
South East Asia Resources Limited
(Subject to Deed of Company Arrangement)

ACN 009 144 503

to be renamed

"Jadar Lithium Limited"

NOTICE OF GENERAL MEETING

TIME: 3.30 pm (AEST)
DATE: Friday, 6 October 2017
PLACE: Level 5, 56 Pitt Street, Sydney NSW

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company.

If Shareholders do not approve the Acquisition Resolutions, then the Acquisition will not proceed and the Company will be de-listed from ASX in accordance with ASX's long term suspended entities policy. See Section 4.23 for further information.

The Notice of General Meeting 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.

The Deed Administrators (including in their capacity as Administrators) have not independently verified any of the information contained in this Notice. The Deed Administrators and their servants, agents and employees do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Notice. To the extent permissible by law, all such parties and entities expressly disclaim any and all liability for, or based on or relating to, any such information contained in, or errors in or omissions from this Notice and accompanying Explanatory Statement. Notwithstanding this, the Deed Administrators' consent to convening the Meeting and the issue and dispatch of this Notice and accompanying Explanatory Statement.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6489 0600.

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

SOUTH EAST ASIA RESOURCES LIMITED (TO BE RENAMED "JADAR LITHIUM LIMITED") (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

A C N 0 0 9 1 4 4 5 0 3

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of South East Asia Resources Limited (to be renamed "Jadar Lithium Limited") (Subject to Deed of Company Arrangement) (**Company**) will be held at Level 5, 56 Pitt Street, Sydney, New South Wales on Friday, 6 October 2017 at 3.30pm (AEST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on Wednesday, 4 October 2017 at 7.00pm (AEST).

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

Conditional Resolutions

The Acquisition Resolutions (Resolutions 2 to 9 (inclusive)) are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any of the Acquisition Resolutions are not approved at the Meeting, none of the Acquisition Resolutions will take effect and the Acquisition Agreement and other matters contemplated by the Acquisition Resolutions will not be completed.

AGENDA

1. RESOLUTION 1 – RATIFICATION OF DISPOSAL

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

"That Shareholders ratify the disposal by the Company of its Malala Molybdenum Project on the terms and condition detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

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

- (b) it is cast by the Chair 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.

2. RESOLUTION 2 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

“That, subject to and conditional upon the passing all Acquisition Resolutions, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change in the nature and scale of the Company's activities resulting from the Acquisition and the Capital Raising, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

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

3. RESOLUTION 3 – CONSOLIDATION OF CAPITAL

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

“That, subject to and conditional upon the passing of all Acquisition Resolutions, the Company raising \$5 million pursuant to the Capital Raising and the Company receiving a reinstatement conditions letter from ASX (on terms acceptable to the Company), pursuant to section 254H of the Corporations Act, and for all other purposes, Shareholders approve and authorise the Company to consolidate the issued capital of the Company on the basis that:

- (a) *every 20 Shares be consolidated into one (1) Share; and*
- (b) *every 20 Options be consolidated into one (1) Option,*

(Consolidation) and, where this Consolidation results in a fraction of a Share or Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be) and otherwise on the terms and conditions set out in the Explanatory Statement.”

4. RESOLUTION 4 – APPROVAL TO ISSUE CAPITAL RAISING SHARES

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

“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 250,000,000 Shares (on a post Consolidation basis)

(Capital Raising Shares) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

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

5. RESOLUTION 5 – APPROVAL TO ISSUE CONSIDERATION SHARES

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

“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 37,500,000 Shares (on a post Consolidation basis) to the Vendors (or their nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Vendors (and their nominees) and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

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

6. RESOLUTION 6 – ELECTION OF DIRECTOR – MR LUKE MARTINO

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

“That, subject to and conditional upon the passing of all Acquisition Resolutions and Completion occurring, for the purposes of Clause 12.3 of the Constitution and for all other purposes, Mr Luke Martino, being eligible and having consented to act, be appointed as a director of the Company on and from Completion.”

7. RESOLUTION 7 – ELECTION OF DIRECTOR – MR NICHOLAS SAGE

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

“That, subject to and conditional upon the passing of all Acquisition Resolutions and Completion occurring, for the purposes of Clause 12.3 of the Constitution and for all other purposes, Mr Nicholas Sage, being eligible and having consented to act, be appointed as a director of the Company on and from Completion.”

8. RESOLUTION 8 – APPROVAL TO ISSUE ADVISOR SHARES

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

“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 12,500,000 Shares (on a post Consolidation basis) to Dempsey Resources Pty Ltd (or its nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Dempsey Resources Pty Ltd (and its nominees) and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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 a 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 Chair 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.

9. RESOLUTION 9 – APPROVAL TO ISSUE LEAD MANAGER OPTIONS

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

“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 5,000,000 Options (on a post Consolidation basis) to Indian Ocean Corporate Pty Ltd (or its nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Indian Ocean Corporate Pty Ltd (and its nominees) and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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 a 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 Chair 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.

10. RESOLUTION 10 – APPROVAL TO CHANGE COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, subject to and conditional upon the of passing all Acquisition Resolutions and Completion occurring, 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 "Jadar Lithium Limited" with effect from the date that ASIC alters the details of the Company's registration."

11. RESOLUTION 11 – APPROVAL TO ISSUE ATTACHING OPTIONS

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes approval is given for the Company to issue up to 65,250,000 Attaching Options (on a post Consolidation basis) to sophisticated and professional investors who participated in the Placement on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this Resolution any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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 a 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 Chair 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.

12. RESOLUTION 12 – REPLACEMENT OF CONSTITUTION

To consider, and if thought fit to pass as a special resolution the following:

"That, pursuant to and in accordance with section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chair for identification purposes."

Dated: 5 September 2017

By order of the Board


Kobi Tsaban
Director

SOUTH EAST ASIA RESOURCES LIMITED (TO BE RENAMED "JADAR LITHIUM LIMITED") (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

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EXPLANATORY MEMORANDUM

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 5, 56 Pitt Street, Sydney, New South Wales on Friday, 6 October 2017 at 3.30pm (AEST).

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

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

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Section 8	Resolution 3 – Consolidation of Capital
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Section 10	Resolution 5 – Approval to issue Consideration Shares
Section 11	Resolutions 6 and 7 – Election of Directors
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Section 13	Resolution 9 – Approval to issue Lead Manager Options
Section 14	Resolution 10 – Approval to change Company name
Section 15	Resolution 11 – Approval to issue Attaching Options
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Schedule 1	Glossary

Schedule 2	Pro-forma balance sheet
Schedule 3	Independent Geologist's Report
Schedule 4	Attaching Options and Lead Manager Options terms and conditions

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

1. ACTION TO BE TAKEN BY SHAREHOLDERS

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

1.1 Voting in person

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

1.2 Proxies

(a) Voting by proxy

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

Please note that:

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

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

(b) Proxy vote if appointment specifies way to vote

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

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;

- (iii) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (iv) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- (c) Transfer of non-chair proxy to chair in certain circumstances

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

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

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

2. CONDITIONAL RESOLUTIONS (ACQUISITION RESOLUTIONS)

The Acquisition Resolutions (Resolutions 2 to 9 (inclusive)) are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any of the Acquisition Resolutions are not approved at the Meeting, none of the Acquisition Resolutions will take effect and the Acquisition Agreement and other matters contemplated by the Acquisition Resolutions will not be completed.

Resolution 10 (change of Company name) is conditional upon the approval of all of the Acquisition Resolutions. If all of the Acquisition Resolutions are not approved, Resolution 10 will not take effect. However, the Acquisition Resolutions are not conditional upon the approval of Resolution 10.

3. INDEPENDENT GEOLOGICAL REPORT

As a result of the Acquisition, the Company proposes to acquire the Serbian Lithium Projects, located in the Republic of Serbia. The Serbian Lithium Projects are 'greenfields' projects upon which no substantive exploration work has been undertaken. See Section 4.11 for a summary of the Serbian Lithium Projects.

An Independent Geological Report, providing additional details of the Serbian Lithium Projects and the Republic of Serbia, is included in Schedule 3.

Whilst a Company representative has conducted a site visit of the Serbian Lithium Projects, Shareholders should be aware that the Independent Geologist has not carried out a site visit to any of the Serbian Lithium Project areas. The Independent Geologist has relied on information provided by the Company derived from internal company data as well as other publicly available general data and reports sourced by the Independent Geologist.

4. BACKGROUND TO THE ACQUISITION

4.1 General Background

The Company was incorporated on 2 August 1985 and was admitted to the Official List of the ASX on 7 December 1994. Since listing on the ASX, the Company has focussed on a number of activities, with the most recent being that of coal exploration and development in Indonesia.

The Company's securities were suspended from official quotation on 1 October 2014.

On 8 January 2015, the Company was placed into voluntary administration and Mr David Ingram, Mr Cameron Shaw and Mr Richard Albarran were appointed as joint and several Administrators of the Company.

Following a creditors' meeting on 20 March 2015:

- (a) the Company entered into a Deed of Company Arrangement (**Original DOCA**) with Olivest Pty Ltd (as proponent) (**Olivest**) dated 16 April 2015;
- (b) David Ingram, Cameron Shaw and Richard Albarran were appointed as Deed Administrators on 16 April 2015.

A general meeting of Shareholders was held on 8 December 2016 to approve the Olivest recapitalisation proposal and for various issues of Shares in satisfaction of various debts owed to non-participating creditors of the Original DOCA. The Company's capital structure in Section 4.19 sets out the securities issued to date pursuant to the Original DOCA.

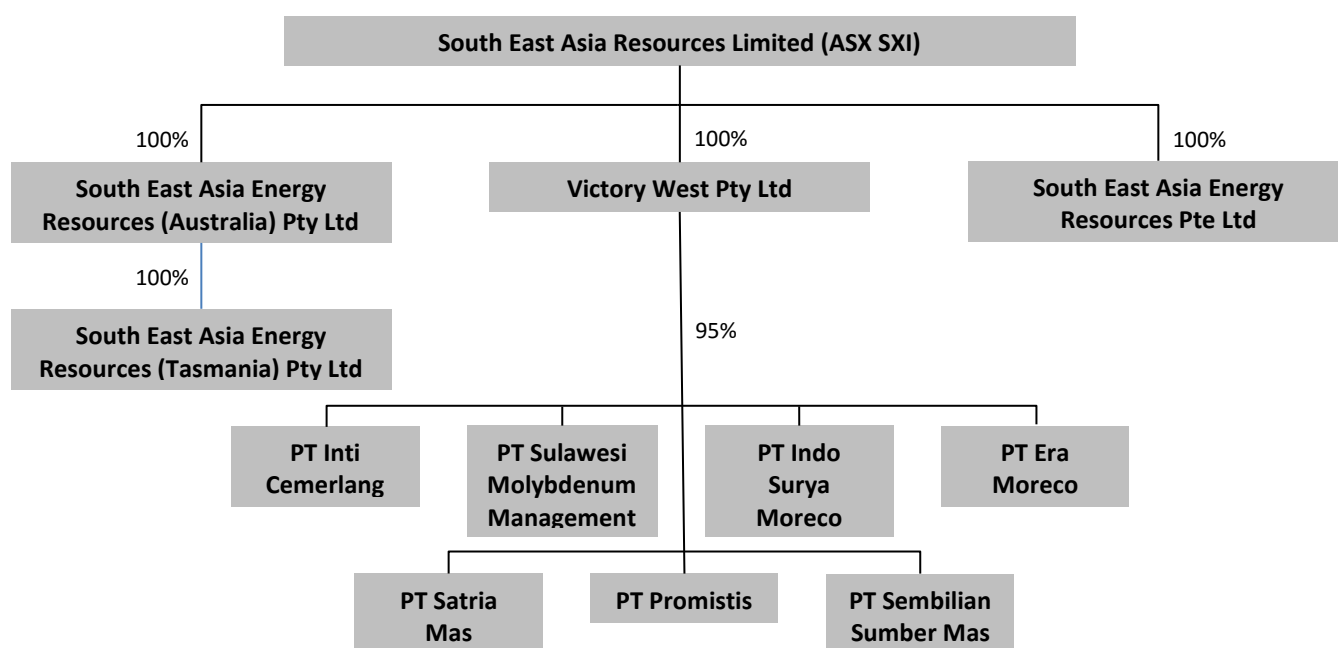
In a report to creditors on 31 May 2017, the Deed Administrators advised Olivest was in default of the terms of the Original DOCA. At a creditors' meeting held on 8 June 2017, creditors resolved to vary the terms of the Original DOCA and accept a proposal put forward by Nelac Nominees Pty Ltd (**Nelac**) for the recapitalisation of the Company and re-admission to ASX.

The Original DOCA was subsequently amended consistent with Nelac's DOCA proposal (**DOCA**). A summary of the DOCA is contained in Section 4.3. Shareholder approval for various issues of Shares contemplated by Nelac's recapitalisation proposal was received by the Company at a shareholder meeting on 31 July 2017.

The Company is required to re-comply with Chapters 1 and 2 of the Listing Rules before its securities are able to be reinstated to trading by ASX. See Section 4.23 for further information regarding what steps the Company must take and satisfy to obtain an extension from the mandatory de-listing date of 6 October 2017 set by ASX in accordance with ASX's long term suspended entities policy.

4.2 Pre DOCA corporate structure

The Company's corporate structure prior to entering voluntary administration and executing the DOCA was as set out below.



The Company's anticipated corporate structure following Completion (including effectuation of the DOCA) is detailed in Section 4.8.

4.3 Nelac DOCA Proposal

A recapitalisation proposal typically involves an injection of new cash into a company that is either in financial distress or has been placed into voluntary administration. In the ordinary course, the entity will retain some or all of its assets and seek reinstatement to trading following completion of the recapitalisation.

As noted above, the Company's creditors approved the DOCA on 8 June 2017.

If the DOCA completes, all claims of Creditors against the Company will be extinguished, discharged and released, subject to various non-participating creditors agreeing to convert outstanding debts to Shares in the Company in accordance with previous resolutions approved by Shareholders at the 31 July 2017 and 8 December 2016 Shareholder meetings.

A summary of the material terms of the DOCA Proposal, as embodied by the DOCA, is set out below.

- (a) The Company and the Deed Administrators will establish the Creditors' Trust, with the Deed Administrators acting as trustees.
- (b) The Company and / or Nelac must contribute the amount of \$760,000 to the Creditors' Trust (**DOCA Payment**). This includes a lump sum payment of \$370,000 due by 15 August 2017. The Deed Administrators agreed to extend the payment date to 15 September 2017.

Of the DOCA Payment it is acknowledged that \$410,000 has been contributed to date, leaving the outstanding amount of \$350,000 above as owing.

- (c) The Company must transfer 50% of any of its rights to shares in Amarant Mining AB (a Swedish company) to the Administrators (**Amarant Shares**).

50% of any of the Company's rights to shares in Amarant Mining AB will be retained by the Company after the effectuation of the DOCA.

- (d) *Amarant Mining is an unlisted public company based in Sweden, which focuses on alluvial mining. Its primary assets are a number of mining concessions located in Suriname, South America and Nevada, USA. The Company will hold approximately 0.015% of the voting rights in Amarant Mining. In addition, the Company also holds royalty notes providing the Company with a share in a royalty agreement covering the rights to a 25% share of the first ten years of production up to 200k oz of gold. The Gold produced will be placed in storage and held until the end of the ten year period at which point the Company has an option to receive the physical gold or be paid in cash. Amarant Mining is still in exploration phase. The remaining Convertible Note Holders and Loan Providers who did not convert their claims into shares at the Company's general meeting held on 8 December 2016 may convert their claims into Shares at \$0.05 per share or participate in any distribution under the DOCA as unsecured creditors.*

This conversion was approved by Shareholders at the general meeting held 31 July 2017 and is anticipated to occur prior to Completion.

- (e) *Related party creditors including the current Directors and any entity associated with the Directors or their relatives (including in-laws) will subrogate their claims against the Company in their entirety, and will not participate in any distribution under the DOCA and will subject to shareholder approval, convert their debts into equity on the same terms and conditions as approved at the General Meeting held on 8 December 2016.*

This conversion was approved by Shareholders at the general meeting held 8 December 2016 and occurred on 20 December 2016. These post-consolidated conversion shares (approximately 805,806 in total) are expected to be escrowed by ASX for 24 months following reinstatement to trading.

- (f) *The Company will undertake the Consolidation.*

The Consolidation is the subject of Resolution 3.

- (g) *The Company will do everything necessary to comply with Chapters 1 and 2 of the ASX Listing Rules to ensure it is in a position to be re-listed including convening general meeting of shareholders for the purpose of approving the Acquisition by 30 September 2017.*

This timeframe of this condition will require extension by the Deed Administrator. The Company will keep the market informed as to this condition.

- (h) *The Company's own subsidiaries will retain all assets as agreed in the DOCA, specifically:*

- (i) *any rights to the Moly Project will be retained by the Company as an asset, with the title to this asset still subject to legal confirmations; and*
- (ii) *50% of the shares held by the Company in Amarant Mining AB.*

The Moly Project was disposed of by the Company as a result of the de-registration of Victory West (see Section 4.6 for more information). Ratification of this Disposal is the subject of Resolution 1.

50% of the shares held by the Company in Amarant Mining AB will be retained by the Company.

- (i) In the event that the Company or Nelac are unable to comply with the fundamental terms of the DOCA (or the Deed Administrators form the view that that compliance is unlikely) the Deed Administrators have a right to terminate the DOCA and / or convene a meeting of the creditors to vary, terminate or enforce the terms of the DOCA.
- (j) Control and management of the Company will remain with the Directors until and upon effectuation of the DOCA and commencement of the Creditors' Trust.
- (k) The claims of all creditors against the Company will be replaced with a right to prove debts against the Trustee of the Creditors' Trust and payment will be made in accordance with the DOCA and the Creditors' Trust Deed.
- (l) Upon completion of the DOCA, the Creditors' Trust Fund will be distributed as follows:
 - (i) first, to the Deed Administrators' costs, expenses and remuneration;
 - (ii) second, to pay the Trustees' costs expenses and remuneration;
 - (iii) third, to pay the admitted claims of any priority creditors; and
 - (iv) fourth, to pay the admitted claims of any unsecured creditors.
- (m) All security over the Company's assets will be discharged and released.

For the avoidance of doubt, upon completion of the DOCA no security will exist over the Company or any of its assets.

Shareholder approval for the various securities issues being made pursuant to the DOCA Proposal was obtained at Shareholder meetings held by the Company in July 2017 and December 2016.

4.4 Creditors' Trust Deed

A creditors' trust is a mechanism used to accelerate a company's exit from external administration. Under the terms of a deed of company arrangement, a trust is created and the company's obligations to creditors which are bound by the deed of company arrangement are then compromised and transferred to the trust. Creditors become beneficiaries of the trust. The purpose of the trust is to deal with the debts and claims against the Company that, but for the release of claims under the deed of company arrangement, would have been payable by the Company.

The deed of company arrangement terminates upon creation of the trust. When the deed of company arrangement terminates, the company ceases to be externally administered and the directors regain full control of the company.

The DOCA provides for the creation of a creditors' trust to which the DOCA Payment and Amarant Shares will be transferred and realised in satisfaction of participating Creditors' claims.

Distribution of the fund by the Trustees is set out in Section 4.3.

4.5 Effect of the DOCA Proposal

For the purposes of this Explanatory Memorandum, the information below is provided for the consideration of Shareholders.

The Company's shares were last traded on ASX on 26 September 2014 and the Administrators were appointed on 8 January 2015. Accordingly, historic ASX share trading prices for the Company are not considered a reliable basis to assess the value of the new Shares.

Due to the Company's current state of affairs, the lack of profit history and the immediate lack of a reliable future cash flow from remaining assets, maintainable earnings are not considered a reliable basis to assess the value of the Company's shares.

The Administrators estimate that, on a liquidation basis, there is a deficiency of funds. Accordingly, the unsecured creditors may receive a nil return if the DOCA Proposal does not proceed (and no alternative proposal is received or the DOCA varied). Therefore, on a liquidation basis, the Shareholders' return from the Company may be nil.

The advantages of passing the Resolutions and subsequent completion of the DOCA Proposal are set out in Section 4.26.

The disadvantages of passing the Resolutions and subsequent completion of the DOCA Proposal are set out in Section 4.27. One disadvantage of passing the Resolutions is that existing Shareholders will have their holdings diluted following the Consolidation on a 20 for 1 basis and the issue of the Consideration Shares, Advisor Shares and Capital Raising Shares. However, this must be balanced with the fact that the existing Shares currently are suspended by the ASX and, should the Acquisition and the DOCA Proposal not proceed or complete, the Company may be placed into liquidation. Following completion of the Acquisition and DOCA Proposal, the existing Shareholders' reduced holdings will have value based on the cash injection to the Company and return to liquidity through reinstatement of the Company's shares to trading on ASX.

If Shareholders do not approve the Acquisition, and the DOCA Proposal does not proceed, then the Administrator may, in the absence of any other deed of company arrangement proposal or a variation to the terms of the DOCA, recommend to creditors that the Company be put into liquidation.

4.6 Disposal of Moly Project

A condition of the DOCA (see section 4.3 for further details) is that the Company retains any rights to the Malala Molybdenum Project (**Moly Project**) (with the Deed Administrators acknowledging that title to the Moly Project is still subject to legal confirmation).

The Company's Moly Project comprised of mining tenements in Indonesia held by the following companies (**Moly Subsidiaries**):

- PT Inti Cemerlang;
- PT Sulawesi Molybdenum Management;
- PT Indo Surya Moreco;
- PT Era Moreco;
- PT Sembilan Sumber Mas; and
- PT Promistis.

All the Company's rights, interest and title to the Moly Project were held through its subsidiary Victory West Pty Ltd (**Victory West**) which had a 95% interest in the operations and assets of the Moly Subsidiaries and the power to govern the financial and operating policies of these companies.

On 10 March 2017, Victory West was deregistered. As a result, the Company lost all right, title or interest to the Moly Project (**Disposal**).

The Company did not obtain shareholder approval for the Disposal. The Company is now seeking Shareholder ratification for the Disposal under Resolution 1 as part of the overall recapitalisation and re-compliance process.

The Company anticipates that if Resolution 1 is not passed, the Company's Securities will not be reinstated to quotation and the Company will be de-listed from the Official List of ASX.

4.7 Placement

To meet its obligations under the DOCA Proposal the Company will complete a placement (**Placement**) of up to 1,305,000,000 Shares (on a pre Consolidation basis, 65,250,000 Shares on a post Consolidation basis) (**Placement Shares**) to sophisticated and professional investors, to raise \$1,305,000. The issue of the Placement Shares was approved by Shareholders at the Company's 31 July 2017 and 8 December 2016 meetings. To date the Company has issued 455,000,000 Placement Shares.

The Company has determined that, for every Placement Share issued to Placement participants, the Company will (subject to shareholder approval) for no consideration, issue Placement participants one unquoted Option exercisable at \$0.02 (on a post Consolidation basis), with an expiry date that is 3 years after the issue date (**Attaching Option**).

None of the investors who participated in the Placement is a related party to the Company.

The Attaching Options are the subject of Resolution 11. The terms of the Attaching Options are detailed in Schedule 4.

The Company has applied for and expects to receive a waiver from ASX Listing Rule 1.1 condition 12 to permit the exercise price of the Attaching Options to be \$0.02 each.

4.8 The proposed Acquisition

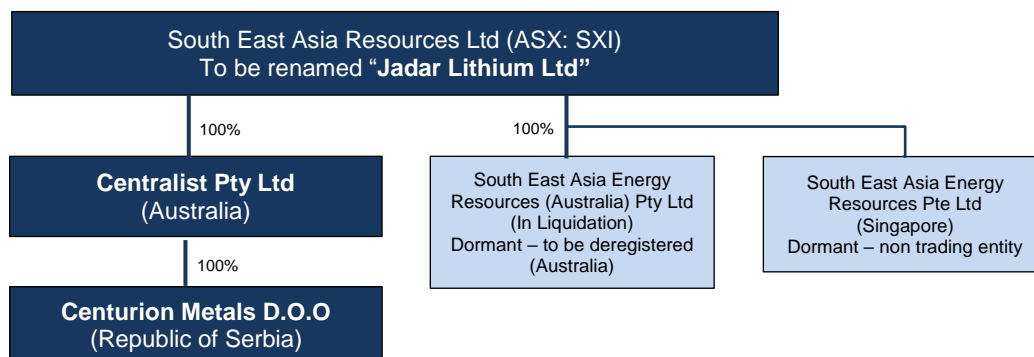
On 5 September 2017, the Company entered into a conditional binding agreement with Centralist Pty Ltd (**Centralist**) and Impact Nominees Pty Ltd (**Impact**) under which the Company agrees to acquire 100% of the issued capital in Centralist from Impact and Mr Bozo Guzijan (**Vendors**) (**Centralist Agreement**).

On 31 August 2017, Centralist entered into entered into a conditional binding agreement with Centurion and Mr Bozo Guzijan (**Guzijan**), pursuant to which Centralist agrees to acquire 100% of the issued capital in Centurion from Guzijan (**Centurion Agreement**). Centurion holds 5 licence agreements in Serbia (for a detailed description see the geologist's report attached to this Notice).

