

## FAX Cover Sheet

To	ASX
Company	Wolf Minerals Limited (ASX:WLF)
From	Grant Thornton Australia Limited
Date	27/09/2019
RE	Market Announcement

## Cover Message

Please find attached report to be posted on market announcements for Wolf Minerals Limited.



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**WOLF MINERALS LIMITED**  
**(SUBJECT TO DEED OF COMPANY ARRANGEMENT)**  
**ACN 121 831 472**  
**NOTICE OF GENERAL MEETING**

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**TIME:** 10.30 am (AWST)

**DATE:** Tuesday 29 October 2019

**PLACE:** Grant Thornton, Central Park, Level 43, 152-158 St Georges Terrace, Perth WA 6000

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

*The Independent Expert has formed the opinion that the matters the subject of Resolutions 1, 2 and 3 are FAIR AND REASONABLE to Shareholders.*

*The Deed Administrators recommend that Shareholders vote in favour of Resolutions 1, 2 and 3.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Deed Administrators on 08 9480 2024 (contact Ryan Thornton).*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The General Meeting of the Shareholders of Wolf Minerals Limited to which this Notice of Meeting relates will be held at 10.30 am (AWST) on Tuesday 29 October 2019 at:

Grant Thornton, Central Park, Level 43, 152-158 St Georges Terrace, Perth WA 6000

### YOUR VOTE IS IMPORTANT

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

### VOTING ELIGIBILITY

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The Deed Administrators 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 Shareholders at 10 am (WST) on 26 June 2019.

### VOTING IN PERSON

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

### VOTING BY PROXY

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

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

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

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

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

Further details on these changes are set out below.

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

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

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

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

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

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

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

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting of Shareholders of Wolf Minerals Limited will be held at Grant Thornton, Central Park, Level 43, 152-158 St Georges Terrace, Perth WA 6000 at 10.30 am (AWST) on Tuesday 29 October 2019.

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

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

## AGENDA

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Resolutions 1, 2 and 3 are interdependent. If any of Resolutions 1, 2 and/or 3 are not passed, then Resolutions 1, 2 and 3 will be taken to have not been passed.

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### 1. RESOLUTION 1 – CONSOLIDATION OF SHARE CAPITAL

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

*“Subject to Resolutions 2 and 3 being passed, that pursuant to Section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every 250 Shares be consolidated into 1 Share, and, where the number of Shares held by a member of the Company as a result of the consolidation effected by this Resolution includes a fraction of a Share, the Company be authorised to round that fraction down to the nearest whole Share.”*

**Deed Administrators' Recommendation:** The Deed Administrators recommend that Shareholders vote in favour of Resolution 1.

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### 2. RESOLUTION 2 – ISSUE OF SHARES AND OPTIONS TO SYNERGY SOLUTIONS AND/OR SYNERGY INVESTMENT

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

*“Subject to Resolution(s) 1 and 3 being passed, that, for the purposes of ASX Listing Rule 7.1 and Item 7 of Section 611 of the Corporations Act and for all other purposes, Shareholders approve:*

- (a) the issue of the Synergy Shares to Synergy Solutions and/or Synergy Investment pursuant to the DOCA;*
- (b) the issue of the Options to Synergy Solutions and/or Synergy Investment pursuant to the DOCA and the issue of Shares to Synergy Solutions and/or Synergy Investment pursuant to the exercise of the Options; and*
- (c) the increase in the voting power of FGSC, Synergy Solutions and/or Synergy Investment to up to 97.35%,*

*on the further terms and conditions set out in the Explanatory Statement."*

**Deed Administrators' Recommendation:** The Deed Administrators recommend that Shareholders vote in favour of Resolution 2.

**Independent Expert's Report:** Shareholders should carefully consider the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd for the purposes of the Shareholder approval required under Item 7 of Section 611 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction to the Shareholders and has concluded that the relevant transaction is FAIR AND REASONABLE.

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by (1) FGSC, Synergy Solutions and/or Synergy Investment or any of their respective associates and (2) by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue under this Resolution (except a benefit solely in the capacity of a holder of ordinary securities in the Company), and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 3. RESOLUTION 3 – APPROVAL OF SHARE PLACEMENT

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

*"Subject to Resolution(s) 1 and 2 being passed, that, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 10,000,000 Shares each at a fixed minimum issue price of \$0.01, to institutional and professional and sophisticated investors and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Deed Administrators' Recommendation:** The Deed Administrators recommend that Shareholders vote in favour of Resolution 3.

**Short Explanation:** Under the Listing Rules, the Company may seek Shareholder approval prior to the issue of Equity Securities to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12-month period. Please refer to the Explanatory Statement for further details.

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue under this Resolution (except a benefit solely in the capacity of a holder of ordinary securities in the Company), and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



**BY ORDER OF THE DEED ADMINISTRATORS**

A handwritten signature in black ink, appearing to read 'D. Hodgson', with a long horizontal flourish extending to the right.

**David Mark Hodgson  
JOINT AND SEVERAL DEED ADMINISTRATOR  
WOLF MINERALS LIMITED  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Grant Thornton, Central Park, Level 43, 152-158 St Georges Terrace, Perth WA 6000 at 10.30 am (AWST) on Tuesday 29 October 2019.

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

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### 1. BACKGROUND OF THE COMPANY

#### 1.1 General Background

The Company was incorporated on 20 August 2006 and was subsequently listed on ASX on 15 February 2007.

The Company is the holding company of Wolf Minerals (UK) Limited ("**Wolf UK**"), the former operator of the Drakelands open pit mine at the Hemerdon tungsten and tin project in Devon, England ("**Drakelands**"). Wolf UK is in liquidation and Drakelands has been closed, and both the Company and Wolf UK have now ceased all operations.

The Company's Shares were suspended from quotation on ASX on 27 September 2018 pending the release of an announcement regarding finalisation of the Company's audited annual financial statements and annual report for the year ended 30 June 2018. The Company has remained suspended from trading on ASX since this time. The Company's Shares were previously traded on the AIM market of the London Stock Exchange, but the admission of the Company's Shares to AIM was cancelled on or around 16 November 2018.

#### 1.2 Voluntary Administration

On 10 October 2018, the Directors resolved to appoint the Administrators to the Company as the Directors resolved that, in light of its failure to satisfactorily conclude discussions with its key financial stakeholders, the Company was unable to meet its short-term working capital requirements in order to continue operations at Drakelands, and therefore the Company was insolvent (or likely to become insolvent).

The events leading up to the appointment of the Administrators to the Company are detailed in the Administrators' Report dated 5 November 2018 prepared for the purposes of Section 75-225 of the Rules and section 439A of the Corporations Act, a copy of which was lodged with ASX on 6 November 2018.

On 14 November 2018, a meeting of the Company's creditors was held to determine the future of the Company ("**Creditors' Meeting**"). In accordance with Section 75-140 of the Rules, the Company's creditors resolved to adjourn the Creditors' Meeting for a period of not more than 45 business days.

#### 1.3 Deed of Company Arrangement

The adjourned Creditors' Meeting was held on 21 January 2019, at which the creditors of the Company resolved that the Company execute a deed of company arrangement (as amended, varied or supplemented from time to time, the "**DOCA**") on the terms of

the proposal put forward by First Guardian Synergy Investment Pty Ltd (ACN 619 169 667) ("**FGSC**").

The purpose of the DOCA is to restructure the Company's share capital.

The DOCA was executed on 12 February 2019. A summary of the key terms of the DOCA is set out in the Administrators' Supplementary Report dated 11 January 2019 prepared for the purposes of Section 75-225 of the Rules, a copy of which was lodged with ASX on 15 January 2019.

