of voting rights this proxy represents is:** \_\_\_\_\_%

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_ **Contact ph. (daytime):** \_\_\_\_\_

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(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 of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) in person to 39 Clifton Street, Nedlands, WA 6009;
  - (b) post to 39 Clifton Street, Nedlands, WA 6009;
  - (c) facsimile on +61 8 9389 8226; or
  - (d) email to the Company Secretary at [krystel.kirou@nextiaperth.com.au](mailto:krystel.kirou@nextiaperth.com.au).

so that it is received not less than 48 hours prior to commencement of the Meeting being not later than 10.00 am (WST) on 27 September 2017.

**Proxy Forms received later than this time will be invalid.**