The transactions contemplated by the Centralist Agreement and the Centurion Agreement (**Acquisition Agreements**) make up the proposed Acquisition. Completion of the Acquisition is subject to various conditions precedent, which are outlined in Section 4.14(b).

Pursuant to the terms of the Acquisition Agreements, on Completion of the Acquisition Centurion will become a wholly owned subsidiary of Centralist, and Centralist will become a wholly owned subsidiary of the Company. Section 4.10 details the operations of Centralist and Centurion. A summary of the material terms of the Acquisition Agreements is set out in Section 4.14.

Following Completion, the Company's corporate structure will be as follows:



In addition, the Company will directly hold 1,687 Amarant Shares and Amarant royalty notes (as described in Section 4.3).

This Notice sets out the Resolutions necessary to complete the Acquisition.

Each of the Acquisition Resolutions (being Resolutions 2 to 9 (inclusive)) are conditional upon the approval by Shareholders of each of the other Acquisition Resolutions. If any of the Acquisition Resolutions are not approved by Shareholders, all of the Acquisition Resolutions will fail and Completion will not occur.

A summary of the Resolutions is as follows:

- (a) The ratification of the Disposal by the Company of its main undertaking, the Moly Project (**Resolution 1**);
- (b) the Acquisition, if successfully completed, will represent a significant change in the nature or scale of the Company's operations to a mineral exploration company focused on lithium, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (**Resolution 2**);
- (c) as noted above, the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, the Company proposes to (among other things):
 - (1) consolidate its securities on a 20 for 1 basis to enable the company to complete the Capital Raising at a price sufficient to meet ASX Listing Rule requirements (**Resolution 3**); and
 - (2) issue up to 250,000,000 Shares (on a post Consolidation basis) at \$0.02 per Share (**Capital Raising Shares**) to raise up to \$5,000,000 via a prospectus (**Resolution 4**);
- (d) the issue at Completion of 37,500,000 Consideration Shares (on a post Consolidation basis) to the Vendors (or their nominees) (**Resolution 5**);
- (e) the appointment of two Proposed Directors, being Mr Luke Martino (**Resolution 6**), and Mr Nicholas Sage (**Resolution 7**); and
- (f) the issue of 12,500,000 Adviser Shares (on a post Consolidation basis) to Dempsey Resources Pty Ltd (**Dempsey**) (or its nominees) in consideration for

corporate advisory services provided to the Company in relation to the Acquisition (**Resolution 8**);

- (g) the issue of 5,000,000 Options (on a post Consolidation basis) to Indian Ocean in consideration for lead manager services provided to the Company in relation to the Capital Raising (**Resolution 9**);
- (h) changing the Company's name to "Jadar Lithium Limited" with effect from the date that ASIC alters the details of the Company's registration (**Resolution 9**);
- (i) the issue of up to 65,250,000 Attaching Options (on a post Consolidation basis) to sophisticated and professional investors who participated in the Placement (none of whom are related parties of the Company) (**Resolution 10**); and
- (j) repealing the existing Constitution and adopting a new constitution its place (**Resolution 11**).

Impact currently holds 4,816,803 Shares in the Company (on a pre Consolidation basis, approximately 240,841 on a post Consolidation basis).

Dempsey currently holds 57,309,480 Shares in the Company (on a pre Consolidation basis, approximately 2,865,474 on a post Consolidation basis).

Assuming Completion of the Acquisition occurs, all the Capital Raising Shares are issued and none of the Company's Options are exercised, existing Shareholders, the Vendors, Dempsey (or their nominees), creditors and investors under the Capital Raising will each have the following voting power in the Company (on a post Consolidation basis):

Shareholder	Shares	Voting power (%)
Existing Company Shareholders ¹	12,519,710	3.21%
Related Party debt for equity conversion	805,806	0.21%
Non-DOCA creditors conversion of debt to equity	7,738,448	1.99%
Convertible bond conversion	110,000	0.03%
Placement	65,250,000	16.75%
Vendors ²	37,740,841	9.69%
Dempsey ³	15,365,474	3.94%
Investors under the Capital Raising	250,000,000	64.18%
Total	389,530,279	100%

Notes:

1. Pre-DOCA issues and excluding Dempsey's and Impact's interest. Assumes that none of the existing Shareholders participate in the Capital Raise.
2. Includes 240,841 existing Shares held by Impact and 37,500,000 Consideration Shares (post Consolidation).
3. Includes 2,865,474 existing Shares and 12,500,000 Advisor Shares (post Consolidation).

Refer to Section 4.19 for further detail in relation to the voting power of Vendors and Dempsey post Acquisition.

Other information considered material to the Shareholders' decision on whether to pass the Acquisition Resolutions is set out in this Explanatory Memorandum, and Shareholders are advised to read this information carefully.

4.9 Directors' recommendation and voting intention

All of the Directors are of the opinion that the Acquisition is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of the all Resolutions. The Directors' recommendations are based on the reasons outlined in Section 4.26.

Each of the Directors intends to vote all of their Shares in favour of each of the Resolutions in which they are entitled to vote.

4.10 Overview of Centralist Pty Ltd

(a) Centralist Pty Ltd

Centralist Pty Ltd (**Centralist**) is an Australian private company limited by shares registered on 27 April 2017 in Western Australia. Centralist has entered into the Centurion Agreement to acquire 100% of the issued capital in Centurion Metals D.O.O. (**Centurion**).

As at the date of this Notice, all Centralist Shares are held by Impact Nominees Pty Ltd (**Impact**). Upon Completion, pursuant to the Centurion Agreement, Guzijan will become a shareholder of Centralist along with Impact. Guzijan and Impact will then immediately transfer all their Centralist Shares to the Company in consideration for the Consideration Shares.

ASX Listing Rule 10.1

The current sole director of Centralist is Mr Domenic Martino, and the sole shareholder is Impact Nominees, an entity controlled by Mr Dominic Martino's wife, Sandra Martino.

Mr Domenic Martino is the brother of Mr Luke Martino. Mr Luke Martino is currently Company Secretary, and it is intended that from Completion, he will resign as Company Secretary and be appointed as Non-executive Director of the Company (subject to Resolution 6).

ASX Listing Rule 10.1 prohibits an entity from acquiring a substantial asset from a "related party" of that entity, or an "associate" of a "related party" of that entity, unless a specific exception applies.

The Company is of the view that ASX Listing Rule 10.1 does not apply in respect of the Acquisition generally, and its acquisition of 100% the issued share capital of Centralist in particular, for the following reasons.

Neither Mr Domenic Martino nor Impact is a "related party" of the Company (as that term is defined in the Corporations Act and ASX Listing Rules).

The Company is of the view that Mr Luke Martino and Mr Domenic Martino are not "associates". Mr Luke Martino will only become a "related party" to the Company when he becomes a Director of the Company by reason of the Acquisition. An exception in ASX Listing Rule 10.3 applies such that ASX Listing Rule 10.1 will not

apply to acquisitions by the Company from Mr Luke Martino or his associates in these circumstances.

Accordingly, ASX Listing Rule 10.1 does not apply in respect of the Acquisition.

(b) Centurion Metals D.O.O.

Centurion is a Serbian company which owns five (5) exploration licences located in the Republic of Serbia (the **Serbian Lithium Projects**).

Centurion Metals D.O.O. (**Centurion**) is a limited liability company established in accordance with Serbian law. It was founded on 18 March 2016 and was registered with the Serbian Business Registers Agency on that same date.

As at the date of this Notice, Mr. Bozo Guzijan is the sole shareholder and sole director of Centurion.

4.11 Summary of the Serbian Lithium Projects

Centurion is the owner of five (5) exploration licences covering a total area of 328.6 square kilometres in Serbia (the **Serbian Lithium Projects**) (see Table 1 and Figure 1 below). The exploration licences permit geological researching of lithium, boron, and corresponding metallic raw mineral materials.

Name	Tenement ID	Area (Km2)	Expiry Date
Cer	2223	92.8	27/02/2020
Bukulja	2226	38.6	24/02/2020
Rekovac	2224	75.5	27/02/2020
Krajkovac	2209	31.2	7/11/2019
Vranje-South	2225	90.5	22/02/2020
Total		328.6	

Table 1. Serbian Lithium Project tenement schedule

The exploration licences each have a term of three years, extendable upon request of the Company made at least 30 days prior to the expiry date, provided that at least 75% of the project planned volume has been carried out.

Please refer to Schedule 3 which includes an Independent Geological Report providing further detail on the Serbian Lithium Projects and Serbia.

Whilst a Company representative has conducted a site visit of the Serbian Lithium Projects, Shareholders should be aware that the Independent Geologist has not carried out a site visit to any of the Serbian Lithium Project areas. The Independent Geologist has relied on information provided by the Company derived from internal company data as well as other publicly available general data and reports sourced by the Independent Geologist.

Serbia is rapidly emerging as an underexplored but very fertile lithium/REE bearing country. Serbia is the only current known source of Jadarite, a new lithium-borate bearing mineral ($\text{LiNaB}_3\text{SiO}_7(\text{OH})$) discovered in 2004 by Rio Sava (a wholly owned subsidiary of Rio Tinto), resulting in the delineation of Rio Tinto's world class Jadar lithium borate discovery of 135.7 million tonnes with a weighted average concentration of 1.86% Li_2O and 15.4% B_2O_3 (one of the largest lithium deposits in the world).

The Serbian Lithium Projects include:

- (a) the Cer Project which is centred 80km west of Serbia's capital Belgrade and 10km north of the world-class Jadar Lithium-Borate Deposit;
- (b) the Bukulja Project which is located 55km south of the capital Belgrade and 90km eastsoutheast of the Jadar Lithium-Borate Deposit;
- (c) the Rekovac Project which is located 120km south-southeast of the capital Belgrade;
- (d) the Krajkovac Project which is located 190km southeast of the capital Belgrade; and
- (e) the Vranje-South Project which is located 290km south-southeast of the capital Belgrade and centred 15 km south of the city of Vranje.

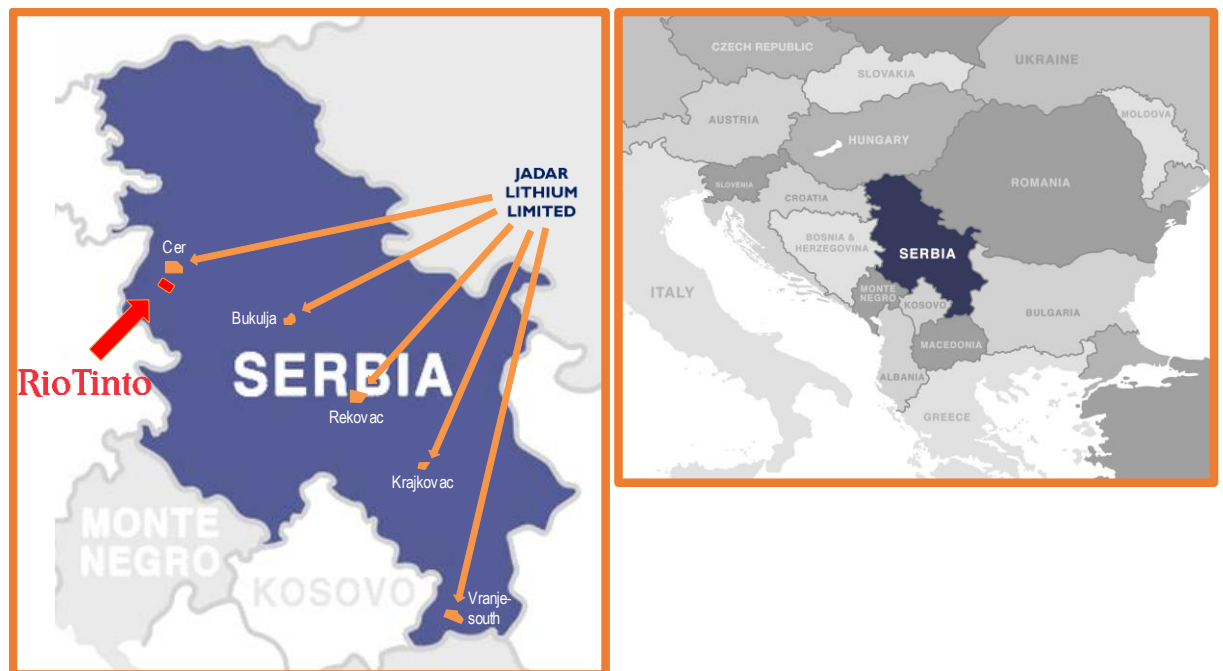


Figure 1. Project location map.

The Serbian Lithium Projects are “greenfields” exploration project areas covering regions that are considered prospective for lithium and other pegmatite hosted minerals. There has been no recent geological exploration for these minerals by any public companies or any mine production on any of the project areas.

The Serbian Lithium Projects are strategically placed for European manufacturers using lithium, being just a nine (9) hour drive from the industrial heartland of Germany.

Serbia has excellent infrastructure with road, rail and river transport options available. All utilities are immediately accessible (electricity, gas, telecommunications) throughout much of the country.

At Completion, the Company intends to target two different styles of lithium mineralisation:

- (a) Granite complexes with associated pegmatite and greisen mineralisation.

Pegmatites and greisens are prospective for mineralisation as they are the last fluids of granite crystallization that tend to concentrate elements such as lithium, tin, tungsten, molybdenum and fluorine, as well as occasionally precious metals such as gold, silver and copper.

- (b) Jadar Style sedimentary sequences in buried lake basins containing extensive hydrothermal lithium-borate mineralised zones.

The Rio Tinto Borates' Jadar deposit, a world-class lithium-borate resource, is hosted by this style of mineralisation with Jadar ranked as one of the largest lithium deposits in the world.

These basins are typically comprised of clay-carbonate rocks, sandstones and argillaceous rocks formed in a volcano-tectonic depression during the Oligocene and Early Miocene.

The Serbian Lithium Projects cover areas with potential for the discovery of lithium and boron and other granite/greisen/pegmatite mineralisation and Jadarite deposits in the Miocene sediments in these under-explored tenements. However, it is important to note that none of these “greenfields” tenements have undergone modern systemic exploration for these commodities with only regional scale geology mapping carried out to date.

(a) The Cer Project

The Cer Project is centred 80km west of the capital Belgrade and approximately 10km north of the world-class Rio Tinto Jadar Lithium-Borate Deposit. The Cer Project is located approximately 30 km to the north-east from the large town Sabac and approximately 20km south-west from the large town of Loznica. It is well serviced by roads and is supported by several small townsites / villages surrounding the project. It is located within the Macva administrative district centred on Mount Cer in western Serbia.

The Cer district has a long mining history with placer tin deposits being mined along the rivers at Cer since the Bronze Age. Tin and Lithium are commonly associated together in pegmatites and greisens.

Mount Cer, a granite tor, is a prominent topographic feature of the local area with an altitude of 687 m. The Tertiary Cer Granitoid Complex (granodiorite 24-28 million years and pegmatite about 20 million years) formed as two stages of intrusion. The older granodiorites form the western, central and north-east parts of the massif and are represented by biotite and biotite - amphibole variants, usually exhibiting hypidiomorphic grain structures. The younger granite varieties are of particular importance for their development of the numerous pegmatites and greisens that host the economic minerals. They are spatially widespread in the south-eastern and north-eastern parts of the massif.

Some 67 major pegmatite bodies have been identified at Cer; predominantly potassic feldspars with quartz, microcline, plagioclase with lesser muscovite, biotite, beryl, tourmaline, zircon, apatite with isomorphic outgrowths of microcline and albite. Cassiterite, scheelite, columbite, rutile, uraninite, monazite, thorite, allanite and other metallic minerals have all been identified in these pegmatites.

Alluvial deposits containing local concentrations of heavy minerals (cassiterite, tantalum-niobite, magnetite, rarely monazite, very rarely euxenite, allanite, scheelite) sourced from this complex are found in the main rivers.

The greisens, i.e. rocks of quartz-mica composition carry high concentrations of tin and bismuth with minor niobium, tantalum and beryllium. These greisen zones are

usually small-scale (up to several tens of m²) are located at the source of Milinska River along ridges and on the slopes of the central part of the massif. A few small greisens have been also mapped in north-western-eastern and south-eastern part of the massif.

No significant work has been previously completed in this area.

The geology of the Cer district has been mapped and described by various government and academic geologists since at least the 1960s leading to the recognition of mineralised, especially lithium and tin, bearing pegmatites and greisens. Rio Tinto, while exploring for borates in the nearby sedimentary basin discovered the extensive lithium/boron Jadarite deposits.

Other than the small-scale ancient mining, there is no record of any substantial mining of pegmatites or greisens in the granitoids or of Jadarite deposits in the Miocene sediments in the district.

(b) The Bukulja Project

The Bukulja Project is located 80km south of the capital Belgrade and 90km eastsoutheast of the Jadar Lithium-Borate Deposit. The Bukulja Project is immediately south-west of the large town of Arandelovac, is well serviced by roads and is supported by several small townsites/villages surrounding the project. The project area has a rolling terrain varying from 300 masl to Mount Bukulja at 696.0 masl in the east of the exploration area.

The Bukulja Project covers part of the Bukulja granitoid complex which is overlain by younger Tertiary sediments to the east and Quaternary sediments to the south. There is potential for economic minerals in both the granitoids as well as within the Tertiary sediments. The mineral composition of granite grades from monzonites to more alkali granite. Common rock forming minerals in the granitoids and pegmatites include biotite, muscovite, quartz, albite and plagioclase along with accessory minerals including garnet, magnetite, tourmaline, zircon, allanite, sphene, beryl, apatite and monazite.

Bukulje is prospective for mineralised pegmatites and greisens.

As with the Cer Project, this project also has a long mining history with placer tin deposits being mined along the rivers at Bukulje the Bronze Age.

The geology of the Bukulje district has been studied since the 19th Century however the geology of the Bukulje region has only been mapped and described by various government and academic geologists since at least the 1970s leading to the recognition of mineralised, especially lithium and tin, bearing pegmatites and greisens.

Other than the small-scale ancient mining, there is no record of any substantial mining of pegmatites or greisens in the granitoids or of Jadarite deposits in the Miocene sediments in the district.

(c) The Rekovac Project

The Rekovac Project is located within the Pomoravlje district in a hilly area also known by its historical name Levač, about 30 km from the administrative centre at Jagodina and 350 km from the capital Belgrade.

The Project is well serviced by roads and is supported by several small farming townsites/villages within and around the project area. Within the Rekovac Project area the elevations range from approximately 270 masl to 700 masl. .

According to the regional geological map, the Rekovac Project area is composed entirely of lacustrine Lower and Middle Miocene sediments overlaying Proterozoic gneisses and lepidolites intruded by granites, aplite, pegmatite dykes and quartz and veins to the east of the tenement and the Gledičkih Chalk unit to the west of the tenement. The lacustrine Miocene sediments grade from coarser conglomerates through to silts and also includes a coal-bearing series.

These Miocene sediments are very similar to the Rio Tinto Jadar deposit and this style of lithium mineralisation is the target of the Company's planned exploration program.

The geology of the Rekovac district has been studied since the late 19th Century however the geology of the Rekovac region has only been mapped and described by various government and academic geologists since at least the 1930s including detailed studies on the basin sediments. Mineralised, especially lithium and tin, bearing pegmatites and greisens were also recognised in the granitoids elsewhere in the region outside the Rekovac tenement.

There is no record of any substantial mining of Jadarite deposits in the Miocene sediments of the district.

(d) The Krajkovac Project

The Krajkovac Project is located 190km southeast of the capital Belgrade and is within the Nisava administrative district. The Krajkovac Project is centered 20km west of the city of Nis and generally, the exploration area and its immediate surroundings is quite hilly and mountainous, with very steep slopes and ravines becoming less rugged to the east of the tenement.

The project is well serviced by several small farming townsites / villages within and around the project area. Farming land in the sediment filled valley in the southeast gives way to mountainous terrain in the northwest half of the project.

The Krajkovac project consists of a granite complex intruding highly metamorphosed Proterozoic gneisses, schists, quartzites and marbles that are overlain by Miocene silts, sands and gravels.

There are no known mineralised localities at Krajkovac however anomalous tin has been found in the Neogene sediments indicating possible greisens in the district. The granitic intrusions will be mapped and sampled to test for greisens and pegmatite dykes. If mineralised igneous rocks are located the Neogene sediments may be tested for Jadar style mineralisation by drilling targeted areas.

The geology of the Krajkovac district has been studied since the early 19th Century however the geology of the Krajkovac region has only been mapped and described by various government and academic geologists since at least the 1930s including detailed studies of the granitoids. Mineralised, especially lithium and tin, bearing pegmatites and greisens were also recognised in the granitoids.

There is no record of any substantial mining of pegmatites or greisens in the granitoids or of Jadarite deposits in the sediments in the district.

(e) The Vranje South Project

The Vranje South Project is located 347km south-southeast of the capital Belgrade and centred 15 km south of the city of Vranje, within the Pčinja District. The project is well serviced by roads and is supported by several small farming townsites / villages surrounding the project area.

It is located in the north-west of the Vranje Basin, on the left bank of the South Morava River. More than 25% of the project area has an altitude up to 500 masl, about 30% is between 500 and 1,000 masl, while about 45%, has altitudes greater than 1,000 masl.

Vranje South Project is similar to the Rekovac Project which is a sedimentary basin.

Since the project area is almost entirely covered by Tertiary sediments, the main exploration target is a Jadar analogue where the hydrothermal mineralisation is sourced from proximal granites, greisens and pegmatites that occur to the immediate west of the tenement.

To date there has been no modern systematic exploration for the target minerals at Vranje so the first stage will involve detailed mapping and geochemical of the surface geology, likely to be followed up with scout drilling through the sediments to determine if there are any mineralised horizons in the sedimentary sequence.

The geology of the Vranje district has been studied by various government and academic geologists since at least the 1930s including detailed studies of the granitoids in the region. Mineralised, especially lithium and tin, bearing pegmatites and greisens were also recognised in the granitoids.

There is no record of any substantial mining of Jadarite deposits in the Miocene sediments in the district.

4.12 Planned Exploration

A two-year staged exploration program, managed and operated by Serbian geologists, is proposed for the Serbian Lithium Projects.

The first year of exploration on all five tenements is planned to include regional geological mapping, outcrop and soil sampling over each exploration area. Exploratory trenches are anticipated to be dug and auger drilling on appropriate grid spacings is planned to be carried out in the soils surrounding target areas to test outcrops at key locations identified during the first mapping and sampling phase. Appropriate petrographic investigations and laboratory assays will be undertaken on selected samples.

The first year's mapping and sampling will be continued into the second and third years focusing on the most prospective areas and will likely include appropriate geophysical surveys, initially ground magnetics, which, if successful, will be followed up by exploration diamond drilling. The actual quantity of drilling required will depend on the success of the exploration effort in the previous year.

4.13 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

As the Company is proposing to make a change to the scale of its activities, it is required the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition.

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

4.14 Key terms of the Acquisition Agreements

(a) Consideration

Pursuant to the Acquisition Agreements:

- (i) Centralist agrees to acquire 100% of the issued capital of Centurion in consideration for the issue of 20 Centralist Shares to Mr Bozo Guzijan (or his nominees); and
- (ii) the Company agrees to acquire 100% of the issued capital of Centralist in consideration for the issue of 37,500,000 Consideration Shares (on a post Consolidation basis) to the Vendors (or their nominees).

(b) Conditions Precedent

Completion of the Acquisition is subject to satisfaction or waiver of the following material conditions precedent:

- (i) **ASX Reinstatement:** receipt of conditional approval from ASX to reinstate the securities of the Company to trading on conditions reasonably satisfactory to the Company;
- (ii) **Shareholder Approvals:** the Company obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition including, without limitation, approval for:
 - (A) the issue of the Consideration Securities;
 - (B) the issue of Capital Raising Shares; and
 - (C) the issue of the Advisor Shares;
 - (D) the Director Appointments; and
 - (E) the Consolidation.
- (iii) **ASX Waivers:** the Company obtaining a waiver from ASX in respect of:
 - (A) ASX Listing Rule 2.1 (Condition 2) to undertake the Capital Raising at an issue price of \$0.02 per share; and
 - (B) ASX Listing Rule 1.1 (Condition 12) to permit the Company to have Options on issue with an exercise price of \$0.02 per share.
- (iv) **Board changes:** two of the current Directors resigning and the appointment of two new directors to the Board;
- (v) **Capital Raising:** the Company completing the Capital Raising;
- (vi) **DOCA effectuation:** the DOCA effectuating in accordance with its terms and the Deed Administrators having lodged formal notice with ASIC to that effect;
- (vii) **Other approvals:** the Company, Centralist and Centurion obtaining any other necessary shareholder and regulatory

approvals pursuant to the ASX Listing Rules, Corporations Act or any other applicable law or regulations to lawfully complete the Acquisition;

- (viii) **Third party consents:** the Company, Centralist and Centurion obtaining any other necessary third party consents to allow the Company, Centralist and Centurion to lawfully complete the Acquisition; and
- (ix) **Employment agreement:** Centurion and Guzijan entering into an employment contract (effective from Completion) engaging Guzijan for a minimum of 2 years at a rate of 65,000 euro per annum (gross).

If the conditions precedent are not satisfied (or waived) on or before 5.00pm (AEST) on 30 January 2018, or such other date as the parties agree in writing, each Acquisition Agreement may be terminated by any of the parties to the relevant Acquisition Agreement.