On 18 June 2019, pursuant to orders of the Supreme Court of Western Australia made on 13 June 2019, Martin Bruce Jones and Ryan Reginald Eagle resigned as deed administrators of the Company and were replaced by David Mark Hodgson and Philip Campbell-Wilson.

On 6 September 2019, the Company, the Deed Administrators and the Proponent agreed to conditionally waive certain existing conditions of the DOCA, subject to the Company's capital being restructured on the terms set out in the Resolutions.

In summary, on successful implementation of the DOCA:

- (a) the Company's capital will be restructured on the terms set out in the Resolutions;
- (b) an amount of \$800,000 ("**Contribution Amount**") will be paid by FGSC into a deed fund established by the Deed Administrators ("**Deed Fund**") (the Deed Fund also includes the Company's other assets and undertaking, including its cash at bank as at the date of the Administrators' appointment)
- (c) the Deed Fund will be used to pay:
  - (i) the remuneration, costs and expenses of the Administrators, the Deed Administrators and the Former Deed Administrators; and
  - (ii) a dividend to the Security Trustee, to be distributed by the Security Trustee to Wolf's secured creditors as beneficiaries of the Security Trust in accordance with the terms of the STID;
- (d) all of the Company's assets and undertaking will be transferred to a creditors' trust fund for the benefit of creditors of the Company (the Deed Administrators will act as trustees ("**Trustees**") of the creditors' trust); and
- (e) the claims of creditors of the Company (including its secured creditors) will be extinguished and discharged against the Company, and transferred to claims against the creditors' trust;
- (f) the DOCA will be effectuated and will terminate; and
- (g) the Deed Administrators will return control of the Company to the Directors and retire from their office as Deed Administrators.

The Company anticipates that the DOCA will be completed and fully effectuated shortly after Shareholders approve the Resolutions.

Of the Contribution Amount, a non-refundable deposit of \$54,250 has been paid by FGSC into the Deed Fund to date, with the balance of \$745,750 to be paid on implementation of the DOCA.

The Deed Administrators are advised by FGSC that it intends that (i) \$400,000 of the Contribution Amount will be paid by way of the subscription amounts paid by Synergy Solutions and/or Synergy Investment for the issue of the Synergy Shares and (ii) the balance of the Contribution Amount in the sum of \$400,000 will be reimbursed by the Company to FGSC after the Company completes the Capital Raisings.

#### 1.4 Use of funds

The Deed Administrators are advised by FGSC that it intends that the Company will use the funds raised from the Capital Raisings as follows<sup>1</sup>:

Item	Amount
Payment to Deed Fund on implementation of DOCA	\$400,000
Reimbursement of balance of Contribution Amount to FGSC	\$400,000
Reimbursement of expenses to FGSC (including legal fees)	\$50,000
Expenses for complying with catch-up financial reporting obligations, including auditor and external accountant fees	\$50,000
Director remuneration	\$100,000
Operating expenses <sup>2</sup>	\$200,000
Expenses to facilitate potential acquisitions of potential targets <sup>3</sup>	\$100,000
<b>TOTAL</b>	<b>\$1,300,000</b>

#### 1.5 Purpose of this Meeting

The purpose of this General Meeting is to seek approval of the Shareholders of the Resolutions contemplated by the DOCA (each of which is a condition precedent to implementation of the DOCA) in order to facilitate a capital restructure of the Company through completing:

- (a) **(Resolution 1)** the consolidation of the Company's existing issued Share capital on a one (1) for two hundred and fifty (250) basis;
- (b) **(Resolution 2)** the issue of Shares at an issue price of \$0.005 per Share with one (1) free attaching option for every one (1) Share subscribed for and issued

<sup>1</sup> Assuming all of the Options are exercised

<sup>2</sup> Operating expenses may include company secretary, payroll board room fees, office rent, external accountants, external auditors, external lawyers, D&O insurance costs, ASX listing fees and other expenses.

<sup>3</sup> Such expenses may include retainer and success fees to financial advisers, legal advisers, travelling fees and disbursements.

to Synergy Solutions and/or Synergy Investment (all on a post-Consolidation basis and in accordance with FGSC's nomination right pursuant to clause 8.1(h) of the DOCA); and

- (c) **(Resolution 3)** a capital raising pursuant to which the Company will offer Shares at a fixed minimum issue price of \$0.01 per Share subscribed for and issued up to a maximum of 10,000,000 Shares (all on a post-Consolidation basis).

## 1.6 Capital Structure (pre and post General Meeting)

The effect of approval of each Resolution will have on the Company's capital structure is set out in the table below.

Item	Capital Structure	Shares	Options
1.	Pre-Consolidation Securities	1,090,880,251	Nil
2.	Post-Consolidation (Resolution 1)	4,363,521	Nil
3.	Issue of Synergy Shares and Options pursuant to Resolution 2	80,000,000	80,000,000
4.	Exercise of Options to Shares	80,000,000	Nil
5.	Issue of Shares pursuant to Resolution 3	10,000,000	Nil
	<b>Completion of all transactions subject of the Resolutions</b>	<b>174,363,521*</b>	<b>Nil*</b>

\*This figure assumes that the 80,000,000 Options have been exercised.

## 1.7 Indicative Timetable

If approved by the Shareholders, the proposed Consolidation and issue of Synergy Shares and Options will take effect six business days after the date on which the last of the conditions precedent under the DOCA is satisfied (or such other date as agreed otherwise by the parties to the DOCA). The following is an indicative timetable (subject to change) of the key events:

Key Event	Indicative Date
General Meeting	29 October 2019
Notification to ASX that Resolutions are approved	29 October 2019
Issue of Synergy Shares and Options pursuant to Resolution 2	6 November 2019
First day for Company to send notice to Shareholders of change of holding as a result of Consolidation	11 November 2019

Issue of new holding statements and despatch date

15 November 2019

## 1.8 Re-compliance with Chapters 1 and 2 of the Listing Rules

As outlined further in section 3.2.4, it is the intention of Synergy Solutions and Synergy Investment after implementation of the DOCA to inject new assets into the Company and to return the Company to a state of healthy trading with the potential for revenue generation.

To facilitate this, the Company will be required to re-comply with ASX's admission and quotation requirements which will involve, amongst other things, complying with Listing Rule 2.1 condition 2 and Listing Rule 1.1 Condition 12 (the "20 cent rule"). Listing Rule 2.1 condition 2 requires an entity seeking to quote securities on the ASX to have an issue price or sale price of 20 cents in cash per share. Listing Rule 1.1 condition 12 also provides that the exercise price for any options on issue must be at least 20 cents in cash.

A waiver from the 20 cent rule may be given by ASX in certain circumstances, however, as the Synergy Shares and the Placement Shares are to be issued at a price less than 2 cents per share, the Company will not be eligible to apply for such a waiver from ASX.

As such, in order to re-comply with that aspect of Chapters 1 and 2 of the Listing Rules, the Company will be required to consolidate its share capital or undertake some other form of capital restructure or raising.

## 1.9 Important considerations for Shareholders

In considering the Resolutions, Shareholders must bear in mind the Company's current financial circumstances. In this regard, Shareholders should note that the Company is in external administration and Shares of the Company have been suspended from trading since 27 September 2018.

The Resolutions contained in this Notice are therefore important and affect the future of the Company. Shareholders are urged to give careful consideration to this Notice and the contents of this Explanatory Statement.

If Shareholders reject the proposed Resolutions, the Company may be placed into liquidation.

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## 2. RESOLUTION 1 – CONSOLIDATION OF SHARE CAPITAL

### 2.1 General

Resolution 1 seeks Shareholder approval for the Company to consolidate its issued capital through the consolidation of every two hundred and fifty (250) Shares into one (1) Share ("**Consolidation**").