(c) **Loan**

The Company agrees that it may make loans available (in its absolute discretion) to Guzijan and / or Centurion to assist Guzijan and / or Centurion to maintain the Serbian Lithium Projects in good standing.

(d) **Completion**

Completion of the transactions contemplated under the Centralist Agreement and the Centurion Agreement are inter-conditional, and Completion of the Acquisition will only occur upon the simultaneous (as nearly as possible) occurrence of completion of the transactions contemplated under both the Centralist Agreement and the Centurion Agreement.

4.15 Other Material Contracts

In addition to the DOCA and Acquisition Agreements, the Company, Centralist and/or Centurion will be party to the material contracts described below at Completion.

(a) **Guzijan employment agreement**

As a condition precedent to the Acquisition Agreements, Guzijan will be engaged as an in-country manager by Centurion from Completion. In consideration for his services, Guzijan will be paid a salary of 65,000 euro per annum for a minimum term of two years. The employment agreement will contain additional provisions considered standard for an employment agreement of this nature.

(b) **Dempsey corporate advisory agreement**

The Company has entered into a consultancy agreement with Dempsey Resources Pty Ltd for the provision of corporate advisory services to the Company in relation to the Acquisition (**Dempsey Agreement**). As consideration under the Dempsey Agreement the Company will issue 12,500,000 Shares (on a post Consolidation basis) to Dempsey (or its nominees) on Completion. The issue of the Advisor Shares to Dempsey (or its nominees) is the subject of Resolution 8.

(c) **Indian Ocean lead manager agreement**

The Company has entered into an agreement with Indian Ocean for the provision of lead manager services to the Company in relation to the Capital Raising (**Lead Manager Agreement**). As consideration under the Lead Manager Agreement the Company will issue 5,000,000 Options with an exercise price of \$0.02 and an expiry date 3 years after the date of issue (on a post Consolidation basis) to Indian Ocean (or its nominees) on Completion. The issue of the Lead Manager Options to Indian Ocean (or its nominees) is the subject of Resolution 9 and the terms of the Lead Manager Options are set out in Schedule 4.

(d) **Director Agreements**

The Company will enter into letters of appointment and deeds of indemnity and release with each of the Directors who will sit on the Board following Completion on standard terms.

4.16 Consolidation of Capital

The Company proposes to undertake the Consolidation of its issued capital on the basis of:

- (a) one (1) Share for every 20 Shares, and
- (b) one (1) Option for every 20 Options,

as set out in further detail in Section 8 (**Consolidation**).

Approval for the Consolidation is the subject of Resolution 3.

4.17 Capital Raising

As set out in Section 4.14(b) above, one of the conditions precedent to Completion is the completion of the Capital Raising (in addition to the Placement).

The Capital Raising will include an offer, by way of Prospectus, of up to 250,000,000 Shares (on a post Consolidation basis) at \$0.02 per Share to raise up to \$5,000,000.

The Company has applied for and expects to receive a waiver from ASX Listing Rule 2.1 Condition 2 to allow the Company to offer the Capital Raising Shares for \$0.02.

Approval for the issue of the Capital Raising Shares is the subject of Resolution 4.

4.18 Pro-forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Acquisition is set out in Schedule 2.

4.19 Effect on capital structure

The following is a summary of the various issuances of Securities that have taken place during 2016 and 2017 and will take place as part of, or in connection with the DOCA Proposal and the Acquisition:

	Shares			Options		
	Pre Consol'n	Post Consol'n	%	Pre Consol'n	Post Consol'n	%
On issue pre 2016	312,520,518	15,626,025	4.0	-	-	
Issued during 2016 & 2017						
Conversion of related party creditors, convert notes and debts ¹	16,116,121	805,806	0.2			
Conversion of creditors, convert notes and debts ²	122,119,938	6,105,997	1.6			
Placement ³	305,000,000	15,250,000	3.9	305,000,000 ¹⁴	15,250,000	
Conversion of convertible bonds ⁴	2,200,000	110,000	0.0			
Placement ⁵	50,000,000	2,500,000	0.6	50,000,000 ¹⁵	2,500,000	
Placement ⁶	100,000,000	5,000,000	1.2	100,000,000 ¹⁶	5,000,000	
Conversion of convertible notes – Cedrus ⁷	10,000,000	500,000	0.1			
On issue pre-DOCA Issue	917,956,577	45,897,828	11.8	-	-	
DOCA restructure						
Conversion of lender debt - Wide Bay BVI ⁸	22,649,005	1,132,451	0.3			
Placement ⁹	850,000,000	42,500,000	10.0	850,000,000 ¹⁷	42,500,000	
Pro-forma capital structure	1,790,605,582	89,530,279	23.0	-	-	
Advisor Shares ¹⁰	250,000,000	12,500,000	3.2			
Consideration Shares Acquisition ¹¹	750,000,000	37,500,000	9.6			
Lead Manager Options ¹²	-	-		100,000,000	5,000,000	
Subtotal Pre-Cap Raising	2,790,605,582	139,530,279	35.8			
Capital Raising¹³	5,000,000,000	250,000,000	64.2			
TOTAL	7,790,605,582	389,530,279	100	1,405,000,000	70,250,000	100

Notes

1. Approved by Shareholders 8 December 2016. Issued 20 December 2016 at \$0.05 (pre Consolidation).
2. Approved by Shareholders 8 December 2016. Issued 6 March 2017 at \$0.05 (pre Consolidation).
3. Approved by Shareholders 8 December 2016. Issued 6 March 2017 to non-related sophisticated and professional investors at \$0.001 (pre Consolidation, \$0.02 post Consolidation).
4. Approved by Shareholders 31 July 2017. Issued 23 May 2017 at \$0.05 (pre Consolidation).
5. Approved by Shareholders 31 July 2017. Issued 26 June 2017 to non-related sophisticated and professional investors at \$0.001 (pre Consolidation, \$0.02 post Consolidation).
6. Approved by Shareholders 31 July 2017. Issued 22 August 2017 to non-related sophisticated and professional investors at \$0.001 (pre Consolidation, \$0.02 post Consolidation).
7. Approved by Shareholders 31 July 2017. To be issued at \$0.05 (pre Consolidation).
8. Approved by Shareholders 31 July 2017. To be issued at \$0.05 (pre Consolidation).
9. Approved by Shareholders 31 July 2017. To be issued to non-related sophisticated and professional investors at \$0.001 (pre Consolidation).
10. The subject of Resolution 8. To be issued to Dempsey Resources Pty Ltd in consideration of corporate advisory services in connection with the Transaction at a deemed price of \$0.001 (pre Consolidation, \$0.02 post Consolidation).
11. The subject of Resolution 5. To be issued to Vendors as consideration under the Transaction at a deemed price of \$0.001 (pre Consolidation, \$0.02 post Consolidation).
12. The subject of Resolution 9. To be issued to Indian Ocean (or its nominees) in consideration for lead manager services to be provided to the Company in relation to the Capital Raising.
13. The subject of Resolution 4. To be issued at \$0.001 (pre Consolidation, \$0.02 post Consolidation).
14. The subject of Resolution 10. Free attaching options to be issued to non-related sophisticated and professional investors who participated in the Placement.
15. The subject of Resolution 10. Free attaching options to be issued to non-related sophisticated and professional investors who participated in the Placement.
16. The subject of Resolution 10. Free attaching options to be issued to non-related sophisticated and professional investors who participated in the Placement.
17. The subject of Resolution 10. Free attaching options to be issued to non-related sophisticated and professional investors who participated in the Placement.

4.20 Voting power of the Vendors and Dempsey

Guzjan (and its nominees) currently hold no Shares nor have any voting power in the Company.

Impact currently holds 4,816,803 Shares in the Company (pre Consolidation, approximately 240,841 post Consolidation).

Dempsey currently holds 57,309,480 Shares in the Company (pre Consolidation, 2,865,474 post Consolidation).

Dempsey and each of the Vendors (or their nominees) will have the following voting power in the Company assuming Completion has occurred, all the Capital Raising Shares are issued, and none of the Options have been exercised (on a post Consolidation basis):

Shareholder	Shares	Voting power (%)
Guzjan	5,000,000	1.28
Impact (or nominees)	35,365,474	9.07
Dempsey	15,365,474	3.94

Dempsey and each of the Vendors (or their nominees) will have the following voting power in the Company assuming Completion of the Acquisition, all the Capital Raising Shares and Advisor Shares are issued, and all Options are exercised (on a post Consolidation basis):

Vendor	Shares	Voting power (%)
Guzjan	5,000,000	1.09
Impact (or nominees)	35,365,474	7.69
Dempsey	15,365,474	3.34

4.21 Proposed budget

The Company intends to use the funds raised under the Capital Raising, following the reinstatement of the Company's Securities to quotation on the Official List of ASX as follows:

Estimated use of funds	Funds Raised	%
Funds raised from the Capital Raising	5,000,000	100.0
Serbian Lithium Projects Exploration	2,037,000	40.7
Serbian Corporate Administration	846,000	16.9
Australia Corporate Administration ¹	1,131,000	22.6
Working Capital ²	364,000	7.3
Estimated expenses of the Offer ³	622,000	12.4
Total funds allocated	5,000,000	100.0

Notes:

1. All Australian corporate administration expenses and other operating overheads, including but not limited to salaries and fees payable to Directors, employees and

consultants, will be satisfied from the funds allocated to "Australian Corporate Administration" detailed above.

2. Assumes AUD:RSD of 1:81.9 (yr1) and 1:84 (yr2)
3. Includes, experts and advisory fees, ASX and ASIC fees; share registry fees, printing and postage, broker fees (est 6%).

The above table is a statement of current intentions of the Company as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. Shareholders should note that the above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities.

The Board is satisfied that upon completion of the Placement and Capital Raising, the Company will have sufficient working capital to meet its objectives set out in Section 4.25.

It should be noted that the Company does not currently have any revenue generating operations, and the funds raised from the Capital Raise is unlikely to result in the development of any mining operations. Accordingly, the Company will likely be required to raise additional capital in the future to continue to explore and or develop the Serbian Lithium Projects, and such amounts may be raised by further equity raisings, or the Company may consider other forms of debt or quasi-debt funding if required.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, exploration results received, the development of new opportunities and other factors (including the risk factors outlined in Section 9).

4.22 Anticipated timetable

Event	Date
Dispatch of the Notice to Shareholders	7 September 2017
Lodgement of Prospectus	29 September 2017
Prospectus offer opens	6 October 2017
General Meeting of Shareholders ASX notified whether Shareholder approval has been granted for the Resolutions	6 October 2017
Prospectus offer closes	9 November 2017
Completion of the Acquisition	16 November 2017
Issue date	16 November 2017
Reinstatement of Shares on ASX (subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and subject to ASX agreeing to reinstate the Shares to quotation)	30 November 2017

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

4.23 Reinstatement to official quotation

The Company's securities have been suspended from official quotation since 1 October 2014.

Pursuant to Guidance Note 33 to the ASX Listing Rules, any company that has been in continuous suspension for three years will be automatically delisted on the three year anniversary of their suspension. Accordingly, the Company has until 30 September 2017 to implement a transaction that will result in the resumption of trading in its securities before it will be automatically removed from the Official List.

Pursuant to Guidance Note 33, ASX may agree to a short extension of this deadline if the Company can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities within a reasonable period. For these purposes, ASX defines "final stages" as:

- (a) having announced the transaction to the market;
- (b) having signed definitive legal agreements for the transaction (including any financing required in respect of the transaction);
- (c) if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC; and
- (d) if the transaction requires security holder approval, having obtained that approval.

During the preparation of this Notice of Meeting, ASX raised queries which required further consideration. As a result, the Company is no longer able to hold its meeting by the 30 September 2017 de-listing deadline. ASX has however indicated to the Company that it will extend the de-listing deadline period to 6 October 2017 to enable the Company the opportunity to meet the conditions noted above with respect to requesting an extension.

The Company will apply to ASX for an extension to the de-listing deadline once the above Guidance Note 33 conditions have been met (expected to be on the day of the Meeting).

There is no guarantee that an extension will be granted. In the event an extension is not granted and the Company is removed from the Official List, then it is likely that the Company will not be able to complete the DOCA Proposal. If that occurs, the DOCA will likely be terminated and the Administrator is likely to, in the absence of any other deed of company arrangement proposal or a variation to the terms of the DOCA, recommend to creditors that the Company be put into liquidation.

4.24 Composition of Board

The Board currently comprises:

- (a) Mr Gary Williams;
- (b) Mr Wayne Knight; and
- (c) Mr Jakob (Kobi) Tsaban.

Subject to Completion of the Acquisition, Mr Wayne Knight and Mr Jakob Tsaban will resign as Directors and the Company will appoint the following persons as Directors effective from Completion, subject to prior shareholder approval:

- (a) Mr Luke Martino as Non-Executive Director (Chairman); and
- (b) Mr Nicholas Sage as Non-Executive Director.

Mr Luke Martino currently acts as Company Secretary. At Completion, Mr Martino will retire as Company Secretary and Ms Louisa Martino will be appointed as Company Secretary.

Set out below is background information in relation to the skills and experience of Mr Gary Williams and the Proposed Directors, who will make up the Board following Completion.

(a) **Mr Gary Williams**

Mr. Williams is an experienced international mining executive with formal qualifications as a mining engineer, mine manager holding MBA. As Founder and Managing Director of the global mining materials handling company, Continental and mining services United Mining Group, as well as previous position as Executive with Cyprus, Amax Minerals, Coal & Allied, CRA, Shell and BP, Mr Williams has more than 35 years' experience in the industry.

Mr Williams has significant expertise in the exploration, development and operations of world class resource assets highly efficient open pit, underground and processing infrastructure projects in Australia, Thailand, Indonesia, New Zealand, North & South America and South Africa. Gary is a Director of Pan Asia Corporation Limited (ASX PZC, appointment date 9 June 2017).

(b) **Mr Luke Martino**

Mr Martino currently acts as Company Secretary for the Company. At Completion, it is proposed that Mr Martino resign as Company Secretary and be appointed as a Non-Executive Director of the Company.

Mr Martino is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors, having worked for over 20 years with major accounting firms, where he held senior leadership positions and Board memberships including Lead Partner of Deloitte's Growth Solutions practice in Perth until 2007 when he left to set up and established boutique corporate advisory and accounting firm, Indian Ocean Advisory Group.

Mr Martino is also Executive Director of Indian Ocean Consulting Group Pty Ltd, Non-Executive Director of Skin Elements Ltd (ASX: SKN). Mr Martino's previous roles have included acting as Non-Executive Director of Pan Asia Corporation Limited (ASX: PZC), Non-Executive Chairman and Director of Central Asia Resources Limited (ASX: CVR) and former Company Secretary of Blackgold International Holdings Limited (ASX: BGG).

(c) **Mr Nicholas Sage**

Mr Nicholas Sage is an experienced marketing and communications professional with in excess of 25 years in various management and consulting roles. Mr Sage is based in Western Australia and currently consults to various companies and has held various management roles within Tourism Western Australia. Mr Sage also runs his own management consulting business. Nicholas is a Non-Executive Director of ASX listed Cauldron Energy Limited and Fe Limited.

(d) **Ms Louisa Martino**

Ms Martino provides company secretarial and accounting services through Transaction Services Pty Ltd. Prior to this she was the Chief Financial Officer of a private company during its stage of seeking investor financing.

Ms Martino previously worked for a corporate finance company, assisting with company compliance (ASIC and ASX) and capital raisings. She also has experience working for a government organisation in its Business Development division where she performed reviews of business opportunities and prepared business case documents seeking Government funding.

Ms Martino previously worked for a major accounting firm in Perth, London and Sydney where she provided corporate advisory services, predominantly on IPOs and mergers and acquisitions and also performed due diligence reviews. She has a Bachelor of Commerce from the University of Western Australia, is a member of the Institute of Chartered Accountants in Australia and a member of the Financial Services Institute of Australasia (FINSIA).

Ms Martino is Company secretary of South Pacific Resources Ltd (ASX SPB), a company focused on building capacity to advance the significant conventional and unconventional petroleum portfolio the company holds in Papua New Guinea.

4.25 Board Intentions upon Completion

In the event that the conditions precedent to the Acquisition are satisfied (including successful completion of the Capital Raising), the funds raised from the Capital Raising will be used to:

- (a) conduct exploration activities on the Serbian Lithium Projects;
- (b) meet the ongoing administration costs of the Company;
- (c) pay the costs of the Capital Raising and Acquisition; and
- (d) otherwise contribute to the working capital of the Company.

It is intended to allocate the funds raised from the Capital Raising and existing cash reserves as set out in Section 4.21 above.

4.26 Advantages of the Acquisition

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

- (a) the Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of a mixed minerals exploration company focussing primarily on lithium;
- (b) the Acquisition requires the Company to complete a capital raising of up to than \$5,000,000 which will provide the Company with sufficient funds for the activities set out in Section 4.25;
- (c) 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 which are not currently present;

- (d) the provable debts of the Company to its creditors being forgiven. This will leave the Company with minimal liabilities, compared with the Company's current position under which it is in a net liability position; and
- (e) the Company's ability to seek reinstatement of its shares to quotation on ASX being enhanced. By obtaining reinstatement to trading Shareholders are offered liquidity to sell their post-Consolidation shareholdings on the ASX.

4.27 Disadvantages of the Acquisition

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

- (a) the Company will be changing the nature and scale of its activities to primarily be a mixed minerals exploration company focussing primarily on lithium, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition will result in the Capital Raising, the issue of Consideration Shares and Advisor Shares, and as a result will have a dilutionary effect on the holdings of Shareholders;
- (c) in connection with the Acquisition, the Company has been required to engage a number of advisers, lawyers and experts to facilitate and report on the Acquisition, which represent sunk, but necessary costs to the Company; and
- (d) there are additional risk factors associated with the change in nature of the Company's activities resulting from the Acquisition. Some of the key risks are summarised in Section 5 below.

4.28 Taxation

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

Existing Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal taxation position and neither the Company, nor the Deed Administrators (nor the Deed Administrators' advisers) accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Acquisition or the Resolutions.

4.29 Plans for the Company if the Acquisition Resolutions are not passed or if the Acquisition does not proceed

If the Acquisition Resolutions are not passed or if the Acquisition is otherwise not completed, the Company will continue to focus on seeking potential business acquisitions to take the Company forward, taking into consideration the Company's circumstances. However, it is likely that the Company will be de-listed from the ASX on 6 October 2017, which is likely to impact upon the Company's ability to successfully secure future business acquisitions.

4.30 Vendor interests in the Company

None of the Vendors (or their nominees) or their associates are related parties of the Company, and Guzijan (and its nominees) have no existing interest in the Company's securities.

Impact currently holds 4,816,803 Shares in the Company (on a pre Consolidation basis, approximately 240,841 on a post Consolidation basis).

4.31 Directors' interests in the Acquisition

None of the Company's existing Directors have any interest in the Acquisition pursuant to the Acquisition Agreement, other than those disclosed elsewhere in this Notice.

4.32 Change of Name

As a result of the Acquisition, the Company proposes to change its name to "Jadar Lithium Limited". Approval for the change of name is the subject of Resolution 10.

5. RISKS ASSOCIATED WITH THE ACQUISITION

Shareholders should be aware that if the Acquisition is approved and Completion occurs, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from mineral exploration, parties contracted or associated with Centralist and its controlled entities and acquisition Agreements and other agreements.

The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers immaterial, which may affect the Company, Centralist and Centurion. Based on the information available, a non-exhaustive list of risk factors for the Company, associated with the proposed Acquisition is set out below.

5.1 Risks relating to the change in nature and scale of activities

(a) Reinstatement of Shares to quotation on ASX

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

There is a risk that the Company will not be able to satisfy one or more of those requirements. Should this occur the Company's listed securities may remain suspended from quotation until such time as the Company does re-comply with the ASX Listing Rules.

(b) Dilution risk

At the date of the Meeting it is expected that Company will have 1,790,605,582 Shares on issue (on a pre Consolidated basis). On Completion, the Company proposes to consolidate the existing Securities, issue Shares and Options as required pursuant to the Acquisition Agreements and issue Shares as part of the Capital Raising.

On issue of the Securities pursuant to the Resolutions, including the Capital Raising Shares, Advisor Shares, Lead Manager Options, Placement

Shares and Attaching Options (assuming maximum subscription under the Capital Raising and no Options are exercised), the existing Shareholders (excluding Impact and Dempsey) will retain approximately 3.21% of the issued capital of the Company, the Vendors (or their nominees) will hold 9.69%, creditors converting their debt for equity will hold 2.2%, Placement participants will hold 16.75% and the investors under the Capital Raising will hold 64.18% of the issued capital of the Company on a post Consolidation basis.

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

(c) **Liquidity risk**

The Company estimates that approximately 50,805,806 Shares (on a post Consolidation basis), representing 13% of the undiluted issued capital of the Company on a maximum subscription basis, will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. This could be considered an increased liquidity risk as the issued capital will not be able to be traded freely for a period of time.

Following the end of the relevant escrow period, a significant sale of Shares by some or all of the Shareholders or the perception that such sales have occurred or might occur, could adversely affect the price of Shares.

Alternatively, the absence of any sale of Shares by the existing Shareholders may cause or contribute to a diminution in the liquidity of the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

(d) **Contractual and Completion risk**

Pursuant to the Acquisition Agreements the Company has agreed to acquire Centralist subject to the fulfilment of certain conditions precedent. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisition may be deferred or not occur. Failure to complete the Acquisition would mean the Company may not be able to meet the requirements of ASX for re-quotation of its Securities, and the Company's listed securities may remain suspended from quotation until such time as the Company does re-comply with the ASX Listing Rules.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreements. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

5.2 Specific risks to the Company's operations

There are a number of specific risks involved for the Company, and consequently its Shareholders, in the Acquisition, including risks specific to the business and assets of Centralist and Centurion, which include the following non-exhaustive list.

(a) **Future capital requirements**

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Serbian Lithium Projects are

successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Capital Raising should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Notice.

In order to successfully develop the Serbian Lithium Projects and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Capital Raising. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or offer price under the Capital Raising) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

(b) **Operational risks**

The operations of the Company may be affected by various factors, including:

- (i) failure to locate or identify mineral deposits;
- (ii) failure to achieve predicted grades in exploration and mining;
- (iii) operational and technical difficulties encountered in mining;
- (iv) insufficient or unreliable infrastructure, such as power, water and transport;
- (v) difficulties in commissioning and operating plant and equipment;
- (vi) mechanical failure or plant breakdown;
- (vii) unanticipated metallurgical problems which may affect extraction costs; and
- (viii) adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

(c) **Government regulation and political risk in the mining industry**

Centralist's and Centurion's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While Centralist believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on Centralist's or Centurion's current operations or planned development projects.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

(d) **Tenure, access and grant of applications**

The Company's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits from the existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, subsidiaries of the Company must receive licences/permits from appropriate governmental authorities. There is no certainty that Centralist or Centurion will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

Tenements are subject to the applicable mining acts and regulations in Serbia. Following Completion, the Company will be required to comply with Serbian land access laws, water rights acts, laws on forests and hunting acts. Compliance with these requirements appear manageable with consultation with the respective parties and government officials however, there is a risk that for an unforeseen reason, the Company may not be granted the required licence or permits to carry out the proposed works, which could lead to unforeseen delays or changes to proposed work

programs, thus having the ability to materially impact upon the Company's operations and financial circumstances

The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Serbia and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of granted tenements for reasons beyond the control of the Company could be significant.

(e) **Exploration Risk**

Mining exploration and development is a high risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration of the Serbian Lithium Projects may be unsuccessful, resulting in a reduction of the value of those projects, diminution in the cash reserves of the Company. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(f) **Environmental Risk**

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

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or noncompliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(g) **Mine development risk**

Possible future development of a mining operation at any of the Company's future projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(h) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal/mineral recovery, affecting the economic viability of the project.

(i) **Insurance risks**

There are significant exploration and operating risks associated with exploring for lithium, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, the Company's subsidiaries will be subject to liability for environmental risks such as pollution and abuse of the environment. The occurrences of a significant event against which the Company is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.

(j) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand

fluctuations for precious and base metals, technological advancements, forward selling activities and other macroeconomic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Serbian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Serbian Dinar as determined in international markets.

5.3 Market risks

(a) Regulatory risks

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to the Company include environmental compliance and rehabilitation, mining, taxation, employee relations, worker health and safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

5.4 General risks

(a) Share Price

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the addition or departure of key personnel, actual or anticipated fluctuations in the Company's results and recommendations of analysts in relation to those results, fluctuations in the industry in which the Company operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

(b) Bribery, corruption, or other improper acts

The Company may incur fines or penalties, damage to its reputation or suffer other adverse consequences if its Directors, officers, employees,

consultants, agents, service providers or business partners violate, or are alleged to have violated, anti-bribery and corruption laws in Serbia, Australian or any of the jurisdictions in which it operates.

The Company cannot guarantee that its internal policies and controls will be effective in each case to ensure that it is protected from reckless or criminal acts committed by its Directors, officers, employees, consultants, agents, service providers or business partners that would violate Australian laws, Serbian laws or the laws of any other country in which the Company operates. Any such improper actions could subject the Company to civil or criminal investigations in Australia, Serbia or other countries that could lead to substantial civil or criminal monetary and non-monetary penalties against the Company, and could damage the Company's reputation. Even the allegation or appearance of improper or illegal actions could damage the Company's reputation and result in significant expenditures in investigating and responding to such actions and may in turn have an adverse effect on the Company's future financial performance and position.

(c) **Tax rules**

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares involves tax considerations that may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

Tax law is complex and is subject to regular change. Changes in tax law, including various proposed but as yet not enacted changes in tax law may adversely impact the Company's future financial performance and position.

Resulting changes in tax arrangements may adversely impact the Company's future financial performance and position. In addition, future changes to other laws and regulations or accounting standards, which apply to the Company from time to time, could materially adversely affect the Company's future financial performance and position.

(d) **Litigation Risks**

The Company is exposed to possible litigation risks including contractual disputes, 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. None of the Company, Centralist or Centurion is currently engaged in any litigation.

(e) **Economic Risks**

General economic conditions, movements in commodity prices, interest and inflation rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;

- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the lithium sector within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(f) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(g) **Enforcing liabilities against assets outside of Australia may be difficult**

The majority of the Company's assets are and will continue to be located outside Australia. As a result, it may be difficult to enforce judgments obtained in Australian courts against those assets. In addition, there is uncertainty as to whether the courts of Serbia or any other jurisdictions in which the Company operates would recognise or enforce judgments of Australian courts obtained against the Company based on provisions of the laws of Australia. Furthermore, because the majority of the Company's assets are or will be located outside Australia, it may also be difficult to access those assets to satisfy an award entered against the Company in Australia. As a result of all of the above, Shareholders may have more difficulty in protecting their interests in the face of actions taken by management, the Board or controlling Shareholders than they would as shareholders of a company with assets in Australia.

(h) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, assets or projects complementary to the Company's existing operations. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, assets and projects, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the short term operational goals and retaining key staff and customer and supplier relationships.

(i) **Policies and legislation**

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

Serbia is a member of numerous organizations such as the United Nations, Council of Europe, Organisation for Security and Co-operation in Europe, Partnership for Peace, Organisation of the Black Sea Economic Cooperation, and Central Europe Free Trade Organisation. Serbia has been a European Union (EU) membership candidate since 2012 and has been negotiating its EU accession since January 2014. The country is acceding to the World Trade Organisation and is a militarily neutral state.

(j) **No guarantee in respect of investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

6. RESOLUTION 1 – RATIFICATION OF DISPOSAL

6.1 General

As detailed in Section 4.6, the Disposal of the Moly Project occurred via the de-registration of the Company's subsidiary Victory West.

Resolution 1 is an ordinary Resolution.

6.2 Listing Rule 11.2.

ASX Listing Rule 11.2 provides that an entity that is proposing to make a significant change either directly or indirectly, disposing its main undertaking, must get the approval from its shareholders and comply with any requirements of ASX in relation to the notice of meeting.

As noted in Section 4.6, the Disposal occurred by the de-registration of the Company's subsidiary Victory West, the holding company of the Moly Project.

6.3 Financial Effect of the Disposal on the Company

The administration and de-registration of Victory West and the subsequent Disposal resulted in the Company:

- (a) disposing of the Moly Project; and
- (b) reducing intercompany debt levels.

The Company received no consideration for the Disposal.

The Disposal had no impact on the capital structure of the Company.

6.4 Reasons for ratifying the Disposal

The Directors believe that following an assessment of the advantages and disadvantages disclosed below, ratifying the Disposal is in the best interest of the Company.

Advantages

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 Resolution 1:

- (a) subject to the Acquisition completing, the Disposal will allow the Company to focus its operations on the Serbian Lithium Projects, in a country considered more geo-politically stable than Indonesia.

Disadvantages

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 Resolution 1:

- (a) the Disposal involved the Company disposing what was ear-marked as the Company's main undertaking following the initial 2015 DOCA proposal (subject to confirmation of legal title to the Moly Project), which may not be consistent with the investment objectives of all Shareholders; and
- (b) there is a risk the Company may not be successful in completing the Acquisition.

6.5 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

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

7. RESOLUTION 2 – APPROVAL TO CHANGE IN NATURE AND SCALE OF ACTIVITIES

7.1 General

Resolution 2 seeks approval from Shareholders for the Acquisition.

A detailed description of the Acquisition is outlined in Section 4.8 above.

Resolution 2 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions.

Resolution 2 is an ordinary resolution.

7.2 ASX Listing Rule 11.1

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

- (c) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (d) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (e) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has advised that it requires the Company to:

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

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

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

7.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 2.

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

8. RESOLUTION 3 – CONSOLIDATION OF CAPITAL

8.1 General

Resolution 3 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions.

Resolution 3 is an ordinary Resolution.

8.2 Legal requirements

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

8.3 Fractional entitlements

Not all Security holders will hold that number of Shares (as the case may be) which can be evenly divided by 20. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

8.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Deed Administrators (nor the Deed Administrators' advisers) accept any responsibility for the individual taxation implications arising from the Consolidation.

8.5 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security holder to check the number of Securities held prior to disposal or exercise (as the case may be).

8.6 Effect on capital structure

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in the capital structure table in Section 4.19.

All numbers are subject to rounding. A table of the indicative capital structure of the Company post-completion of the DOCA Proposal is set out in Section 4.19 of this Explanatory Memorandum.

8.7 Consolidation timetable

If Resolution 2 is passed, the Consolidation will take effect following the receipt by the Company of a re-instatement letter from the ASX. The Company will release a timetable in accordance with the ASX Listing Rules following satisfaction of this condition.

8.8 Board recommendation

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

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

9. RESOLUTION 4 – APPROVAL TO ISSUE CAPITAL RAISING SHARES

9.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 250,000,000 Shares (on a post Consolidation basis) at an issue price of \$0.02 per Share, to raise up to \$5,000,000 under the Capital Raising.

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

The Company has applied to ASX for, and expects to receive, a waiver from ASX Listing Rule 2.1 condition 2 to permit the issue price of the Capital Raising Shares to be \$0.02 each.

Resolution 4 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions.

Resolution 4 is an ordinary resolution.

9.2 Application of ASX Listing Rule 7.1

ASX 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 Resolution 3 will be to allow the Company to issue the Capital Raising Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

9.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Capital Raising Shares to be issued is 250,000,000 (on a post Consolidation basis);
- (b) the Capital Raising Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price for the Capital Raising Shares will be \$0.02 per Share (on a post Consolidation basis);

- (d) the Capital Raising Shares will be issued pursuant to a prospectus and allocated at the discretion of the Directors. No related party of the Company will participate in the Capital Raising;
- (e) the Capital Raising Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company's intended use of the funds raised from the issue of the Capital Raising Shares is set out in Section 4.21 above;
- (g) it is intended that the Capital Raising Shares will be issued on the same date, being the date of Completion; and
- (h) a voting exclusion statement is included in the Notice.

9.4 Board recommendation

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

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

10. RESOLUTION 5 – APPROVAL TO ISSUE CONSIDERATION SHARES

10.1 General

Resolution 5 seeks Shareholder approval for the issue of 37,500,000 Consideration Shares (on a post Consolidation basis) to the Vendors (or their nominees).

Resolution 5 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions.

Resolution 5 is an ordinary Resolution.

10.2 Application of ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 9.2 above.

The effect of Resolution 4 will be to allow the Directors to issue the Consideration Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

10.3 Technical information required by ASX Listing Rule 7.3

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

- (a) the maximum number of Consideration Shares to be issued is 37,500,000 (on a post Consolidation basis);
- (b) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Consideration Shares will be issued for nil cash consideration in satisfaction of the acquisition of the Vendors' interest in Centralist pursuant to the Acquisition;

- (d) the Consideration Shares will be issued to the Vendors (or their nominees), who are not related parties of the Company, or will be related parties of the Company only by virtue of the Acquisition;
- (e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Consideration Shares;
- (g) it is intended that the Consideration Shares will be issued on the same date, being the date of Completion; and
- (h) a voting exclusion statement is included in the Notice.

10.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

The Chair intends to exercise all available proxies in favour of Resolution 5.

11. RESOLUTIONS 6 AND 7 – ELECTION OF DIRECTORS - MR LUKE MARTINO AND MR NICHOLAS SAGE

11.1 General

Clause 12.3 of the Company's Constitution allows the Company to elect a person or persons as a Director by resolution passed in general meeting.

A person is not eligible for election as a Director at a general meeting unless:

- (a) the person is a director retiring by rotation; or
- (b) the person, or a Shareholder intending to propose his or her nomination has, at least 15 Business Days before the meeting, left at the registered office of the Company a notice in writing duly signed by the nominee giving his or her consent to the nomination and signifying his or her candidature for the office or the intention of the Shareholder to propose the person.

Notice of every candidature for election as a Director must be given to each Shareholder with or as part of the notice of meeting for the meeting at which the election is to take place.

Pursuant to the Acquisition Agreement, at Completion it is proposed that two of the current Directors will resign and Mr Luke Martino and Mr Nicholas Sage each be appointed as a Director. Each of the Proposed Directors have consented to act as Directors of the Company.

Resolution 6 seeks approval for the election of Mr Luke Martino as a Director on and from Completion if each of the other Acquisition Resolutions are approved by Shareholders. He will be appointed as Non-Executive Director (Chairman).

Resolution 7 seeks approval for the election of Mr Nicholas Sage as a Director on and from Completion if each of the other Acquisition Resolutions are approved by Shareholders. He will be appointed as a Non-Executive Director.

Please refer Section 4.23 for information on the qualifications, skills and experience of the Proposed Directors.

Resolutions 6 and 7 are Acquisition Resolutions and subject to Shareholders passing each of the Acquisition Resolutions.

Resolutions 6 and 7 are ordinary resolutions.

11.2 Board Recommendation

The current Directors of the Company support the election of the Proposed Directors and recommend that Shareholders vote in favour of each of Resolutions 6 and 7.

12. RESOLUTION 8 – APPROVAL TO ISSUE ADVISOR SHARES

12.1 General

Resolution 8 seeks Shareholder approval for the issue of 12,500,000 Shares (on a post Consolidation basis) to Dempsey (or its nominees) in consideration for corporate advisory services provided to the Company in relation to the Acquisition.

The Company has agreed, subject to obtaining Shareholder approval, to issue the Shares to Dempsey (or its nominees) on the terms and conditions set out below.

A summary of ASX Listing Rule 7.1 is set out in Section 9.2 above.

The effect of Resolution 8 will be to allow the Company to issue the Advisor Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Advisor Shares will be subject to any trading restrictions required by the ASX Listing Rules and are expected to be restricted for a period of two years from the date that the Company is re-admitted to ASX.

Resolution 8 is an Acquisition Resolution and is subject to Shareholders passing each of the Acquisition Resolutions.

Resolution 8 is an ordinary Resolution.

12.2 Information required under ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the maximum number of Advisor Shares to be issued is 12,500,000 (on a post Consolidation basis);
- (b) the Advisor Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Advisor Shares will occur on the same date;
- (c) the Advisor Shares will be issued for nil cash in consideration for corporate advisory services provided to the Company in relation to the Acquisition;
- (d) the Advisor Shares will be issued to Dempsey (or its nominees), who are not related parties of the Company;
- (e) the Advisor Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

- (f) no funds will be raised from the issue of the Advisor Shares.

12.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 8.

The Chair intends to exercise all available proxies in favour of Resolution 8.

13. RESOLUTION 9 – APPROVAL TO ISSUE LEAD MANAGER OPTIONS

13.1 General

Resolution 9 seeks Shareholder approval for the issue of 5,000,000 Lead Manager Options (on a post Consolidation basis) to Indian Ocean (or its nominees) in consideration for lead manager services provided to the Company in relation to the Capital Raising.

A summary of ASX Listing Rule 7.1 is set out in Section 9.2 above.

The effect of Resolution 9 will be to allow the Company to issue the Lead Manager Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Company has applied for and expects to receive a waiver from ASX Listing Rule 1.1 condition 12 to permit the exercise price of the Lead Manager Options to be \$0.02 each.

Resolution 9 is an ordinary Resolution.

13.2 Information Required under ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the maximum number of Lead Manager Options to be issued is 5,000,000 (on a post Consolidation basis);
- (b) the Lead Manager Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Lead Manager Options will occur on the same date;
- (c) the Lead Manager Options will be issued to Indian Ocean (or its nominees), none of whom are related parties of the Company;
- (d) the terms and conditions of the Lead Manager Options are set out in Schedule 4;
- (e) a voting exclusion statement is contained in the Notice;
- (f) no funds will be raised from the issue of the Lead Manager Options. The funds raised from the conversion of the Lead Manager Options will be applied towards working capital.

13.3 Board recommendation

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

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

14. RESOLUTION 10 – APPROVAL TO CHANGE COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 10 seeks the approval of Shareholders for the Company to change its name to "Jadar Lithium Limited".

If Resolution 10 is passed the change of name will take effect when ASIC alters the details of the Company's registration. The change of name is conditional on Completion occurring.

Resolution 10 is subject to the approval of all Acquisition Resolutions, however Resolution 10 is not an Acquisition Resolution and the Acquisition Resolutions are not subject to the approval of Resolution 10.

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. RESOLUTION 11 – APPROVAL TO ISSUE ATTACHING OPTIONS

15.1 General

Resolution 11 seeks Shareholder approval for the issue of 65,250,000 Attaching Options (on a post Consolidation basis) to sophisticated and professional investors who participated in the Placement.

A summary of ASX Listing Rule 7.1 is set out in Section 9.2 above.

The effect of Resolution 11 will be to allow the Company to issue the Attaching Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Company has applied for and expects to receive a waiver from ASX Listing Rule 1.1 condition 12 to permit the exercise price of the Attaching Options to be \$0.02 each.

Resolution 11 is an ordinary Resolution.

15.2 Information Required under ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 11:

- (a) the maximum number of Attaching Options to be issued is 65,250,000 (on a post Consolidation basis);
- (b) the Attaching Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Attaching Options will occur on the same date;
- (c) the Attaching Options will be issued to sophisticated and professional investors who participated in the Placement, none of whom are related parties of the Company;
- (d) the terms and conditions of the Attaching Options are set out in Schedule 4;

- (e) a voting exclusion statement is contained in the Notice;
- (f) no funds will be raised from the issue of the Attaching Options. The funds raised from the conversion of the Attaching Options will be applied towards working capital.

15.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 11.

The Chair intends to exercise all available proxies in favour of Resolution 11.

16. RESOLUTION 12 – REPLACEMENT OF CONSTITUTION

16.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 12 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and the ASX Listing Rules.

This will incorporate amendments to the Corporations Act and the ASX Listing Rules since the current Constitution was adopted in 2000.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Transfer Corporation Pty Ltd); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

The Board recommends that Shareholders vote in favour of Resolution 12.

Resolution 12 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).

The Chair intends to exercise all available proxies in favour of Resolution 12.

16.2 Summary of material proposed changes

(a) Fee for registration of off market transfers (Article 8.6)

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Article 8.6 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

(b) Written resolutions of Directors (Article 13)

The existing Constitution provides that all directors entitled to vote on a resolution may assent to a written resolution of directors in the absence of a meeting.

Article 13 of the Proposed Constitution provides that written resolutions may be made by a simple majority of directors.

(c) Dividends (Article 14)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

(d) Partial (proportional) takeover provisions

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

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

While the original Constitution included a provision regarding proportional takeover bids, this provision ceased to have effect in 2010.

16.3 Information required by section 648G of the Corporations Act

(a) Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) Knowledge of any acquisition proposals

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

(d) Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;

- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (v) proportional takeover bids may be discouraged;
- (vi) lost opportunity to sell a portion of their Shares at a premium; and
- (vii) the likelihood of a proportional takeover bid succeeding may be reduced.

(e) **Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 12.

SCHEDULE 1 - GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition by the Company of Centralist in accordance with the Acquisition Agreements and is referred to in Section 4.14.

Acquisition Resolutions means Resolutions 2 to 9 (inclusive).

Advisor Share means a Share the subject of Resolution 8.

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

Acquisition Agreements means the Centralist Agreement and the Centurion Agreement.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Attaching Options means an Option the subject of Resolution 11, which has the terms and conditions set out in Schedule 3.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising means the offer of up to 250,000,000 Shares (on a post Consolidation basis) with an issue price of \$0.02 per share to raise up to \$5,000,000 as detailed in Section 4.17.

Capital Raising Shares means the Shares proposed to be issued under the Capital Raising.

Centralist means Centralist Pty Ltd ACN 618 766 715.

Centralist Agreement means the agreement between the Company, Centralist and the Vendors dated 5 September 2017 pursuant to which the Company agrees to purchase 100% of the issued capital of Centralist from the Vendors.

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

Centurion means Centurion Metals D.O.O. company number 2110009.

Centurion Agreement means the agreement between the Centralist, Centurion and Guzijan dated 31 August 2017 pursuant to which the Centralist agrees to purchase 100% of the issued capital of Centurion from the Guzijan.

Chair means the chair of the Meeting.

Company or **SXI** means South East Asia Resources Limited (to be renamed "Jadar Lithium Limited") (Subject to Deed of Company Arrangement) ACN 009 144 503.

Completion means completion of the Acquisition in accordance with the Acquisition Agreements.

Consideration Shares means the 37,500,000 Shares proposed to be issued the Vendors (or their nominees) as part consideration for the Acquisition and which are the subject of Resolution 4.

Consolidation means the proposed 20 for 1 consolidation of the Company's Securities as set out in Resolution 2.

Constitution means the Company's constitution as at the date of the Meeting.

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

Deed Administrators or **Administrators** means David Ingram, Cameron Shaw and Richard Albarran in their capacity as joint and several administrators of the DOCA.

Dempsey means Dempsey Resources Pty Ltd ACN 100 305 486.

Director means a director of the Company.

Director Appointments means the appointment of the Proposed Directors the subject of Resolutions 6 and 7.

Disposal means the disposal of the Moly Project.

DOCA means the deed of company arrangement in respect of the Company that was executed on 16 April 2015 as amended from time to time and is referred to in Section 4.1.

DOCA Proposal is detailed in Section 4.3.

DOCA Payment has the meaning given in Section 4.3.

Equity Security has the same meaning as in the ASX Listing Rules and **Equity Securities** has the corresponding meaning.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Guzijan means Mr Bozo Guzijan.

Impact means Impact Nominees Pty Ltd ACN 085 277 621.

Indian Ocean means Indian Ocean Corporate Pty Ltd ACN 142 266 279.

Independent Geological Report means the independent geological report authored by the Independent Geologist that is included in Schedule 3.

Independent Geologist means Phil Jones.

Lead Manager Option means an Option the subject of Resolution 9.

Meeting means the general meeting convened by this Notice.

Moly Project means the Malala Molybdenum Project described in Section 4.6.

Moly Subsidiaries has the meaning given in Section 4.6.

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

Official List means the official list of the ASX.

Option means an option to subscribe for a Share.

Optionholder means a holder of an Option.

Placement means the placement described in Section 4.7.

Placement Shares means the 65,250,000 Shares (on a post Consolidation basis) issued to sophisticated and professional investors under the Placement.

Proposed Constitution has the meaning given in Section 16.1.

Proposed Directors means the directors to be appointed under this Notice effective on and from Completion, being Mr Luke Martino and Mr Nicholas Sage.

Prospectus means the prospectus proposed to be issued by the Company in relation to the Capital Raising.

Proxy Form means the proxy form accompanying the Notice.

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

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

Section means a section of the Explanatory Statement.

Security means a security issued or to be issued in the capital of the Company, including a Share or an Option.

Securityholder means a holder of a Security.

Serbia means the Republic of Serbia.

Serbian Lithium Projects has the meaning given in section 4.10.

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

Shareholder means a registered holder of a Share.

Schedule means a schedule to the Notice.

Variation means the variation of the DOCA Proposal described in Section 4.1.

Vendors means all of the shareholders of Centralist, being Impact and Guzijan.

Victory West means Victory West Pty Ltd ACN 127 980 189 (deregistered on 10 March 2017).

SCHEDULE 2 – PRO FORMA BALANCE SHEET

The following table presents the pro-forma statement of financial position for the combined Group as at 30 June 2017. The pro-forma statement of financial position has been prepared for illustrative purposes only and gives effect to the Acquisition pursuant to the notes and assumptions described in Section (b)

The pro-forma is presented for illustrative purposes and does not necessarily reflect the financial position that actually would have resulted had the Acquisition occurred at the date indicated, or project the financial position of the combined Group for any future date or period. The pro-forma should be read in conjunction with the historical financial statements of both Centralist and SXI.

a) Pro forma statement of financial position as at 30 June 2017

		Unaudited	Unaudited	Audited	Unaudited
		Centurion	Centralist	SXI	Pro-forma
		30 June 2017	30 Jun 2017	30 Jun 2017	Combined
		A\$	A\$	A\$	Group
					30 Jun 2017
					\$
Assets					
Current Assets					
Cash and cash equivalents	2	988	1	30,674	4,762,058
Trade and other receivables		-	-	8,293	8,293
Total Current Assets		988	1	38,967	4,770,351
Non-Current Assets					
Capitalised Exploration Costs	3	30,514	-	-	1,103,675
Total Non-Current Assets		30,514	-	-	1,103,675
Total Assets		31,502	1	38,967	5,874,027
Current Liabilities					
Trade and other payables	4	76,671	-	305,826	172,497
Borrowings	5	30,514	-	1,909,950	-
Total Current Liabilities		107,185	-	2,215,776	172,497
Total Liabilities		107,185	-	2,215,776	172,497
NET ASSETS (LIABILITIES)		(75,683)	1	(2,176,809)	5,701,530
Equity					
Issued capital	6	-	1	31,210,629	39,473,080
Reserves	7	(2,512)	-	-	60,501
Accumulated losses	8	(73,171)	-	(33,387,438)	(33,832,051)
TOTAL EQUITY (DEFICIT)		(75,683)	1	(2,176,809)	5,701,530

b) Notes to pro-forma financial information

	Unaudited	Unaudited	Audited	Unaudited
	Centurion	Centralist	SXI	Pro-forma
	30 June 2017	30 Jun 2017	30 Jun 2017	Combined
	A\$	A\$	A\$	Group
				30 Jun 2017
				A\$

1. Statement of Accounting Policies

Accounting policies used in compilation of the Pro-forma Statement of Financial Position are consistent with policies used in the historical audited Financial Statements for South East Asia Resources Ltd (SXI).

2. Cash & Cash Equivalents

Cash and Cash Equivalents	988	1	30,674	31,663
Issue of shares	-	9	1,000,000	1,000,009
Payment of DOCA & creditors	-	-	-	(647,500)
Issue of shares (Resolution 3)	-	-	5,000,000	5,000,000
Transaction issue costs	-	-	(622,113)-	(622,113)
				4,762,058

3. Capitalised exploration costs

Capitalised exploration costs	30,514	-	-	30,514
Increase in expenditure incurred on Acquisition	-	73,172	999,988	1,062,298
				1,103,675

4. Trade & other payables

Trade & other payables	76,671	-	305,826	382,497
Increase in DOCA creditors trust	-	-	-	160,000
Payment to DOCA creditors trust	-	-	-	(370,000)
				172,497

5. Borrowings

Borrowings	30,514	-	1,909,950	1,940,464
Conversion of borrowings to shares	-	-	-	(1,632,450)
Repayment of borrowings	-	-	-	(277,500)
Less Intercompany balances	(30,514)	-	-	(30,514)
				-

6. Issued Capital

SXI

Ordinary shares at 30 June 2017	-	-	31,210,629	31,210,629
Conversion of borrowings to shares	-	-	1,632,450	1,632,450
Issue of shares	-	-	1,000,000	1,000,000
Issue of shares in satisfaction of professional fees (Resolution 9)	-	-	250,000	250,000
Acquisition share consideration to Centralist vendors (Resolution 4)	-	-	750,000	750,000
Issue of shares (Resolution 3)	-	-	5,000,000	5,000,000
Capital raising costs	-	-	(307,500)	(307,500)
Issue of Lead Manager Options	-	-	(62,499)	(62,499)

Centralist

Redeemable Subscriber Share at 30 June 2017		1		1
Redeemable subscriber Share redemption		(1)		(1)
Ordinary shares at 30 June 2017		-	-	-
Issue of Ordinary Shares		12		12
Less elimination on Acquisition				(12)
				39,473,080

7. Reserves

Share Based Payments Reserve

Issue of Lead Manager Options	-	-	62,499	62,499
				62,499

Foreign Exchange Translation Reserve

Opening position	(2,512)	-	-	(2,512)
Less Intercompany balances				514
				(1,998)

8. Accumulated losses

Losses at 30 June 2017	(73,171)	-	(33,387,438)	(33,460,609)
Less elimination on Acquisition	73,171	-	-	73,171
Increase in DOCA creditors trust				(160,000)
Adjustment for new intercompany balances	-	-	-	30,000
Capital raising costs (not capitalised)				(314,613)
				(33,832,051)

9. Contingent liabilities

A subsidiary of SXI, South East Asia Energy Resources Pte Limited, had amounts owing to creditors of \$685,764 as at 30 June 2014. These amounts were subsequently written off by the Group as at 30 June 2015 period. The group has had no correspondence from creditors since 30 September 2014 and the subsidiary's operations have ceased and were closed as last communicated by the company secretary of the subsidiary on 23 February 2015. This Singapore subsidiary has previously been funded solely by SXI, with its ability to operate reliant on SXI's support. When SXI went into administration and considering the Deed of Company Arrangement referred to within this Notice of Meeting, was concluded that the Singapore subsidiary could no longer viably operate. The creditors of the Singapore subsidiary have not made any communication with SXI with a claim on amounts owed by the Singapore subsidiary and it has been concluded that these creditors are no longer active.