Pursuant to Section 254H(1) of the Corporations Act, the Company may convert all or any of its Shares into a larger or smaller number of Shares by ordinary resolution passed at a general meeting.

This Section of the Explanatory Statement provides the information required by Listing Rule 7.20 to be provided to Shareholders in relation to the Consolidation.

## **2.2 Consolidation**

## **2.3 Purpose of the Consolidation**

The Consolidation is required pursuant to the terms of the DOCA.

### **2.3.1 Effect on Capital Structure**

Please refer to Items 1 and 2 in the table contained in Section 1.6 above. Please note that the figures noted at Items 1 and 2 are prior to the issue of Shares under Resolution 2 and Resolution 3.

### **2.3.2 Shares**

If each Resolution is approved (refer to Section 2.3.5), every two hundred and fifty (250) Shares on issue will be consolidated into one (1) Share. Overall, this will result in the number of Shares currently on issue reducing from 1,090,880,251 to approximately 4,363,521 on a post-Consolidation basis (subject to rounding and not including those Shares or Options to be issued under the other Resolutions).

As the Consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interests in the Company of each Shareholder.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

### **2.3.3 Fractional Entitlements**

Where the Consolidation results in an entitlement to a fraction of a Share, that fraction will be rounded down to the nearest whole number of Shares.

### **2.3.4 Holding Statements**

Taking effect from the date of the Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post-Consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Consolidation.

### **2.3.5 Interdependency**

If either Resolution 2 or Resolution 3 is not passed, the Consolidation, the issue of Synergy Shares and Options, and the Share Placement pursuant to, respectively, Resolutions 1, 2 and 3, will not proceed.

### **2.3.6 Recommendation**

The Deed Administrators recommend that Shareholders vote in favour of the Resolution.

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## **3. RESOLUTION 2 – ISSUE OF SHARES AND OPTIONS TO SYNERGY SOLUTIONS AND/OR SYNERGY INVESTMENT**

### **3.1 General**

The purpose of Resolution 2 is to obtain Shareholder approval pursuant to:

- (a) Item 7 of Section 611 of the Corporations Act for the issue of the Synergy Shares to Synergy Solutions and/or Synergy Investment;
- (b) ASX Listing Rule 7.1 for the issue of one (1) free attaching options ("**Options**") (exercisable at \$0.01 post-Consolidation expiring on the date which is four (4) years past the date of their issue) for each Synergy Share issued up to a maximum of 80,000,000 Options; and
- (c) Item 7 of Section 611 of the Corporations Act for the issue of Shares upon the exercise of the Options.

The Company is seeking ASX Listing Rule 7.1 approval (refer to Section 3.1.1 for a summary of ASX Listing Rule 7.1) to ensure that its 15% Capacity is not eroded by the issue of the Options. Further, the Company is seeking Shareholder approval pursuant to Item 7 of Section 611 of the Corporations Act so that Synergy Solutions and/or Synergy Investment can acquire the Synergy Shares and issue of Shares upon the exercise of the Options.

Refer to Schedule 2 for the terms and conditions of the Options.

### **3.1.1 ASX Listing Rule 7.1**

Listing Rule 7.1 provides, in summary, that the Company must not issue or agree to issue Equity Securities, in any 12-month period equal to more than 15% of the number of issued fully paid ordinary shares of the Company at the beginning of the 12 month period without the approval of Shareholders, unless an exception applies ("**15% Capacity**").

### **3.1.2 Corporations Act prohibition**

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a listed company if, as a result of the acquisition that person's or someone else's voting power in the company increases from 20% or below, to more than 20%, or from a starting point that is above 20% and below 90%.

### **3.1.3 Voting Power**

The voting power of a person is determined under Section 610 of the Corporations Act. It involves calculating the number of voting shares in the company in which the person and the person's Associates have a relevant interest.

### **3.1.4 Relevant Interests**

Generally, under Section 608 of the Corporations Act, a person has a relevant interest in securities if they:

- (a) are the holder of the securities; or
- (b) have power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.



It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

### **3.1.5 Associates**

A person (second person) will be an "Associate" of the other person (first person) if:

- (a) the first person is a body corporate and the second person is:
  - (i) a body corporate the first person controls;
  - (ii) a body corporate that controls the first person; or
  - (iii) a body corporate that is controlled by an entity that controls the first person;
- (b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purposes of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
- (c) the second person is a person with whom the first person is acting, or proposing to act, in concert in relation to the company's affairs.

### **3.1.6 Exceptions to the Section 606 prohibition**

There are various exceptions to the prohibition in Section 606 of the Corporations Act.

Section 611 of the Corporations Act contains a table setting out circumstances in which acquisitions of relevant interests are exempt from the prohibition. Item 7 of this table provides an exemption where the acquisition is approved by a resolution passed at a general meeting of the company before the acquisition is made. The parties involved in the acquisition and their Associates are not able to cast a vote on the resolution.

### **3.2 Information required by Item 7 of Section 611 of the Corporations Act and ASIC Regulatory Guide 74**

The following paragraphs set out information required to be provided to Shareholders under ASIC Regulatory Guide 74 and Item 7 in the table in Section 611 of the Corporations Act.

Paragraphs 3.2.2, 3.2.3 and 3.2.4 have been prepared by FGSC, Synergy Solutions and Synergy Investment and are the responsibility of FGSC, Synergy Solutions and Synergy Investment. Neither the Company nor the Deed Administrators assume any responsibility for the accuracy or completeness of the information contained in those paragraphs.

Shareholders are also referred to the Independent Expert's Report which forms part of the Explanatory Statement. The Independent Expert's Report concludes that the Proposed Transaction is fair and reasonable to Shareholders.

### 3.2.1 Identities of the persons proposing to make the acquisition, their Associates and any other persons acquiring a relevant interest

Synergy Solutions and Synergy Investment are Associates of FGSC. Pursuant to rights under the DOCA, FGSC has nominated that the Synergy Shares are to be issued to Synergy Solutions and/or Synergy Investment. As such the Synergy Shares are to be acquired by Synergy Solutions and/or Synergy Investment.

As at the date of this Notice of Meeting the number of Synergy Shares which will be allotted and issued to Synergy Solutions on the one hand, and Synergy Investment on the other, has not been determined by FGSC. The aggregate number of Synergy Shares to be issued to Synergy Solutions and Synergy Investment will be 80,000,000, and therefore the breakdown of Synergy Shares between Synergy Solutions and Synergy Investment will not impact the overall voting power held by FGSC, Synergy Solutions and Synergy Investment (as Associates) for which approval is sought pursuant to Resolution 2.

### 3.2.2 Effect on acquirer's voting power

As at the date of this Notice, neither FGSC, Synergy Solutions nor Synergy Investment hold an interest in any Shares of the Company. The current voting power of FGSC, Synergy Solutions and/or Synergy Investment in the Company is zero.

If Resolution 2 is approved, the effect of issuing the Synergy Shares and Options to Synergy Solutions and/or Synergy Investment on the number of Shares is as follows:

	Resolution 1 – Consolidation	Resolution 2 – Share issue to Synergy Solutions and/or Synergy Investment	Synergy Solutions and/or Synergy Investment exercises Options	Resolution 3 – Share Placement
Total Shares held (#)	Nil	80,000,000	160,000,000	160,000,000*
Total Shares on issue (#)	4,363,521	84,363,521	164,363,521	174,363,521
Maximum Voting Power (%)	Nil	94.83%	97.35%	91.76%

\* Remains unchanged unless FGSC, Synergy Solutions and/or Synergy Investment takes part in Share Placement.