SXI's Directors have determined that the amount of \$685,764 is considered a contingent liability given that there is no present obligation to settle these amounts, however there is a possibility these amounts may arise in future periods at which point a present and measurable obligations would deemed to have occurred and would be recorded as a provision accordingly.

Apart from the above-mentioned items, as at 30 June 2017 the Group has no other contingent liabilities nor does it have any contingent assets.

AL MAYNARD & ASSOCIATES Pty Ltd

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Australian & International Exploration & Evaluation of Mineral Properties

Independent Geological Report
On the
Exploration Potential
Of
Five Serbian Lithium Projects

Prepared for
South East Asia Resources Limited
(to be renamed Jadar Lithium Limited)

Author: Phil Jones BAppSc(AppGeol), MAIG, MAusIMM
Company: Al Maynard & Associates Pty Ltd
Date: 24th August, 2017

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Executive Summary

South East Asia Resources Limited (to be renamed Jadar Lithium Limited) has entered into a Deed to acquire 100% interest of Centralist Pty Ltd (Centralist). Centralist have entered into a Deed to acquire 100% of Centurion Metals D.O.O (Centurion), the owner of five 100% held exploration projects for lithium and boron; Cer, Bukulja, Rekovac, Krajkovac and Vranje-South, located within Serbia.

AM&A have not carried out a site visit to any of the Project areas, but have relied on information provided by the Company derived from internal company data as well as other publicly available general data and reports sourced by AM&A as listed in the Reference section of this report.

These five “greenfields” exploration project areas cover regions that are considered prospective for lithium and other pegmatite hosted minerals. There has been no recent geological exploration for these minerals by any public companies or any mine production on any of the project areas.

The five Projects are covered by Exploration Licences, for a total of 328.6 square kilometres.

According to Serbian law the tenement holder is obliged to perform the geological exploration works according to the Application Documents submitted by "Geoprofesional" Ltd. of Belgrade.

The duration of the exploration period is 3 (three) years provided that the exploration period begins to run from the date of delivery of this decision to the exploration holder. The exploration period may be extended on the request of the exploration holder. The request for an extension of exploration period shall be submitted not later than 30 days before the expiration of the exploration period determined by the approval of exploration, provided that at least 75% of the project planned volume has been carried out.

The Company is targeting two different styles of lithium mineralisation:

- **Granite complexes with associated pegmatite and greisen mineralisation.**

Pegmatites and greisens are prospective for mineralisation as they are the last fluids of granite crystallization that tend to concentrate elements such as lithium, tin, tungsten, molybdenum and fluorine, as well as occasionally precious metals such as gold, silver and copper.

- **Jadar Style sedimentary sequences in buried lake basins containing extensive hydrothermal lithium-borate mineralised zones**

The Rio Tinto Borates' Jadar deposit, a world-class lithium-borate resource, is hosted by this style of mineralisation with Jadar ranked as one of the largest lithium deposits in the world.

These basins are typically comprised of clay-carbonate rocks, sandstones and argillaceous rocks formed in a volcano-tectonic depression during the Oligocene and Early Miocene.

AM&A opine that the Serbian tenements at Cer, Bukulja, Rekovac, Krajkovac and Vranje cover areas with potential for the discovery of lithium and boron and other granite/greisen/pegmatite mineralisation and Jadarite deposits in the Miocene sediments in these under-explored tenements. However, it is important to note that none of these “greenfields” tenements have undergone modern systemic exploration for these commodities with only regional scale geology mapping carried out to date.

The presence of major European markets, especially in Germany to the near north, could be a significant factor in determining the economic potential and viability of any new deposits found on the tenements.

A two-year staged exploration program, managed and operated by Serbian geologists, has been proposed for the Company's tenements.

The first year of exploration on all five tenements will include regional geological mapping, outcrop and soil sampling over the entirety of each exploration area. The first year's mapping and sampling will be continued into the second year focusing on the most prospective areas and will include appropriate geophysical surveys, initially ground magnetics, which will be followed up by exploration diamond drilling. A proposed exploration budget is provided in Table 1. Note that the budgets for years subsequent to Year 1 include drilling and the actual quantity of drilling required will depend on the success of the exploration effort in the previous year.

Totals	Serbian Dinar Each Project	Serbian Dinar All Projects	\$AU Each Project	\$AU All Projects
Year 1	7,956,000	39,780,000	97,143	485,714
Year 2	26,064,480	130,322,400	310,291	1,551,457
Total	34,020,480	170,102,400	407,434	2,037,171

Table 1: Summary budgets for proposed exploration program for each project.

1: Introduction

This Independent Geologist's Report has been prepared by Philip A. Jones of Al Maynard and Associates Pty Ltd ("AM&A"), Consulting Geologists of Subiaco, Perth, Western Australia, on behalf of South East Asia Resources Limited (to be renamed Jadar Lithium Ltd) ("SXI", "the Company"), which was incorporated on 2nd August, 1985. SXI has registered offices at 311-313 Hay Street, Subiaco WA 6008.

This Independent Geologists' Report has been prepared for SXI for inclusion in its Notice of Meeting to shareholders to consider the acquisition of Centralist and in a Prospectus to be issued by SXI to raise up to A\$5 million by the issue of up to 250,000,000 shares at A\$0.02 per share as part of the Company's re-compliance with Chapters 1 & 2 of the ASX Listing Rules.

The bulk of information compiled by AM&A for this report is derived from internal company data provided by SXI as well as other publicly available general data and reports as listed in the Reference section of this report.

The five projects; Cer, Bukulja, Rekovac, Krajkovac and Vranje-South, are all located within Serbia and are 100% held by Centurion.

AM&A have not carried out a site visit to any of the Project areas. However, Professor Colin Roberts of Natural Resource Geo-Strategy Pty Ltd conducted a site visit to Serbia and the five projects to conduct an independent due-diligence on the legal status on the validity of title and other matters related to the acquisition of Centurion Metals d.o.o. on behalf of South East Asia Resources Ltd. No significant problems were noted in his report.

Qualifications and Experience

This report was prepared in accordance with the Joint Ore Reserves Committee (JORC) "Australian Code for reporting of exploration results, mineral resources and ore reserves", 2012 edition. The author of this report is Philip Jones, B.App.Sc.(applied Geology), MAIG.

Mr Jones is an Associate of Al Maynard & Associates Pty Ltd (AM&A) and a "Competent Person" for reporting exploration results, as defined by the JORC Code (2012). He is a professional geologist with over 40 years' experience in exploration, mineral resource and ore reserve estimation, feasibility studies and mine geology in Australia, Europe, South America, China, Asia and Africa, including more than 5 years' experience in structurally controlled gold deposits in Australia.

2: Property Description and Location

The five Project areas; Cer, Bukulja, Rekovac, Krajkovac and Vranje-South, are all located within Serbia in central Europe along a north-west/south-east corridor, Figure 1.



Figure 1: Serbia and Jadar project locations.

These five exploration project areas, cover regions that are considered prospective for lithium and other pegmatite hosted minerals. There has been no recent geological exploration for these minerals or any mine production on any of the project areas.

Tenure

The five Projects are covered by Exploration Licences, issued to Centurion covering 328.6 square kilometres.

Name	Tenement ID	Area (Km2)	Expiry Date
Cer	2223	92.8	27/02/2020
Bukulja	2226	38.6	24/02/2020
Rekovac	2224	75.5	27/02/2020
Krajkovac	2209	31.2	7/11/2019
Vranje-South	2225	90.5	22/02/2020
Total		328.6	

Table 2: SXI Project tenement schedule

General Terms and Conditions on Tenements

The tenement holder is obliged to perform the geological exploration works according to the Application Documents submitted by "Geoprosional" Ltd. of Belgrade. The duration of the exploration period is 3 (three) years provided that the exploration period begins to run from the date of delivery of this decision to the exploration holder. The exploration period may be extended on the request of the exploration holder. The request for an extension of exploration period shall be submitted not later than 30 days before the expiration of the exploration period determined by the approval of exploration, provided that at least 75% of the project planned volume has been carried out.

Tenement Details

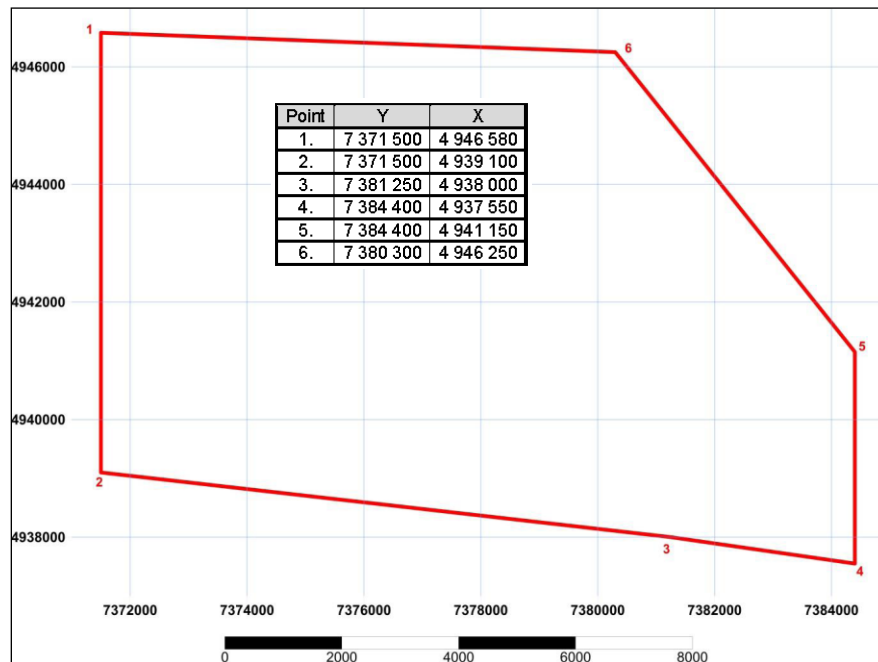


Figure 2 Cer tenement location map and corner coordinates (Gauss Krueger 3 degree, Zone 7)

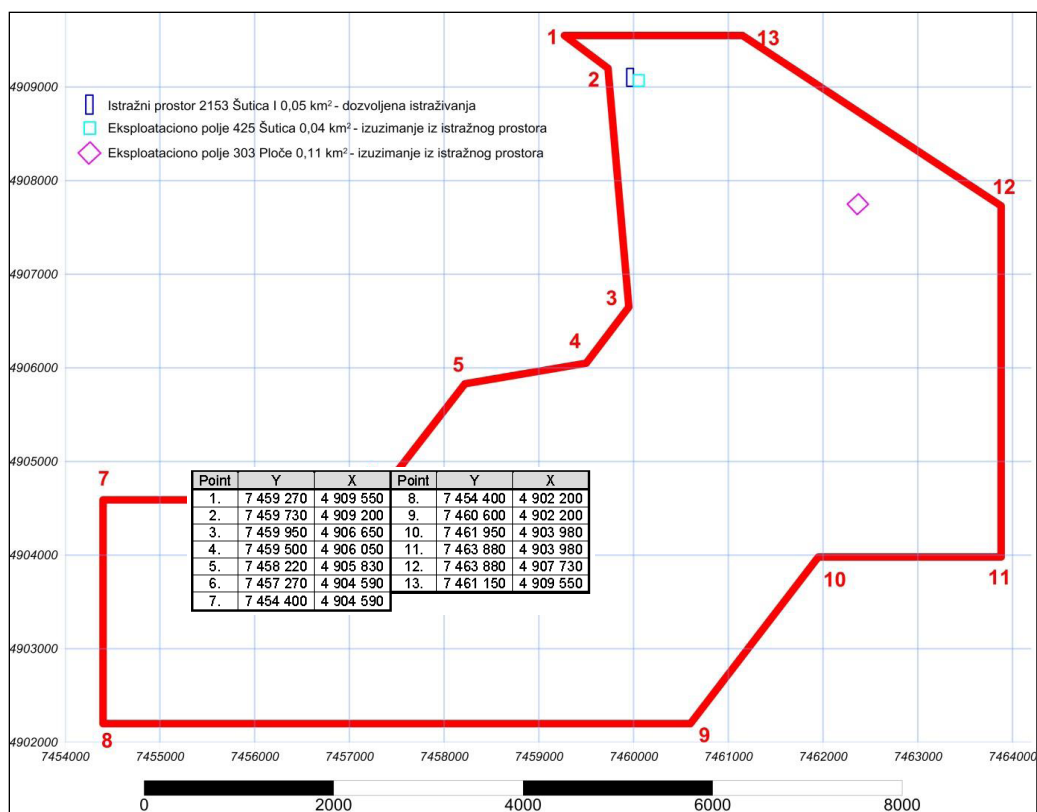


Figure 3: Bukulja tenement location map and corner coordinates (Gauss Krueger 3 degree, Zone 7).

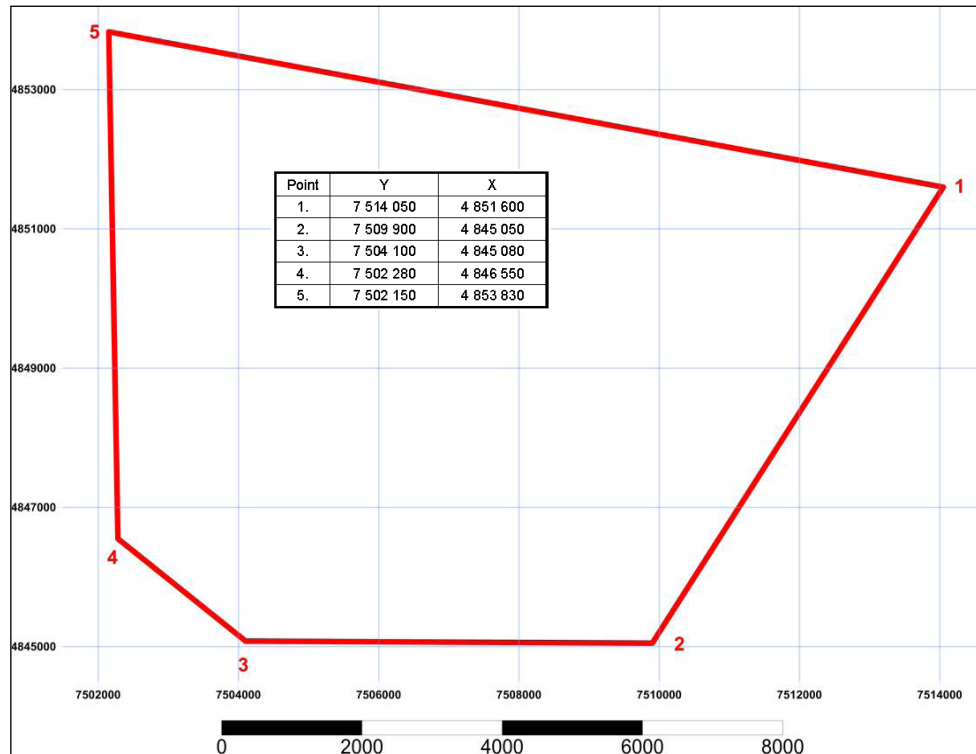


Figure 4: Rekovac tenement location map and corner coordinates (Gauss Krueger 3 degree, Zone 7).

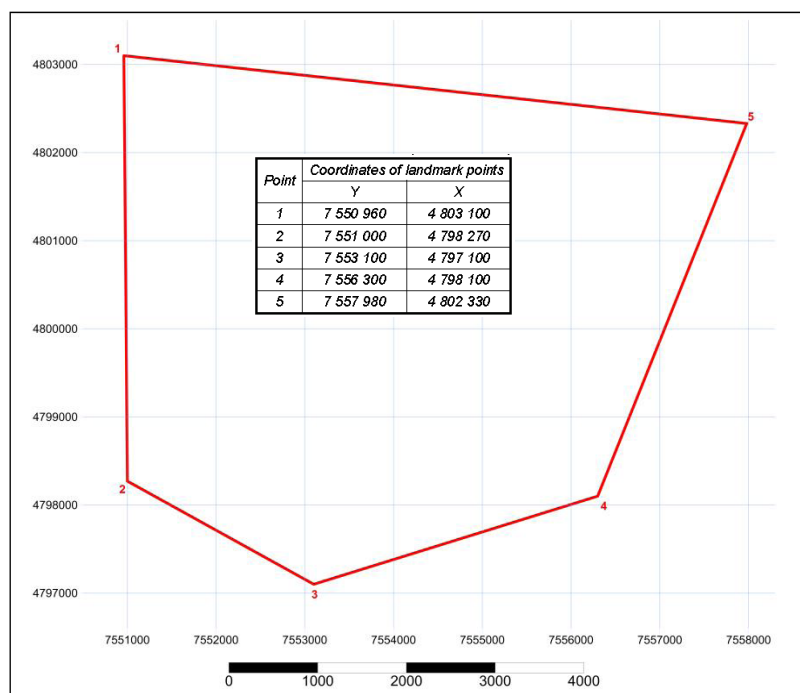


Figure 5: Krajkovac tenement location map and corner coordinates (Gauss Krueger 3 degree, Zone 7).

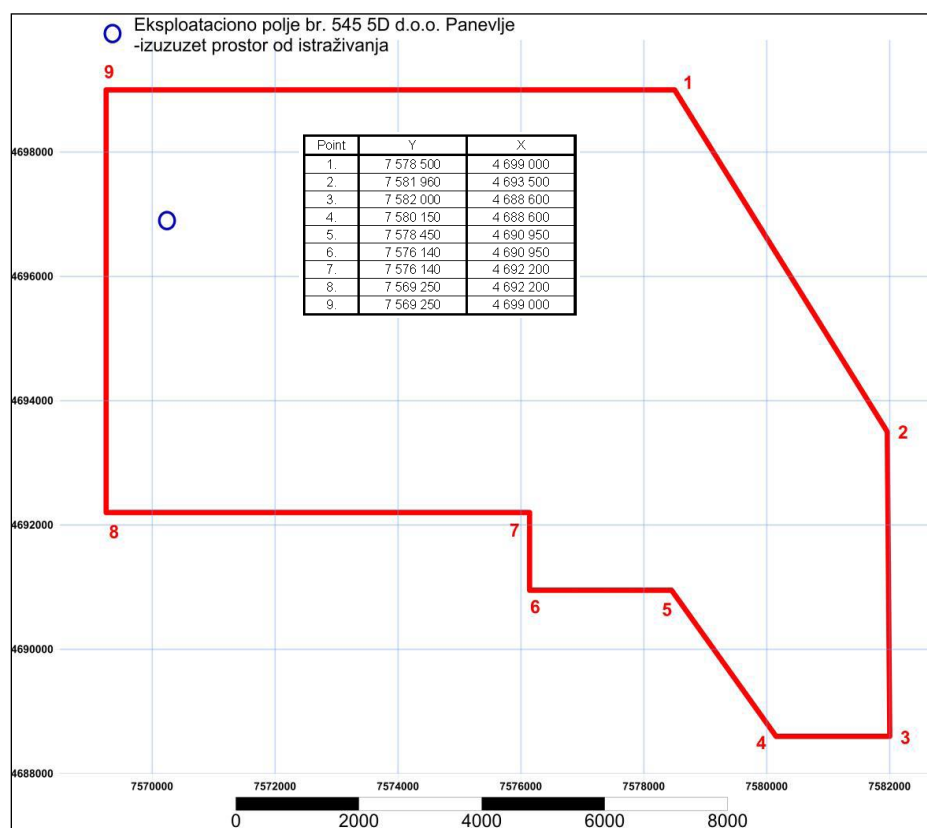


Figure 6: Vranje-South tenement location map and corner coordinates (Gauss Krueger 3 degree, Zone 7).

3: Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Republic of Serbia has a population of 7.14 million located in central-eastern Europe. Serbia shares borders with the sovereign states of Hungary, Romania, Bulgaria, Macedonia, Kosovo, Montenegro, Bosnia and Herzegovina and Croatia.

Serbia's capital, Belgrade, ranks among the oldest and largest cities in Southeast Europe.

Belgrade is a 9-hour drive from the industrial heartland of Germany.

During the breakup of Yugoslavia, Serbia formed a union with Montenegro which dissolved peacefully in 2006, when Serbia re-established its independence.

Serbia is a member of numerous organizations such as the UN, CoE, OSCE, PfP, BSEC, and CEFTA. An EU membership candidate since 2012, Serbia has been negotiating its EU accession since January 2014. The country is acceding to the WTO and is a militarily neutral state. Serbia is an upper-middle income economy with a dominant service sector along with industrial and agriculture sectors.

Access

Serbia is located in a strategically important transportation location since the country's backbone, the Morava Valley, represents by far the easiest route for land travel from continental Europe to Asia Minor and the Near East.

The Serbian road network carries the bulk of traffic in the country. The total length of roads is 45,419 km of which 745 km are motorways; 4,481 km are national roads; 10,941 km are regional roads and 23,780 km are municipal roads. The road network, except for the motorways, are of comparatively lower quality to the Western European standards because of lack of financial resources for their maintenance in the last 20 years.

Bus transport is very extensive with almost every locality in the country connected by bus., both Domestic and international routes are served by more than 100 bus companies.

Serbia has 3,819 kilometres of rail tracks, of which 1,279 are electrified and 283 kilometres are double-track railroad. The major rail hub is Belgrade. Although still a major mode of freight transportation, railroads face increasing problems with the maintenance of the infrastructure and lowering speeds. All rail services are operated by public rail company, Serbian Railways.

There are only two airports with regular passenger traffic: Belgrade Nikola Tesla Airport served almost 5 million passengers in 2016, and is a hub of flagship carrier Air Serbia which carried some 2.6 million passengers in 2016. Niš Constantine the Great Airport caters mainly for low-cost airlines.



Figure 7: Serbian motorway network.

Serbia has 1,716 kilometres of navigable inland waterways (1,043 km of navigable rivers and 673 km of navigable canals), which are almost all located in northern third of the country. The most important inland waterway is the Danube. Other navigable rivers include Sava, Tisza, Begej and Timiș rivers which connect Serbia with much of Europe. More than 2 million tons of cargo was transported on Serbian rivers and canals in 2016. The largest river ports are: Novi Sad, Belgrade, Pančevo, Smederevo, Prahovo and Šabac.

Climate

The Serbian climate varies between a continental climate in the north, with cold winters, and hot, humid summers with well distributed rainfall patterns, and a more Adriatic climate in the south with hot, dry summers and autumns and relatively cold winters with heavy inland snowfall. Differences in elevation, proximity to the Adriatic Sea and large river basins, as well as exposure to the winds account for climate differences.

Northern Serbia possesses typical continental climate, with air masses from northern and western Europe shaping its climatic profile. South and south-west Serbia is subject to Mediterranean influences, however the Dinaric Alps and other mountain ranges contribute to the cooling down of most of the warm air masses. Winters are quite harsh in the Raška plateau region because of the mountains that encircle the plateau.

The average annual air temperature for the period 1961–90 for areas with an altitude of up to 300 m is 10.9 °C. The areas with an altitude of 300 to 500 m have an average annual temperature of around 10.0 °C, and over 1,000 m around 6.0 °C. The lowest recorded temperature in Serbia was –39.5 °C (January 13, 1985, Karajukića Bunari in Pešter), and the highest was 44.9 °C (July 24, 2007, Smederevska Palanka).

Serbia is one of few European countries with very high-risk exposure to natural hazards (earthquakes, storms, floods, droughts), particularly in areas of Central Serbia.

Infrastructure

Serbia has generally excellent infrastructure with all the required utilities immediately accessible (electricity, gas, telecommunications) throughout much of the country.

Physiography

Forest covers 2,252,000 ha or approximately 29.1% of Serbia. The most common trees are oak, beech, pines and firs.

Serbia is a country of rich ecosystem and species diversity – covering only 1.9% of the whole European territory Serbia is home to 39% of European vascular flora species, 51% of European fish fauna species, 40% of European reptile and amphibian fauna species, 74% of European bird fauna species and 67% European mammal fauna species. Its abundance of mountains and rivers make it an ideal environment for a variety of animals, many of which are protected including wolves, lynx, bears, foxes and stags.

There are 377 protected areas in Serbia, encompassing 4,947 square kilometres. Those protected areas include 5 national parks (Đerdap, Tara, Kopaonik, Fruška Gora and Šar Mountain), 15 nature parks, 15 "landscapes of outstanding features", 61 nature reserves, and 281 natural monuments.

Air pollution is a significant problem in the Bor area due to emissions from a large copper mining and smelting complex, and at Pančevo where an oil and petrochemical industry is based. Some cities suffer from water supply problems due to mismanagement and low investments in the past, as well as industrial water pollution or the presence of natural arsenic in underground waters in Zrenjanin.

Poor waste management has been identified as one of the most important environmental problems in Serbia. The 1999 NATO bombing caused serious damage to the environment, with several thousand tons of toxic chemicals stored in targeted factories and refineries released into the soil and water basins.

4: Exploration History

None of the Company's projects have been systematically explored for economic lithium or boron deposits in modern times. The only significant geological work carried out on these tenements is regional scale mapping and limited studies by the Government agencies and academics.

5: Geological Setting and Mineralisation

Serbia Geology

Serbia is in recent geologic time a part of the Eurasian Plate, but the bedrock lithologies are witness to a diverse geologic history. In a tectonic sense, Serbia is part of an orogenic system that is composed of the Alpine, Carpathian, and Dinaride orogenic belts. Serbia can be divided into five geotectonic units of differing genesis:

- Pannonian Plain, occupying the northern part of the country (Vojvodina province)
- Dinaric Alps occupy western part of Central Serbia, stretching in general northwest-southeast direction
- Vardar Zone is a belt east of the Dinaric alps, continuing into central Republic of Macedonia. It consists of three parts: Srem, Jadar and Kopaonik blocks, separated by ophiolitic fractures.
- Serbian-Macedonian Massif is a belt stretching in north-south direction along the Great and South Morava valleys, into western Republic of Macedonia and northern Greece (north of Chalkidiki peninsula).
- Carpatho-Balkan arc covers Eastern Serbia, in the shape of an arc. Its northern part, Serbian Carpathians is an extension of Carpathian range, and it joins the western parts of Balkan Mountains, whose main massif is in Bulgaria.

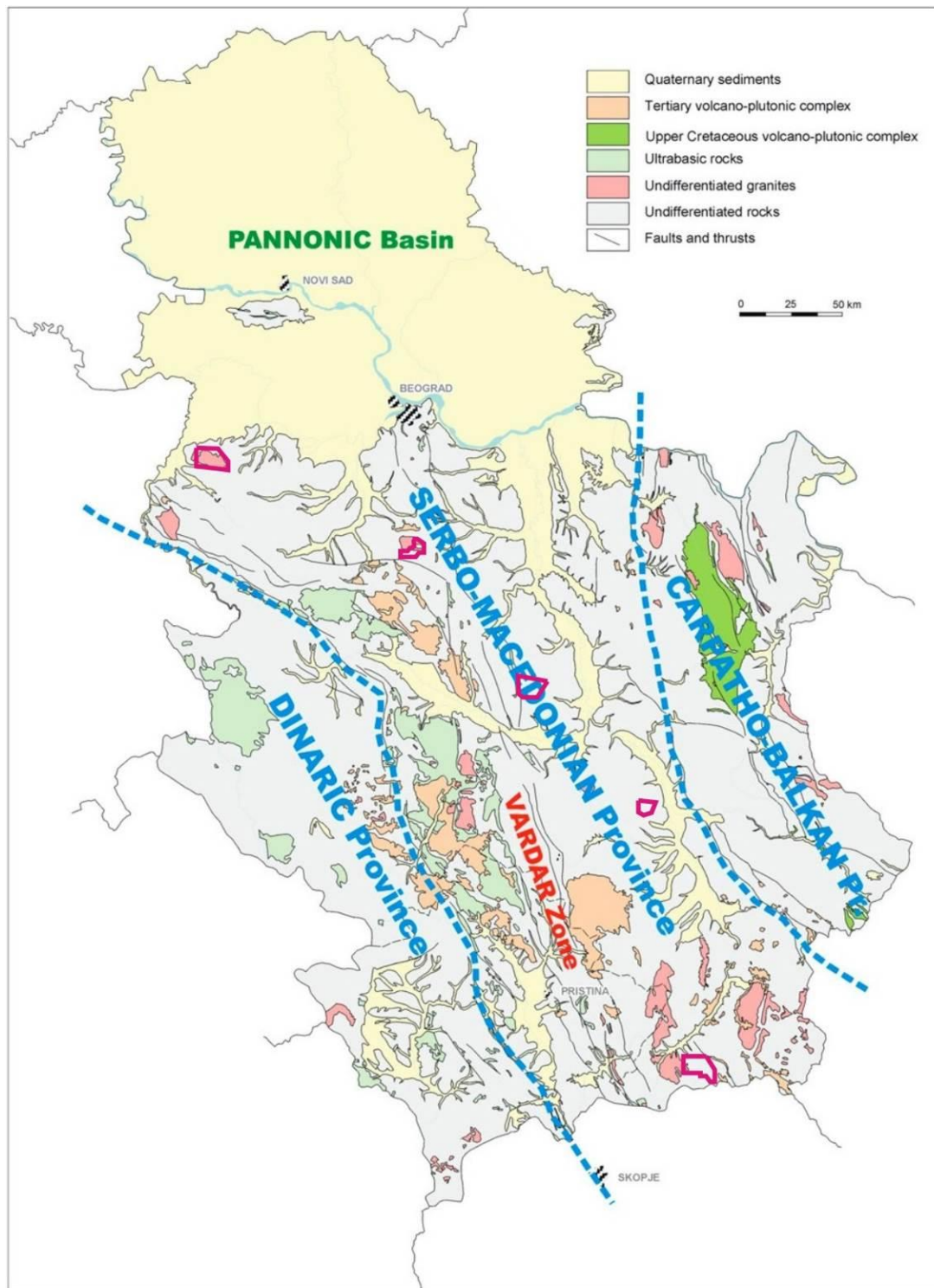


Figure 8: Simplified geological map of Serbia showing the main structural and metallogenic provinces. SXI tenements shown as red outlines.

Tectonic units

Sava Zone

The Sava Zone (named after the river Sava) is an oceanic suture that strikes roughly NNW to SSE through Serbia and is mostly covered in the north by the sediments of the Pannonian Basin. Outcrops can be found in the Fruška Gora (Fruška mountains). Here the unit is composed of blueschists and ophiolites. In the south outcrops of the Sava Zone occur in the Balkan and Rhodope Mountains. This includes the Senonian Flysch and the rocks cropping out in the Jastrebac Window.

Jadar-Kopaonik thrust sheet

The Jadar-Kopaonik Thrust Sheet is a NW-SE striking unit in the southern footwall of the Sava Zone and the northern hangingwall of the Drina-Ivanjica Thrust Sheet. Most of the outcrops are ophiolites from the Western Vardar ocean, but there are some windows into the underlying basement. The Jadar unit in western Serbia (Jadar Region) is the largest window into the underlying Adriatic units of the Jadar-Kopaonik Thrust Sheet. Two smaller windows crop out farther to the south. The Studenica unit lies in the west and the Kopaonik unit in the east of the thrust sheet.

Supragetic

The Supragetic nappes form a N-S striking belt in eastern Serbia, where they crop out in the Balkan Mountains (Stàra planinà). They are part of the paleogeographic realm of Dacia. The Supragetic is subdivided into the Ranovac and Vlasina unit.

Drina-Ivanjica thrust sheet

The Drina-Ivanjica thrust sheet forms a NNW to SSE striking thrust sheet through southwestern Serbia. It is composed of a Paleozoic basement and Mesozoic cover. On top of this lies the obducted Zlatibor ophiolite (Zlatibor mountains), a remnant of the Western Vardar ocean.

Exploration Targets

The company is targeting two different styles of lithium and boron mineralisation:

Granite complexes with associated pegmatite and greisen mineralisation.

Primary lithium mineralisation in Serbia is related to intrusive granitic-pegmatite complexes as well as greisen alteration halos within the surrounding volcanogenic-sedimentary sequences.

Pegmatites and greisens are prospective for mineralisation as they are the last fluids of granite crystallization that tend to concentrate elements such as lithium, tin, tungsten, molybdenum and fluorine, as well as occasionally precious metals such as gold, silver and copper.

Greisens are formed from hydrothermal fluids above the granite intrusions that produce highly altered contact zones within the surrounding country rock as the system cools.

Serbian granitoids are commonly associated with anomalous lithium, tin, tantalum, and niobium. The widths of the mineralised zones are variable as a function of the size of the granitoid complex and the internal fractionation/development of the granitoids.

Studies by government geologists in 1997 defined four separate characteristics of mineralisation within the lithium pegmatite intrusions;

- Spodumene-microcline-albite with lepidolite, petalite, tantalum and beryl.
- Albite pegmatites with beryl and tantalum
- Albite spodumene pegmatites with columbite and beryl (\pm cassiterite)
- Albite pegmatites with tantalum.

Greisen mineralisation is normally associated with elevated concentrations of tin-bearing, steeply dipping stockwork veins within the country rock surrounding the granitoids. The mineral composition of these stockworks is complex with quartz, mica and topaz being the most abundant minerals. Common accessory minerals include fluorite, feldspar, cassiterite, kaolinite, sericite, wolframite \pm hematite, carbonate, arsenopyrite, chalcopyrite, galena and sphalerite. Greisen deposits in Serbia have been reported to contain up to 4% Li_2O and 1% Rb with elevated Cs.

Jadar Style sedimentary sequences in buried lake basins containing extensive hydrothermal lithium-borate mineralised zones

The Rio Tinto Borates' Jadar deposit is hosted by this style of mineralisation. This deposit is a significant, world-class lithium-borate resource with a mineral resource quoted by Rio Tinto of more than 136 million tonnes, ranking Jadar as one of the largest lithium deposits in the world. These basins are typically comprised of clay-carbonate rocks, sandstones and argillaceous rocks formed in a volcano-tectonic depression (subaqueous caldera basin). The basins are formed as a series of inner-montane pull-apart basins during the Oligocene and Early Miocene.

The early stage of basin formation is marked by lacustrine sedimentation including tuffs from fractionated contemporaneous calcalkaline volcanic rocks.

Lithium bearing Jadarite (a white, earthy monoclinic silicate mineral with a chemical formula of $\text{LiNaSiB}_3\text{O}_7(\text{OH})$ or $\text{Na}_2\text{OLi}_2\text{O}(\text{SiO}_2)_2(\text{B}_2\text{O}_3)3\text{H}_2\text{O}$) was discovered by Rio Tinto geologists in the Jadar Basin lake sediments while exploring for sodium borates in 2004. Studies have determined it's not an evaporative mineral like the boron mineralisation in the basin; it is a lithium orthosilicate, insoluble, resistant and quite exotic.



Figure 9: Jadarite on display at the Natural History Center in Svilajnac, Serbia.

The genesis of the Jadarite is believed to be associated with Li enriched hydrothermal solutions originating from a spatially related syntectonic I-type granitoid intrusion. The hydrotherms from the granitoids have altered the in situ borate enriched sediments leading to crystallization of the Li-B orthosilicate. Secondary sedimentary deposits of economic mineralisation can occur on the flanks of the basins which formed as a result of weathering and sedimentation of the nearby mineral bearing granitoids, pegmatites and greisens.

6: Project Descriptions

Cer

The Cer project is located within the Macva administrative district centred on Mount Cer in western Serbia. Macva is administered from the town of Sabac which is located on important traffic routes: roads, railway and river, approximately 30 km to the north-east, Figure 11.



Figure 10: Mount Cer.

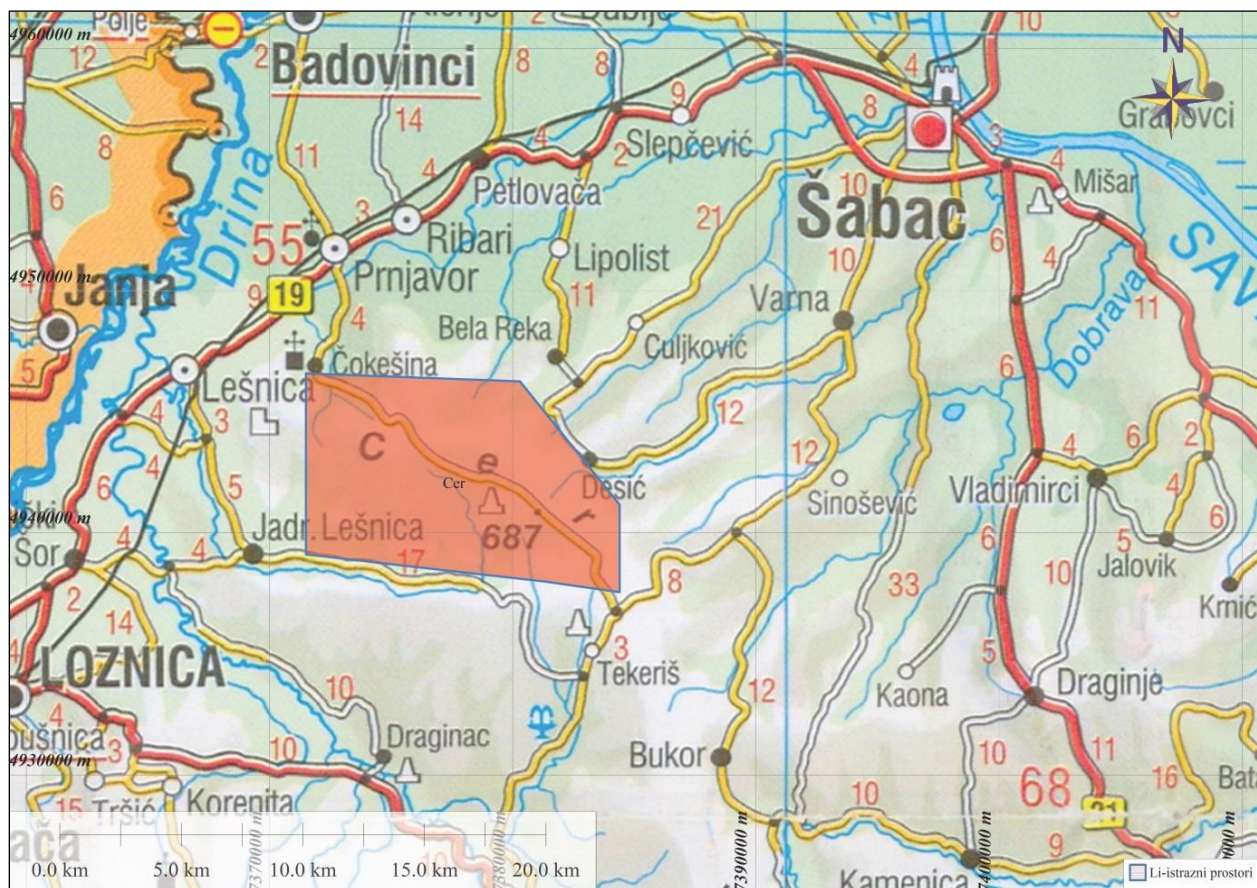


Figure 11: Geographical location of the Cer project tenement.

Mount Cer, a granite tor, is a prominent topographic feature of the local area with an altitude of 687 m and has been the site of several important historic battles including the first victory of the Allies during the First World War on the 19th August 1914.

February is the driest month with most of the precipitation occurring during the spring and late autumn. At nearby Loznica meteorological station, on average snowfalls occur on 28 days annually and the snow cover lasts for 48 days. The hottest months are July and August with an average daily temperature range of 15 to 28° C while the average daily temperature range in the coolest month January is -2 to 5° C. The average total precipitation is 868 mm. The climate of the project area will vary due to differences in altitude with the higher areas experiencing cooler average temperatures and longer periods of snow.

The Cer district has a long mining history with tin being mined at Cer since the Bronze Age.

Local Geology

The oldest rocks within the Cer tenement are Devonian and Carboniferous shales and sandstones developed to the east, north and west of the central Tertiary granite massif. Miocene to Pliocene sandy clay and gravels are found along the Lesnica and Cernica river valleys which drain off the granitoid massif to the south and south-east.

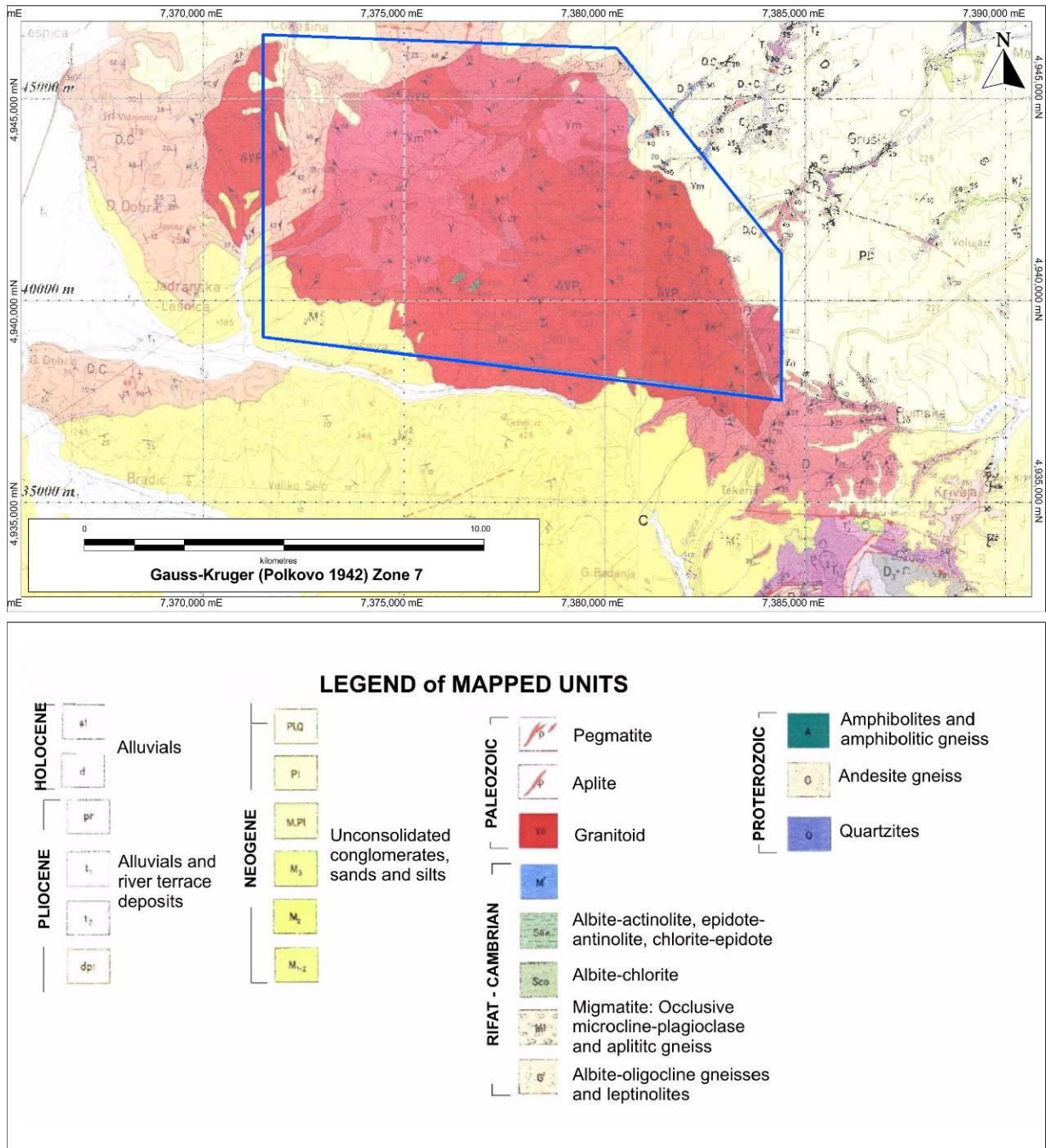


Figure 12: Geological map of Cer project area.

Granitoids

The Tertiary Cer Granitoid Complex (granodiorite 24-28 million years and pegmatite about 20 million years) formed as two stages of intrusion. The older granodiorites form the western, central and north-east parts of the massif and are represented by biotite and biotite - amphibole variants, usually exhibiting hypidiomorphic grain structures. The younger granite varieties are of particular

importance for their development of the numerous pegmatites and greisens that host the economic minerals. They are spatially widespread in the south-eastern and north-eastern parts of the massif.

The pegmatite veins, 10 or so metres long, intrude as a stockwork of veins usually approximately 20 cm thick, rarely 50 cm or more. In the south-eastern sector of the massif, between the villages of Milina and Trbisila, there are pegmatite zones along prominent ridges that clearly indicate the frequency and abundance of pegmatite bodies in this part of the massif, which are intensely affected by metasomatism (dominated by calcium and sodium metasomatism and tourmalinisation) and carrying rare metal mineralisation that is not present in other parts of the complex.

Some 67 major pegmatite bodies have been identified at Cer; predominantly potassic feldspars with quartz, microcline, plagioclase with lesser muscovite, biotite, beryl, tourmaline, zircon, apatite with isomorphic outgrowths of microcline and albite. Cassiterite, scheelite, columbite, rutile, uraninite, monazite, thorite, allanite and other metallic minerals have all been identified in these pegmatites.

Alluvial deposits containing local concentrations of heavy minerals (cassiterite, tantalum-niobite, magnetite, rarely monazite, very rarely euxenite, allanite, scheelite) sourced from this complex are found in the main rivers.

The greisens, i.e. rocks of quartz-mica composition carry high concentrations of tin and bismuth with minor niobium, tantalum and beryllium. These greisen zones are usually small-scale (up to several tens of m²) are located at the source of Milinska River along ridges and on the slopes of the central part of the massif. A few small greisens have been also mapped in north-western-eastern and south-eastern part of the massif.

Exploration Target

Cer is prospective for mineralised pegmatites and greisens.

Exploration and Mining History

Placer tin deposits had been mined along the rivers at Cer since the Bronze Age.

The geology of the Cer district has been mapped and described by various government and academic geologists since at least the 1960s leading to the recognition of mineralised, especially lithium and tin, bearing pegmatites and greisens. Rio Tinto, while exploring for borates in the nearby sedimentary basin discovered the extensive lithium/boron Jadarite deposits.

Other than the small-scale ancient mining, there is no record of any substantial mining of pegmatites or greisens in the granitoids or of Jadarite deposits in the Miocene sediments in the district.

AM&A are not aware of any modern exploration by public companies specifically for economic mineral resources at Cer.

Bukulja

The Bukulja project area is located to the immediate south-west of the town of Arandelovac within the Sumadija district in central Serbia, Figure 13.

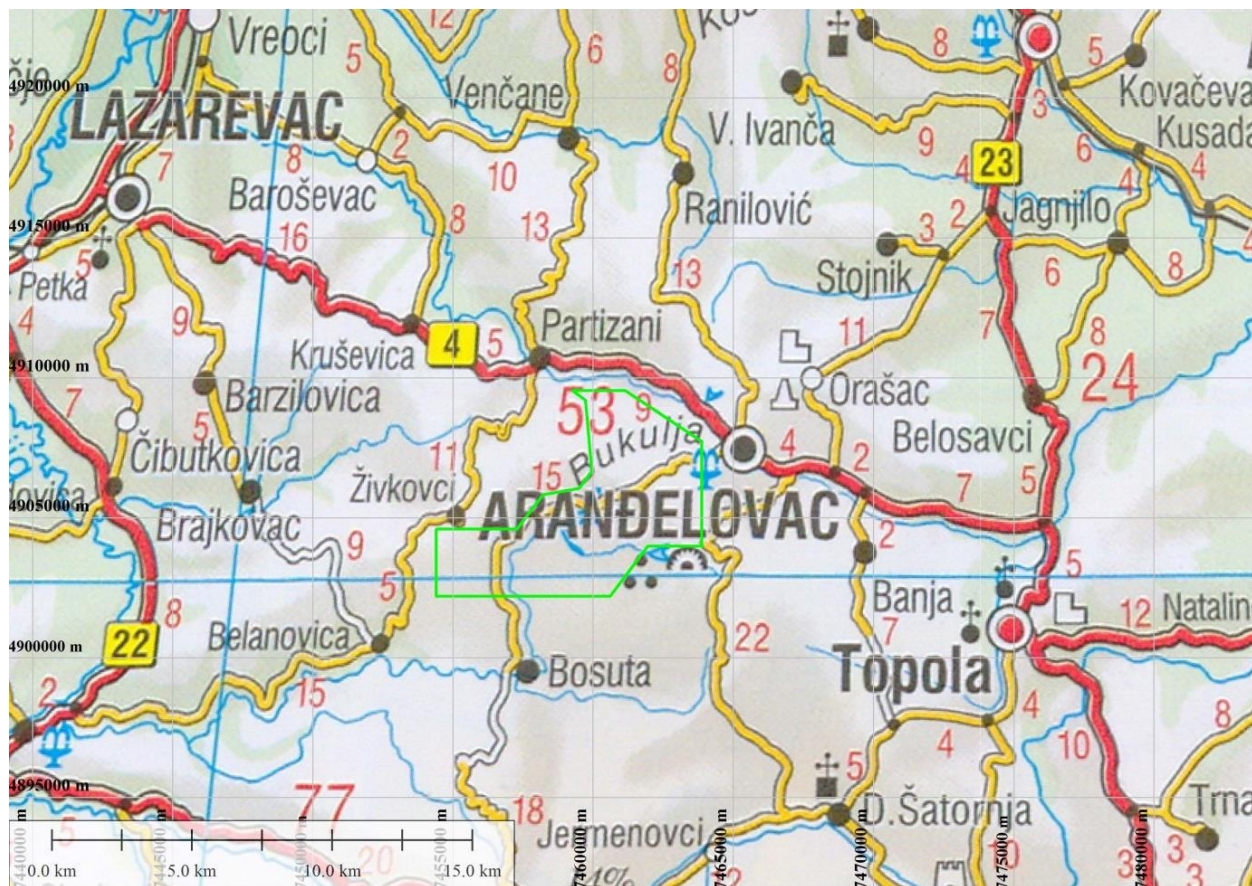


Figure 13: Geographical location of the Bukulja project tenement (green outline).