### 3.2.3 Further background information on FGSC, Synergy Solutions and Synergy Investment

#### FGSC

FGSC is a private boutique corporate finance advisory company covering a broad range of corporate transactions with a specific emphasis in the restructure and recapitalisation of ASX-listed companies.

Senior management of FGSC has specialist skills in capital raisings, merger and acquisitions and many years of investment banking experience covering a wide range of sectors.

FGSC is a subsidiary of Synergy Solution Management Group ("SSMG"), an investment banking service group focussing on the property asset management and corporate finance sector. SSMG and its associate entities have advised clients in a broad range of corporate transactions including IPOs, reverse takeovers, recapitalisations and schemes of arrangement and advising distressed listed companies in Australia, Hong Kong and the US since 2005.

FGSC is an Australian Financial Service Licence corporate authorised representative and is able to issue and deal in securities. A recent transaction includes acting as the IPO Lead Manager for Star Combo Pharma Limited (ASX: S66).

### **Synergy Solutions**

Synergy Solutions is a consulting and investment holding company incorporated in Hong Kong in 2007. The main business includes providing distress advisory, strategic and business advisory services to corporate clients and making investment in distressed and special situations. The management team of Synergy Solutions are experienced in helping their clients stabilise existing operations, minimise risks, and preserve and optimise capital structures. Synergy Solutions is controlled by Ms. Wei Li, one the directors of FGSC

### **Synergy Investment**

Synergy Investment is an investment holding company incorporated in Hong Kong in 2019. The main business includes making investment in distressed and special situations. Synergy Investment is controlled by Ms. Wei Li, one the directors of FGSC.

#### **3.2.4 Future intentions of Synergy Solutions and Synergy Investment for the Company**

Synergy Solutions and Synergy Investment have informed the Deed Administrators that their intentions mentioned in this section are based on the facts and information regarding the Company, its business and the general business environment which are known to Synergy Solutions and Synergy Investment as at the date of this Notice. Any future decisions regarding these matters will only be based on all material information and circumstances at the relevant time. Accordingly, the statements set out below are statements of current intention only which, if circumstances change or new information becomes available in the future, could change accordingly.

Other than as disclosed elsewhere in the Explanatory Statement, Synergy Solutions and Synergy Investment have informed the Deed Administrators that they:

- (a) intend to inject new assets into the Company in order for the Company to have an active and healthy trading business with the potential for revenue generation. Synergy Solutions and Synergy Investment have been actively engaging with potential targets in relation to the acquisition of a target business or substantial assets, but no indicative or definitive agreements have been reached or entered into so far;
- (b) other than pursuant to the Share Placement (refer to Section 4), have no current intention to inject further capital into the Company;

- (c) understand that the Company does not currently have any employees, but intend that the Company will enter into new employment arrangements as and when a suitable business or asset is identified for injection into the Company;
- (d) have no current intention for any property to be transferred between the Company and FGSC, Synergy Solutions and Synergy Investment;
- (e) understand that all of the Company's assets, if any, will be transferred to the creditors' trust fund for the benefit of creditors of the Company, but otherwise have no current intention to otherwise redeploy any of the Company's fixed assets;
- (f) have no current intention to significantly change the Company's existing financial or dividend policies; and
- (g) nominate the individuals referred to below to be appointed as Directors by the Deed Administrators on implementation of the DOCA pursuant to the terms of the DOCAs, and Synergy Solutions and Synergy Investment have provided the following information in relation to those individuals:

#### **Christian Brehm**

Mr Christian Brehm brings the Company practical management, deal-sourcing and capital raising experience. He holds a Bachelor of Arts, majoring in Economics and Law, and a Master of Arts, majoring in Economics, from University of Erfurt (Germany).

He has been a successful entrepreneur and a seasoned investment professional for over 12 years in a number of financial services companies and joint ventures including financial advisory firms, real-estate funds and investment banks. Mr Christian Brehm has previously held roles at Campus Living Villages, KPMG, Mazars, SMBC, Prout Partner and Deutsche Bank and gained valuable experience across a wide range of industries, including infrastructure, real estate, mining, private equity, structured finance, investment and asset management. He was a director of various ASIC regulated and licensed funds management businesses in Australia.

Mr Brehm has no association with FGSC, Synergy Solutions and/or Synergy Investment, the Company or any of their respective Associates.

Mr Brehm has no interest in the acquisition of Shares or Options contemplated by Resolution 2.

#### **Wing Kee Cheng**

Mr Cheng holds a Bachelor of Economics Degree from Monash University, a Masters of Applied Finance from the University of Melbourne and a Master of Laws from the University of Hong Kong.

Mr Cheng has over 20 years' experience working in investment management, corporate finance advisory and compliance in Hong Kong and Australia.

He has previously held senior positions at Standard Chartered Bank, Natixis, UBS and HSBC in Hong Kong, and has worked for Hong Kong Exchange and Clearing Limited.

Mr Cheng has held a directorship in an ASX-listed company, Faster Enterprises Limited.

Mr Cheng has no association with FGSC, Synergy Solutions and/or Synergy Investment, the Company or any of their respective Associates.

Mr Cheng has no interest in the acquisition of Shares or Options contemplated by Resolution 2.

### **Hao Wen**

Mr Hao Wen holds a Master of Finance from the University of Sydney. He has over 10-years' experience in cross-border corporate finance and private equity investments in several major securities markets including ASX, HKEX, SGX and Nasdaq. Other than his directorship of FGSC referred to below, Mr Hao Wen has not held any other directorships in the last 3 years.

Mr Wen was previously a director of FGSC and resigned from that position as director on 24 April 2019. Mr Wen has no current association with FGSC, Synergy Solutions and/or Synergy Investment, the Company or any of their respective Associates.

Mr Wen has no interest in the acquisition of Shares or Options contemplated by Resolution 2.

### **3.2.5 Timing of the proposed acquisition**

The Company will not issue any Synergy Shares or Options the subject of this Resolution until all conditions precedent under the DOCA have been satisfied, including that all necessary Shareholder approvals have been obtained.

The issue of Synergy Shares and Options pursuant to the DOCA will take place upon effectuation of the DOCA which is currently anticipated to occur five business days after satisfaction (or waiver) of the last of the conditions precedent.

### **3.2.6 Reasons for the proposed acquisition**

The Synergy Shares and Options are to be issued to Synergy Solutions and/or Synergy Investment to facilitate the proposed restructure of the Company in accordance with the DOCA. Accordingly, Resolution 2 seeks Shareholder approval for Synergy Solutions and/or Synergy Investment to be issued the Synergy Shares and Options and increase their voting power (along with that of FGSC and their Associates) in the Company.

### **3.2.7 Chapter 2E**

RCF is a related party of the Company within the meaning of section 228 of the Corporations Act.

RCF also previously provided funding to the Company pursuant to a convertible bridge loan facility, and is a beneficiary of the Security Trust (and therefore a secured creditor of Wolf) pursuant to the STID.

Pursuant to the terms of the DOCA, the funds received from FGSC further to the issue of the Synergy Shares to Synergy Solutions and/or Synergy Investment will be paid into a deed fund, which will be used to pay, amongst other things, a dividend to the Security Trustee, to be distributed by the Security Trustee to Wolf's secured creditors as beneficiaries of the Security Trust in accordance with the terms of the STID. This may involve a payment being made to RCF as a beneficiary of the Security Trust. However, the payment will not be made directly to RCF, and it will be for the Security Trustee to

calculate and distribute the relevant amount to RCF in accordance with the terms of the STID post-implementation of the DOCA.

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (h) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (i) give the benefit within 15 months following such approval,

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

The issue of the Synergy Shares and Options and consequential implementation of the DOCA may result in RCF receiving a financial benefit and therefore may require Shareholder approval under Chapter 2E of the Corporations Act unless a relevant exception applies.