Arandjelovac is located at the northeast foot of Mount Bukulja (696 m), at an altitude of 250 m, and is close to the source of the Kubršnica River. The renowned Bukovička health resort and banja (spa) is located in the town itself.

Arandjelovac is famous for its mineral water which was a favourite of Serbian writer Dositej Obradovic and Prince Milos in the 19th century. This water has won the highest international awards for its quality.

The project area has a rolling terrain varying from 300 masl to Mount Bukulja at 696.0 masl in the east of the exploration area.

The climate at Arandjelovac is continental, with smooth transitions from one season to another. Summers are moderately warm with an average temperature of 21.3° C with little rain. Most of the precipitation occurs during the spring and late autumn with snow falling on an average of 43 days at Arandjelovac and 62 days on Bukulja. The climate of higher sections of the project area would be affected by the altitude resulting in cooler average temperatures and longer periods of snow.

Highway M-4 passes east-west through the centre of the municipality with easy access to Belgrade 80 km to the north.



Figure 14: Panorama of Arandelovac

The project area is largely covered by undeveloped forest with scattered farms on the plains in the north and south-west of the tenement.

Local Geology

The Bukulja tenement covers part of the Bukulja granitoid complex which is overlain by younger Tertiary sediments to the east and Quaternary sediments to the south, Figure 15. There is potential for economic minerals in both the granitoids as well as within the Tertiary sediments.

Granitoids

The Bukulja granitoid complex is made up of several varieties of granite with a lenticular shape stretching east-west covering approximately 40 km². The granitoids have been deeply affected by surface weathering resulting in the granitoids near the surface resembling crumbly conglomerates and sands.

The centre of the complex is mainly granular biotite and muscovite granitoids with the northern and western edges composed of fine grained and aplitic granite-monzonite. Biotite granitoid varieties occur in the central parts of the complex where a higher degree of erosion is observed. The main granitic complex has been intruded by a stockwork of younger late stage pegmatites.

The mineral composition of granite grades from monzonites to more alkali granite. Common rock forming minerals in the granitoids and pegmatites include biotite, muscovite, quartz, albite and plagioclase along with accessory minerals including garnet, magnetite, tourmaline, zircon, allanite, sphene, beryl, apatite and monazite.

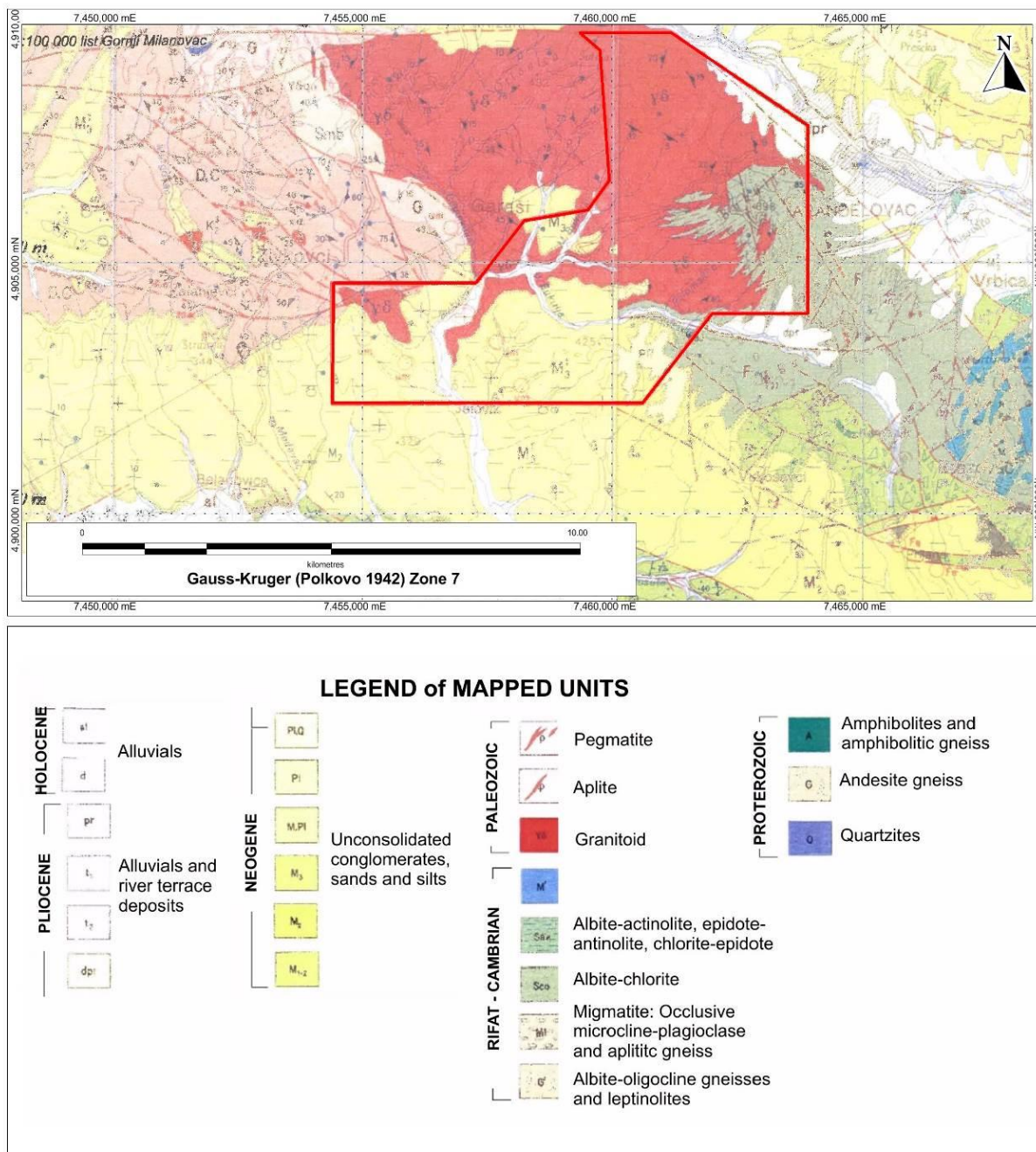


Figure 15: Geology of Bukulje project area.

Contact Metamorphosed Rocks

Fine-grained gneisses locally alternating with skarns occur along the eastern and south-eastern perimeter of the pluton. Muscovite-biotite schists containing andalusite, sillimanite and garnet along with marble of variable widths from a few meters to several hundred metres occur elsewhere along the edges of the pluton.

Sediments

Sarmatian sediments, mainly composed of crumbly sandstones, cover a small portion of the east of the tenement.

Pannonian sediments occur in a small area and are represented by yellow and grey-green loose sands and sandy clays. Bedding is rarely observed.

Coarse Pliocene clastic sediments occur along the Preseka ridge and on the southern slopes of Bukulja, in the vicinity of Vukosavci.

Quaternary sediments associated with the larger rivers - Lepenica, Rača, Jasenica and Kubrušnica, have the largest distribution to the south of the tenement.

Exploration Target

Bukulje is prospective for mineralised pegmatites and greisens.

Exploration and Mining History

Placer tin deposits had been mined along the rivers at Bukulje since the Bronze Age,

The geology of the Bukulje district has been studied since the 19th Century however the geology of the Bukulje region has only been mapped and described by various government and academic geologists since at least the 1970s leading to the recognition of mineralised, especially lithium and tin, bearing pegmatites and greisens.

Other than the small-scale ancient mining, there is no record of any substantial mining of pegmatites or greisens in the granitoids or of Jadarite deposits in the Miocene sediments in the district.

AM&A are not aware of any modern exploration by public companies specifically for economic mineral resources at Bukulje.

Rekovac

The Rekovac project covers 860 km² within the Pomoravlje district in a hilly area also known by its historical name Levač, about 30 km from the administrative centre at Jagodina and 350 km from the capital Belgrade, Figure 16.

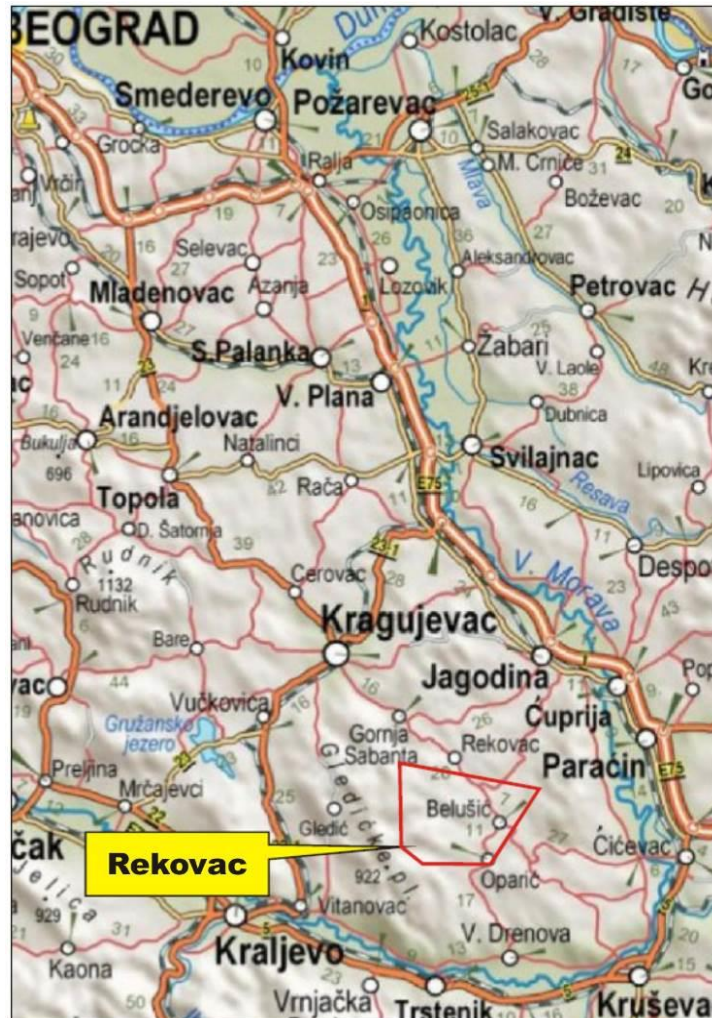


Figure 16: Geographical location of the Rekovac project tenement.

The economy of the Rekovac municipality consists of manufacturing, mining, construction, trade, agriculture and forestry.

Mining in the Rekovac district is mainly for construction materials including quartz sand, tuffs and marl northwest and construction stone. Occurrences of graphite are located south of Sekurič, and in the pegmatites at Juhor. Minor metallic occurrences of nickel, copper, cobalt and vanadium have also been identified.

Most of the agricultural land is used for the production of wheat as well as vineyards, fodder for livestock, forestry and fruit orchards.

The Rekovac terrain is characterized by the alternation of mountains and lowlands having the appearance of a funnel, hence the historic place name Levac (Serbian: funnel). High slopes of the Gledić Mountains rise from the west and the Juhor Hills from the south-east. Within the tenement area the elevations range from approximately 270 masl to 700 masl.



Figure 17: Photo of central project area.

The project area has a moderate continental climate type with hot summers and cold winters with short springs and autumns. At nearby Čuprija, July is the hottest month with an average daily temperature range of 13.5 to 27.5° C and January is the coldest month with an average daily temperature range of -4.2 to 3.1° C. Precipitation varies little through the year with February being the driest month with on average 43.5 mm and June being the wettest month with on average 87.5 mm. Snow generally falls between October and March. The climate of the project area will vary due to differences in altitude with the higher areas experiencing cooler average temperatures and longer periods of snow.

The project area is linked by several well maintained secondary roads to Serbia's main highway, the M1, approximately 20-25 km to the north and east.

Local Geology

According to the regional geological map, the Company's tenement area is composed entirely of lacustrine Lower and Middle Miocene sediments overlaying Proterozoic gneisses and lepidolites intruded by granites, aplite, pegmatite dykes and quartz and veins to the east of the tenement and the Gledićkih Chalk unit to the west of the tenement. The lacustrine Miocene sediments grade from coarser conglomerates through to silts and also include a coal-bearing series.

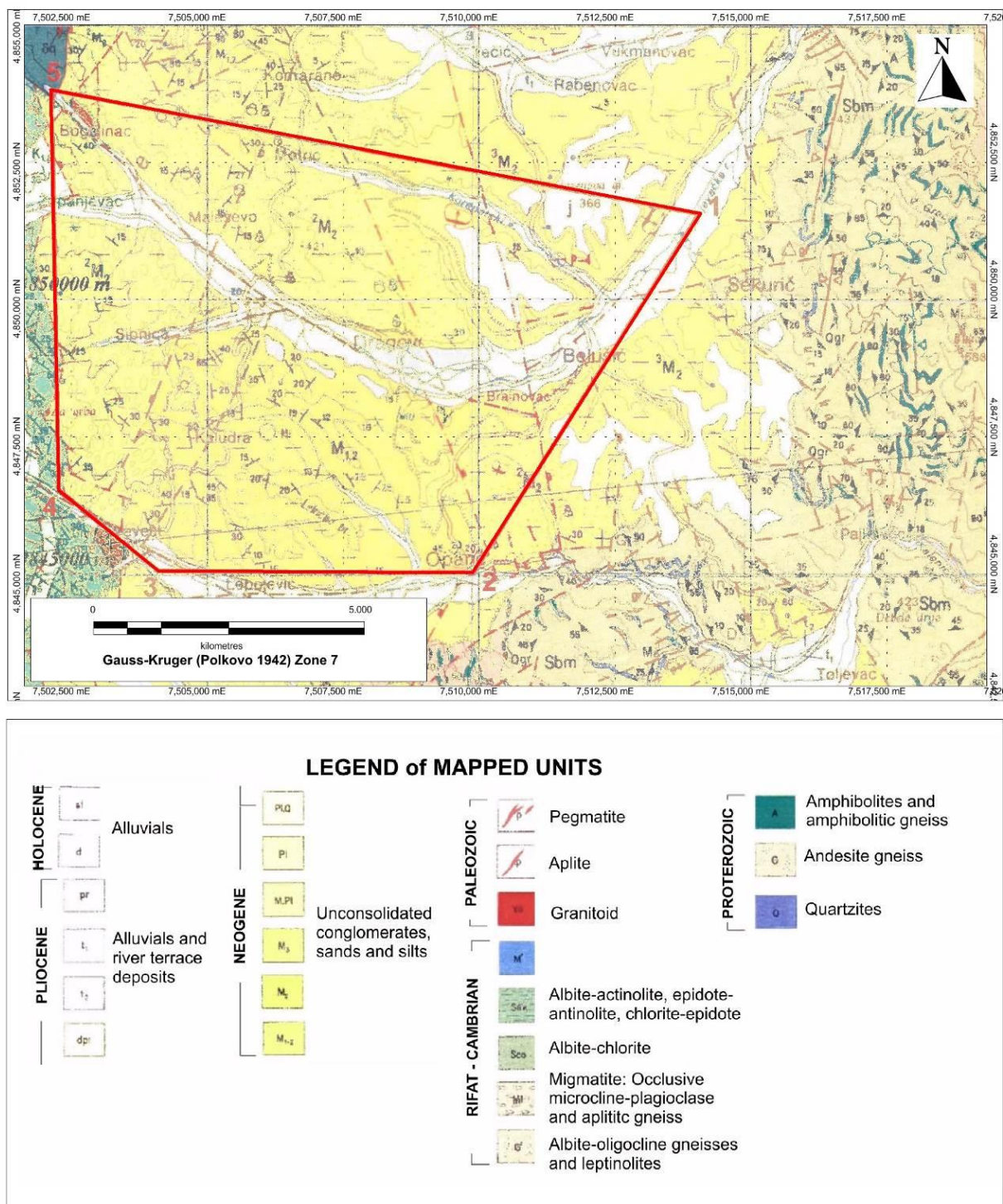


Figure 18: Geology map of the Rekovac project area.

Exploration Target

These Miocene sediments are very similar to the Rio Tinto Jadar deposit and this style of lithium mineralisation is the target of the Company's planned exploration program.

Exploration and Mining History

The geology of the Rekovac district has been studied since the late 19th Century however the geology of the Rekovac region has only been mapped and described by various government and academic geologists since at least the 1930s including detailed studies on the basin sediments. Mineralised, especially lithium and tin, bearing pegmatites and greisens were also recognised in the granitoids elsewhere in the region outside the Rekovac tenement.

There is no record of any substantial mining of Jadarite deposits in the Miocene sediments of the district.

AM&A are not aware of any modern exploration by public companies specifically for economic mineral resources at Rekovac.

Krajkovac

The Krajkovac project area is located in the south-east of Serbia within the Nisava administrative district with Nis the administrative centre.

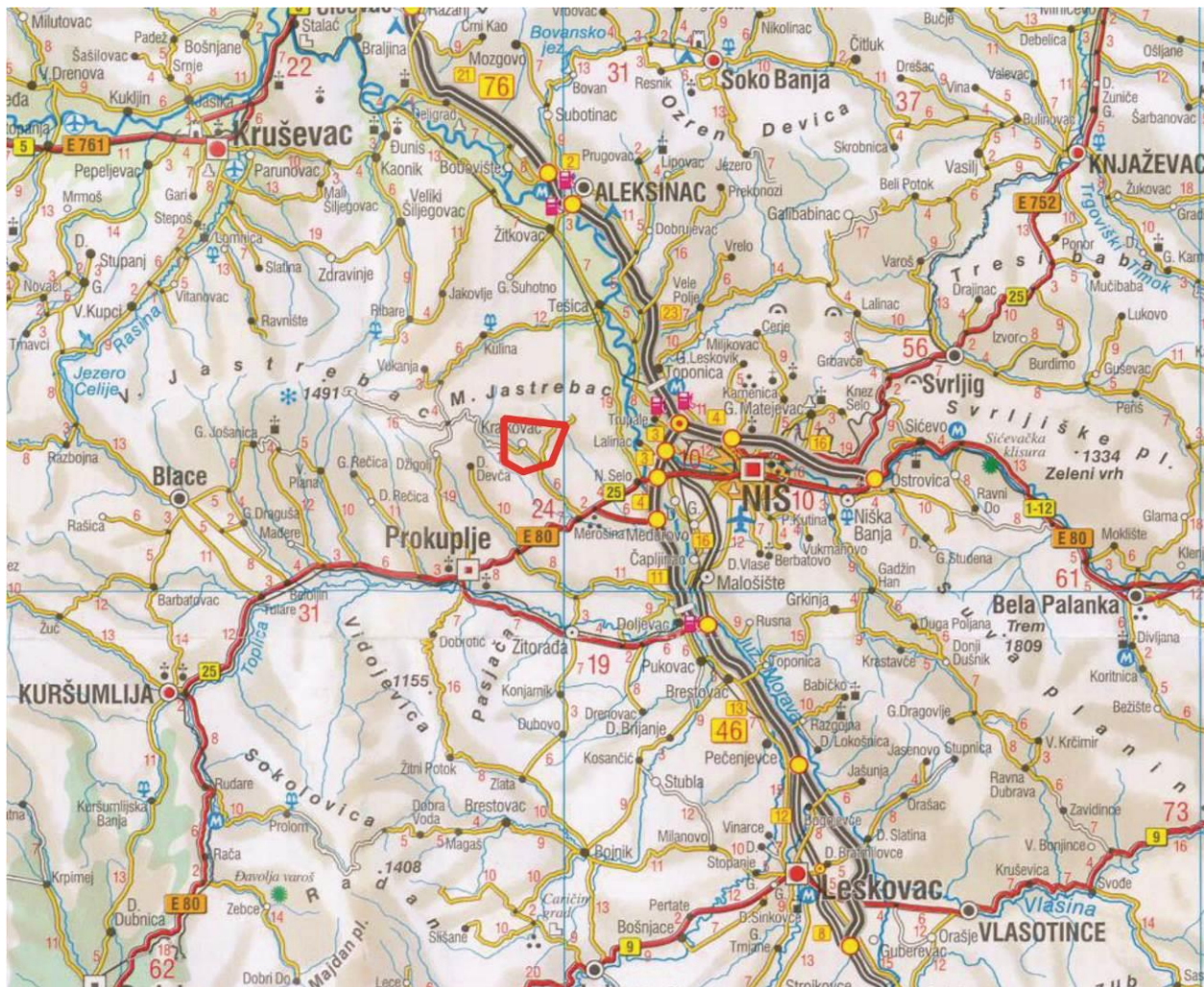


Figure 19: Geographical location of the Krajkovac project tenement (red outline).

In general the exploration area and its immediate surroundings is quite hilly and mountainous, with very steep slopes and ravines becoming less rugged to the east of the tenement.

Nisava has a moderate continental climate with January the coldest month averaging 0.1° C and July is the hottest month averaging 21.7° C. The average annual precipitation in Niš is 586 mm with the wettest month being June with an average of 65 mm and February the driest month with 39 mm. Snow falls normally between October and May. The climate of the project area will vary due to differences in altitude with the higher areas experiencing cooler average temperatures and longer periods of snow.



Figure 20: Photo of Krajkovac project area.

The Krajkovac project area is less than 10 km from Serbia's main highway, the A1, and accessible using well maintained secondary roads.

Local Geology

The Krajkovac project consists of a granite complex intruding highly metamorphosed Proterozoic gneisses, schists, quartzites and marbles that are overlain by Miocene silts, sands and gravels, Figure 21.

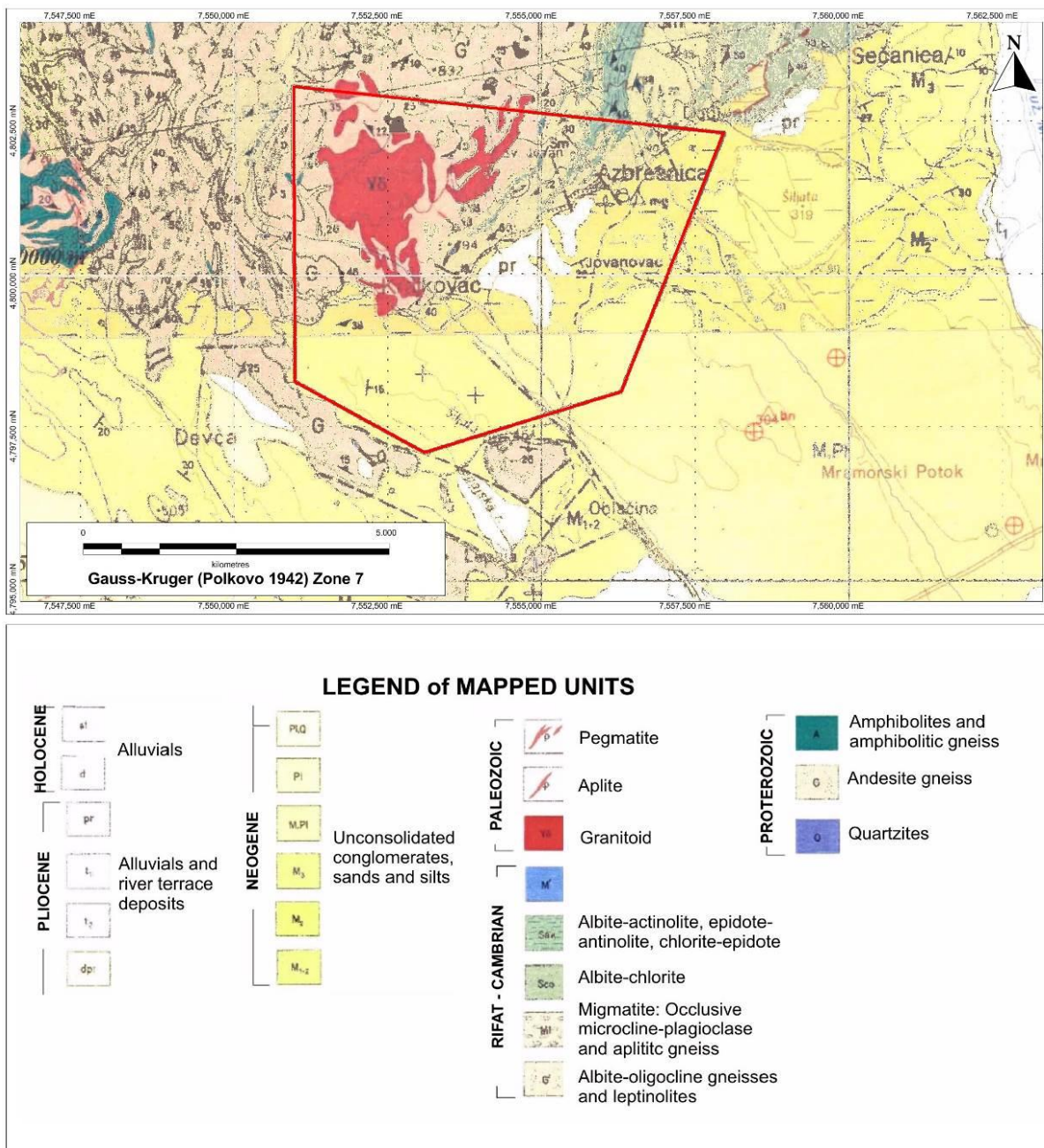


Figure 21: Local geology at Krajkovac.