It is the view of the Deed Administrators that Shareholder approval under Chapter 2E of the Corporations Act is not required for:

- (a) the issue of the Synergy Shares and Options to Synergy Solutions and/or Synergy Investment; or
- (b) consequential receipt of financial benefit by RCF,

as the issue of the Synergy Shares and Options and consequential implementation of the DOCA falls within the exception under section 210 of the Corporations Act.

Section 210 of the Corporations Act provides that shareholder approval is not required for a company to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- (b) are on terms that are less favourable to the related party than would be given if the parties were dealing at arm's length.

The Deed Administrators have considered the application of Chapter 2E of the Corporations Act and have determined that as the terms of the DOCA were put forward by FGSC, a party unrelated to RCF (the related party receiving the financial benefit), the arm's length terms exception provided by Section 210(a) of the Corporations Act is relevant and accordingly, the Company will not seek approval for the issue of Synergy Shares and Options and consequential implementation of the DOCA pursuant to Section 208 of the Corporations Act.

### **3.2.8 Independent Expert's Report**

Accompanying this Notice is an Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd. The Independent Expert's Report assesses whether:

- (a) the Consolidation, pursuant to Resolution 1;
- (b) the acquisition of the Synergy Shares and of Shares upon the exercise of the Options by Synergy Solutions and/or Synergy Investment, in each case pursuant to Resolution 2; and
- (c) the Share Placement pursuant to Resolution 3,

(the "**Proposed Transaction**"), is fair and reasonable to the Shareholders.

The Independent Expert's Report concludes that the Proposed Transaction is fair and reasonable to Shareholders.

Please refer to the Independent Expert's Report at Schedule 1 of this Notice for further details and in particular the advantages and disadvantages of the issue of the Synergy Shares and Shares upon exercise of the Options to Synergy Solutions and/or Synergy Investment. The assessment is designed to assist all Shareholders in reaching their voting decision. It is recommended that all Shareholders read the Independent Expert's Report in full.

### 3.2.9 Advantages and disadvantages

As detailed in sections 2.16 and 11.4 of the Independent Expert's Report, the key advantages of the Proposed Transaction are:

Advantage	Comment
The Company will not be liquidated	If the Proposed Transaction is not approved, and without an alternative offer, it is likely that the Company will be liquidated. In such circumstances, the Deed Administrators consider it likely that there would be no return to Shareholders given the significant secured creditors and other liabilities associated with the Company's operations.
The Company may receive a cash injection	The Proposed Transaction could result in a cash injection of \$0.35 million on exercise of the Options, and up to \$0.45 million if investors also participate in the proposed Share Placement. However, there is no guarantee that the Share Placement will occur or be fully subscribed.
Discharge of debts of the Company	If the Proposed Transaction is approved, the significant debts of the Company will be discharged and claims of all creditors released.
Synergy Solutions and/or Synergy Investment are seeking new investments	Synergy Solutions and/or Synergy Investment have noted intentions to bring new investments into the Company. Therefore, if the Proposed Transaction is approved, Shareholders may have the opportunity to participate in other investment opportunities, should Synergy Solutions and/or Synergy Investment be successful in identifying and securing new business investments for the Company.

As detailed in sections 2.17 and 11.4 of the Independent Expert's Report, the key disadvantages of the Proposed Transaction are:

Disadvantage	Comment
Shareholders' interests in the Company will be diluted	Under the Proposed Transaction, 80,000,000 Shares will be issued to Synergy Solutions and/or Synergy Investment, and a further 80,000,000 Options will be issued and exercised by Synergy Solutions and/or Synergy Investment. In this scenario, existing Shareholders' ownership will be diluted to 2.65%. If investors participate in a Share Placement then the existing Shareholders' interests could reduce further to 2.5%.
FGSC, Synergy Solutions and/or Synergy Investment will have effective control over the Company	<p>If Shareholders approve the Proposed Transaction, the undiluted interest of Synergy Solutions and/or Synergy Investment would be 94.83% and 97.35% fully diluted.</p> <p>If investors participate in the Share Placement at full subscription, Synergy Solutions and/or Synergy Investment's interest would be 84.78% on an undiluted basis and 91.76% fully diluted.</p>
No guarantee of Share Placement funds	Due to the nature of the Share Placement, there is no certainty as to whether any additional funds will be received by the Company as part of the Proposed Transaction.
Unknown details of new investment to be sought by Synergy Solutions and/or Synergy Investment	The nature and type of new investments to be sought by Synergy Solutions and/or Synergy Investment is not known at this stage and there is no guarantee that any economic benefit will flow to Shareholders from such investments, or that Synergy Solutions and/or Synergy Investment will make such investments.

### 3.3 Technical information required by Listing Rule 7.3

As noted above, the Company is seeking approval for the issue of the Options under ASX Listing Rule 7.1. Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Options:

- (a) the maximum number of Options to be issued is up to 80,000,000 Options (on a post-Consolidation basis);
- (a) the Options will be issued on implementation of the DOCA (please refer to the indicative timetable in paragraph 1.7);
- (b) there is no issue price for the issue of the Options. The amount payable upon exercise of each Option will be \$0.01 (on a post- Consolidation basis);
- (c) the Options will be issued to Synergy Solutions and/or Synergy Investments (neither of which is a Related Party to the Company). As at the date of this Notice of Meeting the number of Options which will be allotted and issued to Synergy Solutions on the one hand, and Synergy Investment on the other, has not been determined by FGSC. The aggregate number of Options to be issued to Synergy Solutions and Synergy Investment will be 80,000,000;
- (d) the terms of the Options are set out in Schedule 2; and



- (e) any funds raised from the issue of the Options will be used on the basis and for the purposes referred to in paragraph 1.4 above.

### 3.3.1 Interdependency

If either Resolution 1 or Resolution 3 is not passed, the Consolidation, the issue of Synergy Shares and Options, and the Share Placement pursuant to, respectively, Resolutions 1, 2 and 3, will not proceed.

### 3.3.2 Recommendations

The Deed Administrators recommend that Shareholders vote in favour of the Resolution.

The proposed acquisition of the Synergy Shares and Options by Synergy Solutions and/or Synergy Investment will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote. The advantages and disadvantages of voting in favour of Resolution 2, and the implications of Shareholders not voting in favour of Resolution 2, are further set out in sections 2.16, 2.17 and 11.4 of the Independent Expert's Report.

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## 4. RESOLUTION 3 – APPROVAL OF SHARE PLACEMENT

### 4.1 General

Resolution 3 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the Company to allot and issue, on a post-Consolidation basis, up to 10,000,000 Shares at a fixed minimum issue price of \$0.01 per Share ("**Placement Shares**") ("**Share Placement**").

There is no current proposal that any of the Shares the subject of the Placement Facility will be placed to Related Parties of the Company.

Refer to Section 3.1.1 for a summary of ASX Listing Rule 7.1.

The effect of passing Resolution 3 will be to allow the Company to issue the Placement Shares (if required) during the period of three (3) months after the General Meeting (or a longer period, if allowed by ASX), without eroding the Company's annual 15% placement capacity under Listing Rule 7.1, or its additional 10% capacity under Listing Rule 7.1A ("**Placement Facility**").

As at the date of this Notice of Meeting there has been no decision whether to utilise the Placement Facility. Pursuant to the terms of the DOCA, it is understood that a Share Placement is likely to occur. As such, it is prudent for the Company to have a Placement Facility available so that the Company has the flexibility to raise additional equity funding without Shareholder approval.

### 4.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (f) the maximum number of Placement Shares to be issued is up to 10,000,000 Shares (on a post-Consolidation basis);

- (g) the Placement Shares will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (h) the fixed minimum issue price will be \$0.01 per Placement Share (on a post-Consolidation basis);
- (i) as at the date of this Notice of Meeting there has been no decision by the Company to issue any Placement Shares. Accordingly, the names of any allottees or proposed allottees are not known and it is not known whether any allotments will occur as a single allotment or will occur progressively. The allottees will be identified at the Directors' discretion;
- (j) the Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares. The Company will apply to ASX for quotation of the Shares; and
- (k) any funds raised from the issue of the Placement Shares will be used for the cost and expense of reinstating the Company's shares to official quotation and the acquisition of any suitable businesses and/or assets identified by FGSC for injection into the Company in due course.

#### **4.2.1 Interdependency**

If either Resolution 1 or Resolution 2 is not passed, the Consolidation, the issue of Synergy Shares and Options, and the Share Placement pursuant to, respectively, Resolutions 1, 2 and 3, will not proceed.

#### **4.3 Recommendation**

The Deed Administrators recommend that Shareholders vote in favour of the Resolution.

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## GLOSSARY

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**Administrators** means Martin Bruce Jones and Ryan Reginald Eagle of Ferrier Hodgson in their capacity as joint and several voluntary administrators of the Company.

**\$** means Australian dollars.

**Associate** has the meaning given in Section 3.1.5.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

**Business Day** has the meaning set out in the Listing Rules.

**Capital Raisings** means the Proponent Raising (including any funds raised on the exercise of the Options) and the Share Placement.

**Chair** means the chair of the Meeting, from time to time.

**Company** means Wolf Minerals Limited (ACN 121 831 472).

**Consolidation** has the meaning given in Section 2.1.

**Contribution Amount** has the meaning given in Section 1.3.

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

**Creditors' Meeting** has the meaning given in Section 1.2.

**Deed Administrators** means David Mark Hodgson and Philip Campbell-Wilson of Grant Thornton in their capacity as joint and several deed administrators of the Company.

**Deed Fund** has the meaning given in Section 1.2.

**Directors** means the directors of the Company from time to time.

**DOCA** has the meaning given in Section 1.3.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an equity security.

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

**FGSC** has the meaning given in Section 1.3.

**Former Deed Administrators** means Martin Bruce Jones and Ryan Reginald Eagle of Ferrier Hodgson in their capacity as former deed administrators of the Company.

**Independent Expert's Report** means the independent expert's report prepared by RSM Corporate Australia Pty Ltd and attached to this Notice at Schedule 1.

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

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

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

**Option** has the meaning given in Section 3.1.

**Optionholder** means the holder of an Option.

**Placement Facility** has the meaning given in Section 4.1.

**Placement Shares** has the meaning given in Section 4.1.

**Proponent Raising** means the proposed issue of the Synergy Shares and the Options.

**Proposed Transaction** has the meaning given in Section 3.2.8.

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

**RCF** means Resource Capital Fund VI L.P.

**Related Party** has the meaning given to that term in the Listing Rules.

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

**Rules** means the *Insolvency Practice Rules (Corporations) Rules 2016* (Cth).

**Schedule** means a schedule contained in this Explanatory Statement.

**Security Trust** means the security trust established pursuant to the STID.

**Security Trustee** means Unicredit Bank AG, London Branch.

**Section** means a Section contained in this Explanatory Statement.

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

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

**Share Placement** has the meaning given in Section 4.1.

**STID** means the security trust and intercreditor deed in relation to the Company between, amongst others, the Company and the Security Trustee originally dated 10 May 2013 as amended and restated from time to time.

**Synergy Investment** means Synergy Investment Limited, a company incorporated under the laws of Hong Kong, whose office is situated at 1908-1916, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

**Synergy Shares** means the 80,000,000 Shares to be issued at a fixed minimum issue price of \$0.005, to Synergy Solutions and/or Synergy Investment in accordance with FGSC's nomination right pursuant to clause 8.1(h) of the DOCA and subject to the approval of Resolution 2.

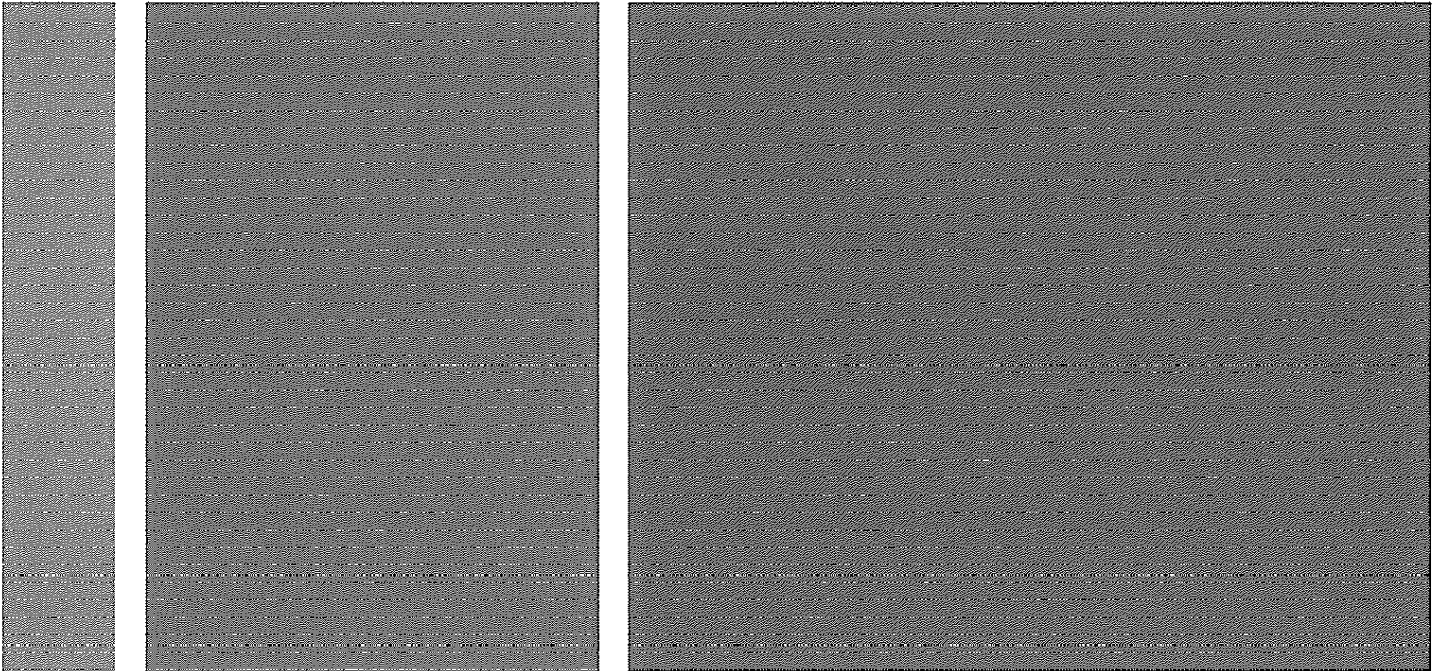
**Synergy Solutions** means Synergy Solutions Management Limited, a company incorporated under the laws of the Hong Kong, whose office is situated at 1908-1916, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong

**WST** means Western Standard Time, Perth, Western Australia.

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## **SCHEDULE 1 — INDEPENDENT EXPERT'S REPORT**

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## WOLF MINERALS LIMITED

### Financial Services Guide and Independent Expert's Report

25 September 2019

*We have concluded that the Proposed Transaction is fair and reasonable*

THE POWER OF BEING UNDERSTOOD  
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# FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing to you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

## Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

## General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

## Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## Remuneration or other benefits received by our employees

All our employees receive a salary.

## Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.





## Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. The majority of our directors are also partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

## Complaints resolution

### Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website [www.afca.org.au](http://www.afca.org.au). You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1800 931 678  
Email: [info@afca.org.au](mailto:info@afca.org.au)

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

### Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.



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25 September 2019

The Shareholders

Wolf Minerals Limited (Subject to Deed of Company Arrangement)

Grant Thornton

Central Park Level 43

152 – 158 St Georges Terrace

PERTH WA 6000

Dear Shareholders

## INDEPENDENT EXPERT'S REPORT ("REPORT")

### 1. Introduction

- 1.1 Wolf Minerals Limited (Subject to Deed of Company Arrangement) ("WLF" or "the Company") is listed on the ASX and is the holding company of the Wolf Group with subsidiaries in the UK and Australia.
- 1.2 On 10 October 2018, Martin Jones and Ryan Eagle of Ferrier Hodgson were appointed as joint and several Administrators of WLF by the Directors. During the Administration, a recapitalisation proposal has been put forward by First Guardian Synergy Capital Pty Ltd ("FGSC") which involves the Company entering into a Deed of Company Arrangement ("DOCA"). The DOCA was executed by the Administrators and FGSC on 12 February 2019 following a creditors resolution.
- 1.3 On 18 June 2019, Martin Jones and Ryan Eagle resigned as Administrators of WLF, pursuant to orders of the Supreme Court of Western Australia. They were replaced by David Hodgson and Philip Campbell-Wilson of Grant Thornton ("Deed Administrators").
- 1.4 On 6 September 2019, the Company, Deed Administrators and FGSC agreed to conditionally waive certain existing conditions of the DOCA, subject to the Company being restructured on the terms set out in the resolutions contained in the Notice of Meeting ("Notice") to which this Report is attached.
- 1.5 The Company is therefore seeking shareholder approval for the following Resolutions to facilitate a capital restructure of WLF:
  - a) Resolution 1 - share consolidation on a 1 for 250 basis ("Share Consolidation");

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RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 C50 508 024 Australian Financial Services Licence No. 255847



- b) Resolution 2 - issue of 80,000,000 shares at an issue price of \$0.005 per share to Synergy Solutions Management Limited and/or Synergy Investment Limited (both of which are associates of FGSC and are also associates of each other) ("FGSC Associates"), with one free attaching option ("FGSC Options") for each share issued (on a post-consolidation basis) exercisable at \$0.01 each within four years ("FGSC Share Issue"); and
- c) Resolution 3 - issue of up to 10,000,000 shares at an issue price of \$0.01 per share (on a post-consolidation basis) to institutional and professional and sophisticated investors ("Share Placement").

(together "the Proposed Transaction")

- 1.6 Should any of the Resolutions not be passed, the Share Consolidation, FGSC Share Issue and Share Placement, pursuant to Resolutions 1, 2 and 3 respectively, will not proceed. We have therefore treated the three Resolutions as one transaction for the purposes of our Report.
- 1.7 An amount of \$0.8 million will be contributed by FGSC ("Contribution Amount") into a deed fund to settle the costs of the Administrators and provide a dividend to a creditors' trust fund. All the Company's assets and undertakings will be transferred to the creditors' trust fund. The claims of secured and unsecured creditors of the Company will be extinguished and discharged against the Company and transferred to the creditors' trust fund.
- 1.8 FGSC has advised that \$0.4 million of the Contribution Amount will be paid by way of the subscription amount under the FGSC Share Issue and the \$0.4 million balance of the Contribution Amount will be reimbursed by the Company to FGSC after exercise of the FGSC Options and the Share Placement.
- 1.9 Following the Proposed Transaction, FGSC Associates will hold approximately 94.83% of the issued share capital of WLF on a post-consolidation basis and up to a maximum of 97.35% on a fully diluted basis if no other investors participate in the Share Placement.
- 1.10 This Independent Expert's Report ("Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of WLF to be held on or around 29 October 2019, at which shareholder approval will be sought for the Proposed Transaction.
- 1.11 The Deed Administrators of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to the Shareholders.



## 2. Summary and conclusion

### Opinion

- 2.1 In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, the Proposed Transaction is fair and reasonable to the Shareholders of WLF.

### Approach

- 2.2 In assessing whether the Proposed Transaction is fair and reasonable to the Shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – *Content of Expert Reports* ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.
- 2.3 Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.
- 2.4 Therefore, we have considered whether or not the Proposed Transaction is "fair" to the Shareholders by assessing and comparing:
- The Value of a Share in WLF on a control basis prior to the Proposed Transaction; with
  - The Value of a Share in WLF on a non-control basis immediately post completion of the Proposed Transaction,
- and, considered whether the Proposed Transaction is "reasonable" to the Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Shareholders in their decision of whether or not to approve the Proposed Transaction.
- 2.5 Further information on the approach we have employed in assessing whether the Proposed Transaction is "fair" and "reasonable" is set out at Section 4 of this Report.

### Fairness

- 2.6 In assessing whether we consider the Proposed Transaction to be fair to the Shareholders, we have valued a WLF Share prior to the Proposed Transaction on a controlling interest basis and compared it to the value of the WLF Share post the Proposed Transaction, to determine whether a Shareholder would be better or worse off should the Proposed Transaction be approved. Our full analysis is shown at Sections 8 and 9 of this Report.
- 2.7 Our assessed values of a WLF Share prior to and immediately after the Proposed Transaction are summarised in the table below.

**Table 1 Assessed values of a WLF Share pre and post the Proposed Transaction**

Assessment of fairness	Value per Share \$	
	Low	High
Fair value of a WLF Share pre the Proposed Transaction - Control basis	Nil	Nil
Fair value of a WLF Share post the Proposed Transaction - Non control basis	0.0017	0.0019

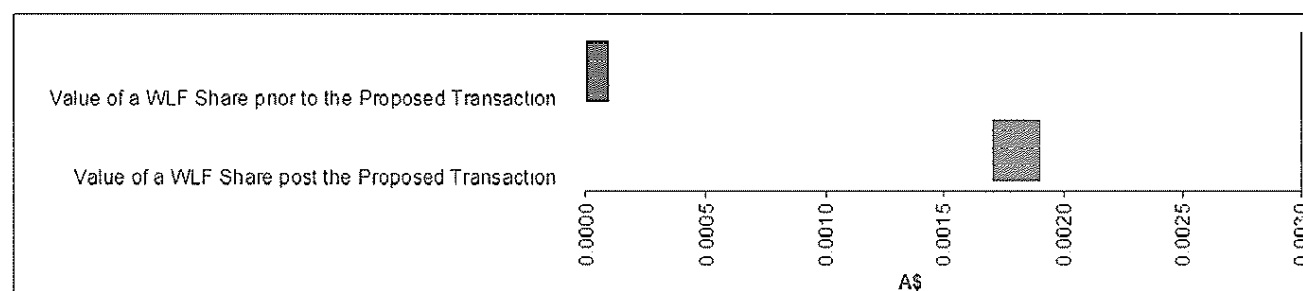
Source: RSM analysis

- 2.8 The Low Valuation in the post Proposed Transaction assessment assumes that the Share Placement is not undertaken (or is not taken up) and the Company therefore does not receive any additional funds from the issue of these shares.



- 2.9 The High Valuation in the post Proposed Transaction assessment assumes that the Share Placement is utilised and fully subscribed. We note that, as at the date of this Report, no decision has been made whether or not to utilise the Share Placement facility.
- 2.10 FGSC has stated its intentions to exercise the FGSC Options and therefore we have incorporated this into both the Low and High scenarios post Proposed Transaction. We note that if FGSC does not exercise the FGSC Options and no investors subscribe to the Share Placement, the Company will not retain any cash proceeds and therefore the assessed net asset value of WLF would be nil following the Proposed Transaction.
- 2.11 We have summarised the values included in the table above in the chart below.