Proterozoic

The Proterozoic rocks are highly crystalline and locally metamorphosed to garnet - amphibolite facies (staurolite - almandine sub-facies) and eclogite facies, often with very pronounced potassium metasomatism including andesite (liskus) gneiss, amphibolite and amphibolite gneiss, eclogites, quartzites, marbles and migmatites.

Granitoids

Five small granitoid intrusions have been discovered in the vicinity of Krajkovac that have been inferred to be linked at depth to form a single large intrusion. Two phases have been identified: the first is fine-grained biotite rich granite monzonite/granodiorite followed by younger leucocratic granite monzonites with tourmaline and some muscovite. Rb/Sr ratios in biotite indicate an age of 210 million years.

The presence of cassiterite in the eroded sediments and micro-element Sn in petrogenic minerals, especially in muscovite (100-270 ppm), is an indication of the existence of greisens in some of the granites of Krajkovac.

Neogene

Middle Miocene sediments lie transgressively over the crystalline schists. These sediments range from coarse conglomerates to silts derived from the surrounding basement rocks as well as marl and limestone beds.

Exploration Targets

There are no known mineralised localities at Krajkovac however anomalous tin has been found in the Neogene sediments indicating possible greisens in the district. The granitic intrusions will be mapped and sampled to test for greisens and pegmatite dykes. If mineralised igneous rocks are located the Neogene sediments may be tested for Jadar style mineralisation by drilling targeted areas.

Exploration and Mining History

The geology of the Krajkovac district has been studied since the early 19th Century however the geology of the Krajkovac region has only been mapped and described by various government and academic geologists since at least the 1930s including detailed studies of the granitoids. Mineralised, especially lithium and tin, bearing pegmatites and greisens were also recognised in the granitoids.

There is no record of any substantial mining of pegmatites or greisens in the granitoids or of Jadarite deposits in the sediments in the district.

AM&A are not aware of any modern exploration by public companies specifically for economic mineral resources at Rekovac.

Vranje-South

The Vranje-South project is within the Pčinja District covering 860 km² close to the southern border between Serbia and Macedonia, Figure 22. It is located in the north-west of the Vranje Basin, on the left bank of the South Morava River, very close to the main transport routes and 347 km from Belgrade.

After World War II Vranje became an industrial centre with metallurgical plants, footwear, textile and furniture factories. Vranjska Banja, one of the oldest spas in Serbia, is situated 12 km from Vranje.

More than 25% of the project area has an altitude up to 500 masl, about 30% is between 500 and 1,000 masl, while about 45%, has altitudes greater than 1,000 masl.

Vranje has a moderate continental climate with hot summers and cold winters with short springs and autumns. July and August are the warmest months with the daily averages ranging from 13° C to 27° C and January the coldest month with daily average temperatures ranging from -4° C to 3° C with snow falling between October to March. The climate at the project area however is greatly influenced by the high topography lowering the temperatures and affecting precipitation, especially the length of the snow season.

Serbia's main highway, the A1, passes within 10 km of the project area with well-maintained secondary roads passing through the length of the tenement.



Figure 22: Geographical location of the Vranje project tenement (red outline).



Figure 23: Panorama of Vranje.

Local Geology

According to the regional geological mapping, the project area is mainly composed of crystalline metamorphosed shales of lower the Serbian-Macedonia complex and Tertiary (Eocene) formations. Quaternary alluvials have been deposited along the watercourses.

Serbian-Macedonia complex

The crystalline schists of the Serbian-Macedonian complex, subdivided into two phases, were originally geosyncline sediments consisting of fine-grained clastics with basic sub-marine volcanics interstratified. The Lower Phase is metamorphosed to epidote - amphibolite or amphibolite facies with local staurolite, while the Upper Phase, whose sediments were likely to have been deposited after the first phase of metamorphism, have been regionally metamorphosed to green schist facies with local epidote - amphibolite facies under medium pressure during the Baikal orogeny.

Tertiary

Tertiary formations, covering most of project area, include Eocene sediments and volcanics, Oligocene marine sediments and volcanics and Neogene tectonic trench deposits.

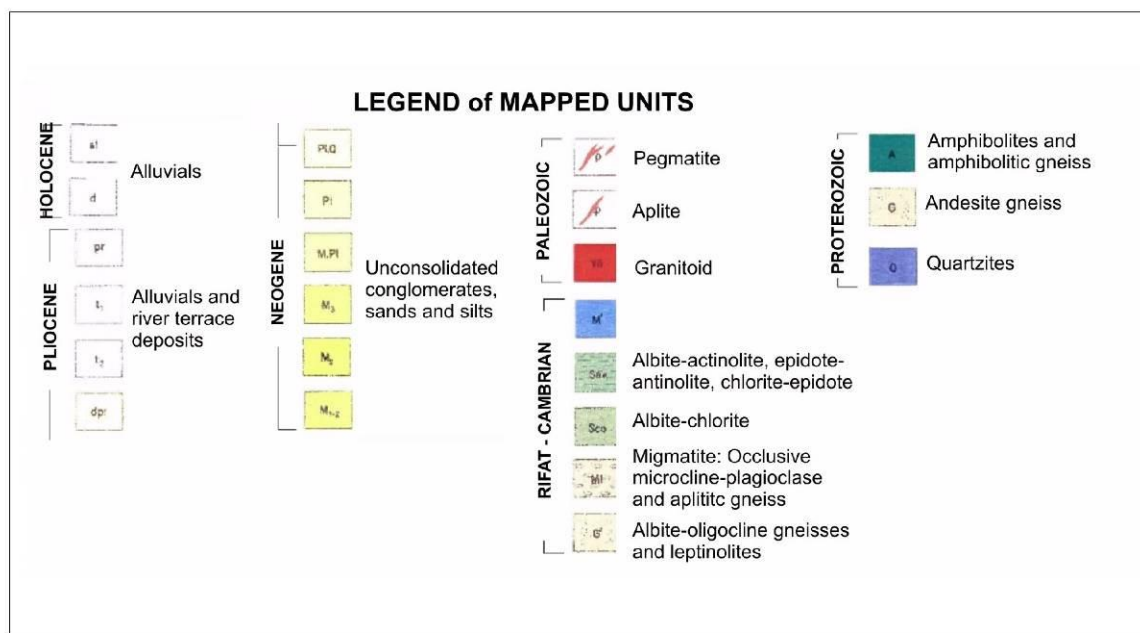
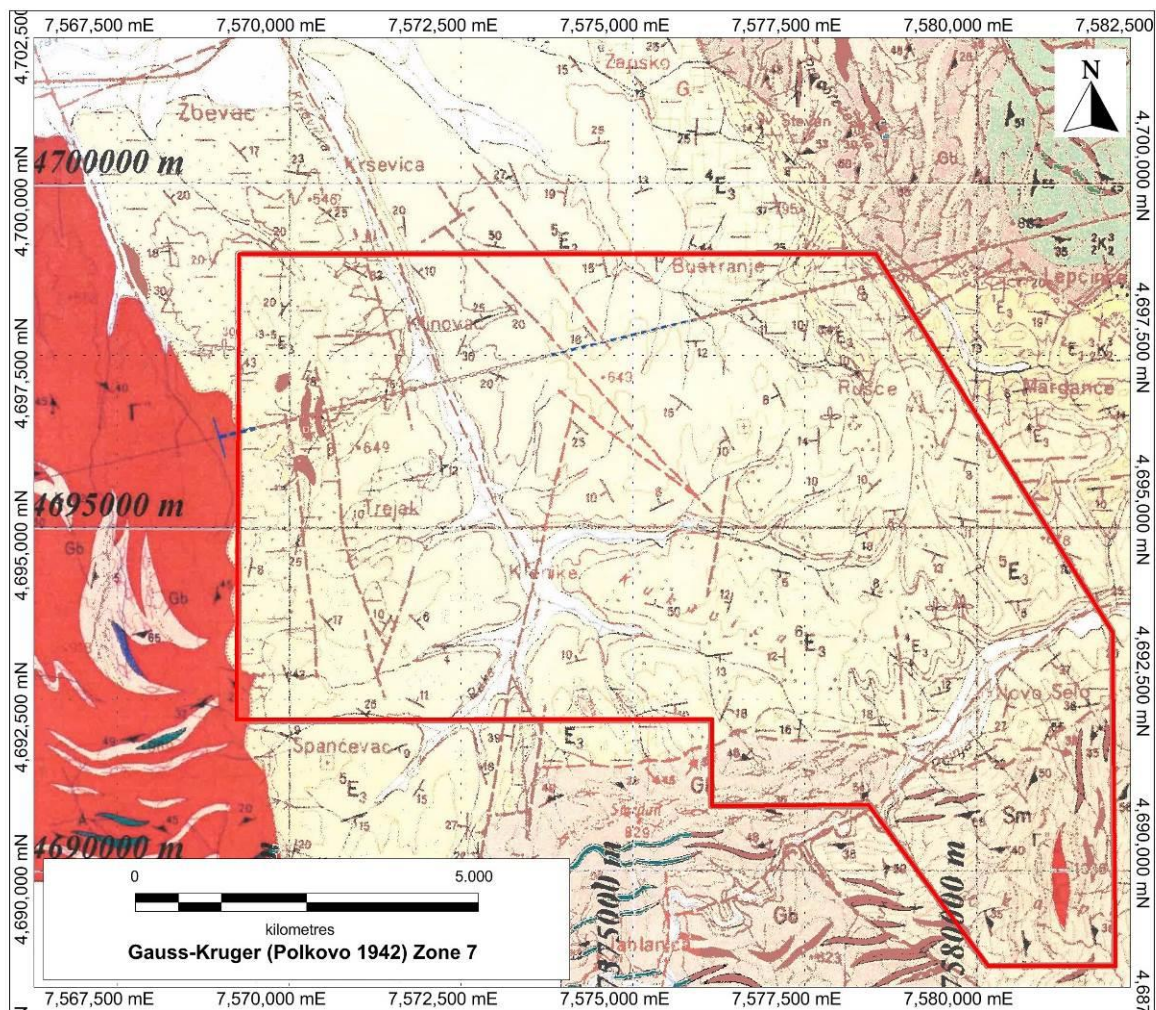


Figure 24: Local geology at Vranje.

Exploration Targets

Since the project area is almost entirely covered by Tertiary sediments, the main exploration target is a Jadar analogue where the hydrothermal mineralisation is sourced from proximal granites, greisens and pegmatites that occur to the immediate west of the tenement.

To date there has been no modern systematic exploration for the target minerals at Vranje so the first stage will involve detailed mapping and geochemical of the surface geology to be followed up with scout drilling through the sediments to determine if there are any mineralised horizons in the sedimentary sequence.

Exploration and Mining History

The geology of the Vranje district has been studied by various government and academic geologists since at least the 1930s including detailed studies of the granitoids in the region. Mineralised, especially lithium and tin, bearing pegmatites and greisens were also recognised in the granitoids.

There is no record of any substantial mining of Jadarite deposits in the Miocene sediments in the district.

AM&A are not aware of any modern exploration by public companies specifically for economic mineral resources at Vranje.

7: Data Verification

Neither the Competent Person nor any other AM&A employees have visited the sites described in this report. The author has relied entirely on data and reports supplied by the Company and other publicly available documents mainly sourced from the internet.

8: Mineral Resource Estimates

Since the SXI projects are all at an early “greenfields” exploration stage, no mineral resources have been estimated for any of the deposits included in this report.

9: Interpretation, Conclusions and Recommendations

There are two different styles of lithium mineralisation is targeted by the Company:

- **Granite complexes with associated pegmatite and greisen mineralisation.**

Pegmatites and greisens are prospective for mineralisation as they are the last fluids of granite crystallization that tend to concentrate elements such as lithium, tin, tungsten, molybdenum and fluorine, as well as occasionally precious metals such as gold, silver and copper.

Serbian granitoids are commonly associated with anomalous lithium, tin, tantalum, and niobium.

- **Jadar Style sedimentary sequences in buried lake basins containing extensive hydrothermal lithium-borate mineralised zones**

The Rio Tinto Lithium Borates' Jadar deposit, a world-class lithium-borate resource, is hosted by this style of mineralisation with Jadar ranked as one of the largest lithium deposits in the world.

These basins are typically comprised of clay-carbonate rocks, sandstones and argillaceous rocks formed in a volcano-tectonic depression during the Oligocene and Early Miocene.

A study of the available data indicates that the Serbian tenements at Cer, Bukulja, Rekovac, Krajkovac and Vranje cover areas with potential for the discovery of lithium and boron and other granite/greisen/pegmatite mineralisation and Jadarite deposits in the Miocene sediments in these under-explored tenements. However, it is important to note that none of these “greenfields” tenements have undergone modern systemic exploration for these commodities with only regional scale geology mapping carried out to date.

The presence of major European markets, especially in Germany to the near north, could be a significant factor in determining the economic potential and viability of any new deposits found on the Serbian tenements.

Proposed Exploration Program

A two-year staged exploration program, managed and operated by Serbian geologists, is proposed for the Serbian tenements.

The first year of exploration on all five tenements is planned to include regional geological mapping, outcrop and soil sampling over each exploration area. Exploratory trenches are anticipated to be dug and auger drilling on appropriate grid spacings is planned to be carried out in the soils surrounding target areas to test outcrops at key locations identified during the first mapping and sampling phase. Appropriate petrographic investigations and laboratory assays will be undertaken on selected samples. All the geological mapping and sampling results will be compiled in digital and GIS databases and summarised for annual reports required by the Serbian mines department.

The first year's mapping and sampling will be continued into the second year focusing on the most prospective areas and will likely include appropriate geophysical surveys, initially ground magnetics, which, if successful, will be followed up by exploration diamond drilling. The spacing of drill hole collars are likely to be progressively tightened where results from the previous phase warrant further drilling. A proposed exploration budget is provided in Table 3. Note that the budgets for years subsequent to Year 1 include proposed drilling and the actual quantity of drilling required will depend on the success of the exploration effort in the previous year.

Year 1 Description	Unit	#	Serbian Price	Cost \$AU	Price \$AU
Study research and office works	1 day	100	1,250,000	153	15,263
Geological field mapping	1 day	180	2,250,000	153	27,473
Sampling - dispersion halos	1 day	30	375,000	153	4,579
Stream sediment geochemistry	1 day	30	375,000	153	4,579
Soil sampling - dispersion halos	1 day	40	500,000	153	6,105
Trenching	m3	200	160,000	10	1,954
Mapping and sampling	1 day	40	500,000	153	6,105
Reports and GIS	1 day	40	500,000	153	6,105
Mineral. and petrological tests	Pcs	30	270,000	110	3,297
Ore-microscopic tests	Pcs	30	270,000	110	3,297
Laboratory assays	Pcs	50	250,000	61	3,053
Preparation of Annual Report	Pcs	1	400,000	4,884	4,884
Contingency 20%			1,420,000		17,338
Total			8,520,000		104,029

Year 2 Description	Unit	#	Serbian Price	Cost \$AU	Price \$AU
Study research and office works	1 day	10	125,000	149	1,488
Geological field mapping	1 day	18	225,000	149	2,679
Sampling - dispersion halos	1 day	30	375,000	149	4,464
Soil sampling - dispersion halos	1 day	40	500,000	149	5,952
Diamond drilling	metre	2,000	16,800,000	100	200,000
Drill sampling	Pcs	400	50,400	1.5	600
Magnetic surveys	1 day	30	375,000	149	4,464
Reports and GIS	1 day	40	500,000	149	5,952
Mineral. and petrological tests	Pcs	15	135,000	107	1,607
Ore-microscopic tests	Pcs	15	135,000	107	1,607
Laboratory assays	Pcs	420	2,100,000	60	25,000
Preparation of Annual Report	Pcs	1	400,000	4,762	4,762
Contingency 20%			4,344,080		51,715
Total			26,064,480		310,291

Totals	Serbian Dinar Each Project	Serbian Dinar All Projects	\$AU Each Project	\$AU All Projects
Year 1	7,956,000	39,780,000	97,143	485,714
Year 2	26,064,480	130,322,400	310,291	1,551,457
Total	34,020,480	170,102,400	407,434	2,037,171

Table 3: Summary budgets for proposed exploration program for each project. *Contingent on the success of exploration effort in previous year.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'P. Jones', with a large loop for the 'P' and a cursive 'Jones'.

Philip A. Jones

BApp Sc(App.Geol), MAIG, MAusIMM.

10: References

- Anonymous, 20012: Mineral deposits and mining districts of Serbia Compilation map and GIS databases, Geoinstitut, Republic of Serbia Ministry of Mining and Energy
- Huska, A., Powell, W., Mitrović, S., Bankoff, H. A., Bulatović, A., Filipović, V. and Boger, R. (2014), Placer Tin Ores from Mt. Cer, West Serbia, and Their Potential Exploitation during the Bronze Age. *Geoarchaeology*, 29: 477–493. doi:10.1002/gea.21488
- Lazic, B., Kahlenberg, V., Vulic, P., Pesic, L. & Dimitrijevic, R. (2009): Meta-autunite from a Li-pegmatite of the Cer Mt., Serbia: Its mineralogical and XRD investigations. *Neues Jahrbuch für Mineralogie - Abhandlungen* 186, 333-344.

Reports as supplied by South East Asia Resources Ltd:

- Sreten Obradović and Đorđe Simić, 2016: Implemented geological research of lithium, boron and accompanying mineral resources in the area of Cer and its environment, Unpublished report by Geoprofesional
- Sreten Obradović and Đorđe Simić, 2016: Implemented geological research of lithium, boron and accompanying mineral resources in the area of “Bukulja” close to Arandjelovac, Unpublished report by Geoprofesional
- Sreten Obradović and Đorđe Simić, 2016: Implemented geological research of lithium, boron and accompanying mineral resources in the area of Rekovac, Unpublished report by Geoprofesional
- Sreten Obradović and Đorđe Simić, 2016: Implemented geological research of lithium, boron and accompanying mineral resources in the area of Krajkovac and its environment, Unpublished report by Geoprofesional
- Sreten Obradović and Đorđe Simić, 2016: Implemented geological research of lithium, boron and accompanying mineral resources in the area of Vranje - South, Unpublished report by Geoprofesional

World Wide Web

<http://www.riotinto.com/energyandminerals/jadar-4643.aspx>

11: JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>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.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>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.</i> 	<ul style="list-style-type: none"> The five Serbian projects included in this report are “greenfields” with minimal exploration work completed to date beyond government regional scale mapping. There are no sampling results included in this report.
Drilling techniques	<ul style="list-style-type: none"> <i>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).</i> 	<ul style="list-style-type: none"> There are no drilling results included in this report.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • There are no drilling results included in this report.
Logging	<ul style="list-style-type: none"> • <i>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.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • There are no drilling results included in this report.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>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.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • There are no drilling results included in this report.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> <i>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.</i> 	<ul style="list-style-type: none"> There are no assay results included in this report.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> There are no sampling or assay results included in this report.
Location of data points	<ul style="list-style-type: none"> <i>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.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> There are no sample points included in this report.
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> There are no sample points included in this report.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 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. 	<ul style="list-style-type: none"> There are no sample points included in this report.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> There are no sample points included in this report.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> There are no audits or reviews of sampling techniques included in this report.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary																																
Mineral tenement and land tenure status	<ul style="list-style-type: none">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.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.	<ul style="list-style-type: none">At Completion of the proposed Centralist acquisition, the Company will own a 100% interest in five Exploration Licences.The only royalties due are Royalties payable to the Serbian government of 5% net smelter return:The tenements are subject to Serbian mining law. <table><tr><th>Name</th><th>Tenement ID</th><th>Area (Km2)</th><th>Expiry Date</th></tr><tr><td>Cer</td><td>2223</td><td>92.8</td><td>27/02/2020</td></tr><tr><td>Bukulja</td><td>2226</td><td>38.6</td><td>24/02/2020</td></tr><tr><td>Rekovac</td><td>2224</td><td>75.5</td><td>27/02/2020</td></tr><tr><td>Krajkovac</td><td>2209</td><td>31.2</td><td>7/11/2019</td></tr><tr><td>Vranje-South</td><td>2225</td><td>90.5</td><td>22/02/2020</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>Total</td><td></td><td>328.6</td><td></td></tr></table> <ul style="list-style-type: none">	Name	Tenement ID	Area (Km2)	Expiry Date	Cer	2223	92.8	27/02/2020	Bukulja	2226	38.6	24/02/2020	Rekovac	2224	75.5	27/02/2020	Krajkovac	2209	31.2	7/11/2019	Vranje-South	2225	90.5	22/02/2020					Total		328.6	
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Vranje-South	2225	90.5	22/02/2020																															
Total		328.6																																
Exploration done by other parties	<ul style="list-style-type: none">Acknowledgment and appraisal of exploration by other parties.	<ul style="list-style-type: none">The projects have all been studied and mapped by various government agencies and universities. There has been no																																

Criteria	JORC Code explanation	Commentary
		known modern exploration by public companies specifically for economic mineral resources.
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The projects are targeting lithium and boron mineralisation in pegmatites and greisens as well as hydrothermal deposits in Miocene sediments analogous to those at Rio Tinto's Jadar deposit.
Drill Information	<p>hole</p> <ul style="list-style-type: none"> • <i>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:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • No drill results have been reported.
Data aggregation methods	<ul style="list-style-type: none"> • <i>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.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the</i> 	<ul style="list-style-type: none"> • No drilling or other sampling results have been reported.

Criteria	JORC Code explanation	Commentary
	<p><i>procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <ul style="list-style-type: none"> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	<ul style="list-style-type: none"> • No drilling or other sampling results have been reported.
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of 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> 	<ul style="list-style-type: none"> • Appropriate geology maps have been included in the report for each project.
Balanced reporting	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • The report fairly describes the projects.
Other substantive exploration data	<ul style="list-style-type: none"> • <i>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</i> 	<ul style="list-style-type: none"> • All the significant geological information has been summarised in the report.

Criteria	JORC Code explanation	Commentary
	<i>characteristics; potential deleterious or contaminating substances.</i>	
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> A two year exploration program and budget has been recommended.

SCHEDULE 4 – ATTACHING OPTIONS & LEAD MANAGER OPTIONS TERMS AND CONDITIONS

The Attaching Options entitle the holder to subscribe for Shares on the following terms and conditions:

Expiry Date	The Options will expire on the date that is 3 years from their date of issue (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
Exercise Price	The amount payable upon exercise of each Option will be \$0.02 (Exercise Price).
Exercising Options	An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date: <ul style="list-style-type: none">(i) a written notice of exercise of Options specifying the number of Options being exercised; and(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised. (Exercise Notice)
Exercise Notice	An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
Allotment	Within 15 Business Days after the later of receipt of the Exercise Notice accompanied by the Exercise Price; and when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice, if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options
Rank	All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
Participation Rights	There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
Option Rights	A Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
Not Quoted	The Company will not apply for quotation of the Options on ASX
Transferability	The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

South East Asia Resources Limited
(Subject to Deed of Company Arrangement)
ABN 66 009 144 503
Proxy Form

The Company Secretary
South East Asia Resources Limited

By Delivery:

Level 5, 56 Pitt Street Sydney,
New South Wales 2000

By Post:

Level 5, 56 Pitt Street Sydney,
New South Wales 2000

By Facsimile:

Fax number: 02 8823 3188
International: +61 2 8823 3188

I/We ¹ _____

of _____

being a Shareholder of the Company and entitled to vote at the General Meeting to be held at Level 5, 56 Pitt Street, Sydney NSW 2000 at 3.30 pm (AEST) Friday, 6 October 2017, hereby appoint ²

or failing such appointment, or if my/our named appointment fails to attend the General Meeting, the Chair of the General Meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting and at any adjournment thereof in the manner indicated below or, in the absence of such directions, as he thinks fit. If no directions are given, the Chair will vote in favour of all of the Resolutions in which the Chair is entitled to vote.

The proxy is to vote for or against the Resolutions referred to in the Notice of Meeting as follows:

		For	Against	Abstain
Resolution 1	Ratification of Disposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue Capital Raising Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Mr Luke Martino	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Election of Director – Mr Nicholas Sage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval to issue Advisor Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval to issue Lead Manger Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval to change Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval to issue Attaching Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 that your votes are not to be counted in computing the required majority on a poll

Authorised signature/s

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹ Insert name and address of shareholder

² Insert name and address of proxy

Proxy Notes

If you wish to appoint someone other than the Chair of the General Meeting as your proxy, please write the name of that individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the General Meeting will be appointed as your proxy by default.

You may direct your proxy how to vote by marking one of the boxes opposite each Resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolution, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

You may appoint up to 2 proxies (an additional Proxy Form will be supplied by the Company on request). If you appoint two proxies you should specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the votes.

If you appoint a body corporate as your proxy to attend and vote for the Shareholder at that General Meeting, the representative of the body corporate to attend the General Meeting must produce the appropriate Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Completion of a Proxy Form will not prevent individual Shareholders from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the General Meeting.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the Shareholders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: To be signed in accordance with your constitution. Please indicate the office held by signing in the appropriate space.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at Level 5, 56 Pitt Street Sydney NSW 2000 (facsimile 02 8823 3188 if faxed from within Australia or +61 02 8823 3188 if faxed from outside Australia) **no later than 3.30 pm AEST on Wednesday, 4 October 2017.**