**Figure 1 WLF Share valuation graphical representation**



Source: RSM analysis

- 2.12 The chart above indicates that the range of undiluted values post the Proposed Transaction is greater than the undiluted values prior to the Proposed Transaction.
- 2.13 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Act, we consider the Proposed Transaction to be **fair** to the Shareholders of WLF.

### Reasonableness

- 2.14 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:
- The future prospects of the Company if the Proposed Transaction does not proceed; and
  - Any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.
- 2.15 If the Proposed Transaction does not proceed, the Company will likely be wound up and the Deed Administrators consider it likely that there will be no return to Shareholders.



## 2.16 The key advantages of the Proposed Transaction are:

Advantage	Comments
The Proposed Transaction is fair	If an offer is fair then it is reasonable.
The Company will not be liquidated	If the Proposed Transaction is not approved, and without an alternative offer, it is likely that WLF will be liquidated. In such circumstances, the Deed Administrators consider it likely that there would be no return to Shareholders given the significant secured creditors and other liabilities associated with the Drakelands Mine.
Cash injection	The Proposed Transaction could result in a cash injection of \$0.35 million on exercise of the FGSC Options, and up to \$0.45 million if investors also participate in the proposed Share Placement. However, there is no guarantee that the Share Placement will occur or be fully subscribed.
Discharge of debts of the Company	If the Proposed Transaction is approved, the significant debts of the Company will be discharged and claims of all creditors released.
FGSC Associates are seeking new investments	FGSC Associates have stated their intentions to bring new investments into the Company. Therefore, if the Proposed Transaction is approved, Shareholders may have the opportunity to participate in other investment opportunities, should FGSC Associates be successful in identifying and securing new business investments for WLF.

## 2.17 The key disadvantages of the Proposed Transaction are:

Disadvantage	Comments
Shareholders' interests in the Company will be diluted	Under the Proposed Transaction, 80m shares will be issued to FGSC Associates and a further 80m of Options will be issued and exercised by FGSC Associates. In this scenario, existing Shareholders' ownership will be diluted to 2.65%. If investors participate in a Share Placement then the existing Shareholders' interests could reduce further to 2.5%.
FGSC Associates will have effective control over the Company	<p>If Shareholders approve the Proposed Transaction, the undiluted interest of FGSC Associates would be 94.83% and 97.35% fully diluted.</p> <p>If investors participate in the Share Placement at full subscription, FGSC Associates' interest would be 84.78% on an undiluted basis and 91.76% fully diluted.</p> <p>The effect of these shareholdings on the level of control of WLF are discussed in paragraph 11.6 of this Report.</p>
No guarantee of Share Placement funds	At the date of this Report, we understand that there has been no decision whether to utilise the Share Placement facility. Therefore, there is no certainty as to whether any additional funds will be received by the Company as part of the Proposed Transaction.
Unknown details of new investment to be sought by FGSC Associates	The nature and type of new investments to be sought by FGSC Associates is not known at this stage and there is no guarantee that any economic benefit will flow to Shareholders from such investments, or that FGSC Associates will make such investments.

## 2.18 We are not aware of any alternative proposals which may provide a greater benefit to the Shareholders of WLF at this time.



- 2.19 In our opinion, the position of the Shareholders of WLF if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Shareholders of WLF.





### 3. Summary of Proposed Transaction

#### Overview

- 3.1 On 10 October 2018, Martin Jones and Ryan Eagle of Ferrier Hodgson were appointed Voluntary Administrators of the Company.
- 3.2 A DOCA, on the proposal terms put forward by FGSC, was approved by creditors at the second meeting of creditors held on 21 January 2019 and was executed on 12 February 2019. On 6 September 2019, the Company, Deed Administrators and FGSC agreed to conditionally waive certain existing conditions of the DOCA, subject to the Company being restructured on the terms set out below.
- 3.3 The restructure of the Company's share capital is proposed to be effected by way of the following:
- a) share consolidation on a 1 for 250 basis;
  - b) issue of 80,000,000 shares at an issue price of \$0.005 per share to FGSC Associates, with one free attaching option for each share issued (on a post-consolidation basis) exercisable at \$0.01 each within four years; and
  - c) issue of up to 10,000,000 shares at an issue price of \$0.01 per share (on a post-consolidation basis) to institutional and professional and sophisticated investors..
- 3.4 Under the terms of the DOCA, a Contribution Amount of \$0.8 million from FGSC will be paid into a deed fund to settle the costs of the Administrator and provide a dividend to a creditors' trust fund. FGSC has advised that \$0.4 million of the Contribution Amount will be paid by way of subscription amounts under the FGSC Share Issue and the \$0.4 million balance of the Contribution Amount will be reimbursed by the Company to FGSC after exercise of the FGSC Options and the Share Placement. In addition, the Company will reimburse FGSC for its legal costs incurred in relation to the Proposed Transaction.
- 3.5 Shareholder approval of the Proposed Transaction is a condition precedent of the DOCA. Subject to receiving this approval and following payment of the contribution amount, the terms of the DOCA provide for the following to occur:
- a) the funds received from FGSC will be paid into a deed fund established and maintained by the Deed Administrators ("Deed Fund"), which will be used to pay:
    - i. the remuneration, costs and expenses of the Administrators, Deed Administrators and former deed administrators; and
    - ii. a dividend to the security trustee, to be distributed to the secured creditors as beneficiaries of the security trust.
  - b) all the Company's assets and undertakings will be transferred to a creditors' trust fund for the benefit of the creditors of the Company ("Creditors' Trust Fund"), with the Deed Administrators to act as trustees for the trust; and
  - c) the claims of secured and unsecured creditors of the Company will be extinguished and discharged against the Company and transferred to claims against the Creditors' Trust Fund.
- 3.6 Therefore, following successful implementation of the DOCA and completion of the Proposed Transaction, the Company will hold no assets other than funds raised from the exercise of FGSC Options and the Share Placement (less the amounts paid into the Deed Fund and reimbursed FGSC legal fees) and will have no outstanding liabilities. The Company will effectively be a listed cash shell, suspended from quotation on the ASX.



- 3.7 At the date of this Report, WLF had 1,090,880,251 shares on issue; FGSC and/or FGSC Associates do not currently hold any shares in WLF.

### **Resolutions of the Proposed Transaction**

- 3.8 The Resolutions to be passed at the meeting of Shareholders, with respect to the Proposed Transaction are as follows:

- 3.9 Resolution 1 – Consolidation of share capital:

*"Subject to Resolutions 2 and 3 being passed, that pursuant to Section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every 250 Shares be consolidated into 1 Share, and, where the number of Shares held by a member of the Company as a result of the consolidation effected by this Resolution includes a fraction of a Share, the Company be authorised to round that fraction down to the nearest whole Share."*

- 3.10 Resolution 2 – Issue of shares and options to FGSC:

*"Subject to Resolution(s) 1 and 3 being passed, that, for the purposes of ASX Listing Rule 7.1 and Item 7 of Section 611 of the Corporations Act and for all other purposes, Shareholders approve:*

- a) the issue of the FGSC Shares to Synergy Solutions Management Limited and Synergy Investment Limited (both of which are associates of FGSC and are also associates of each other) pursuant to the DOCA;*
- b) the issue of the Options to Synergy Solutions Management Limited and Synergy Investment Limited pursuant to the DOCA and the issue of Shares to Synergy Solutions Management Limited and Synergy Investment Limited pursuant to the exercise of the Options; and*
- c) the increase in the voting power of FGSC, Synergy Solutions Management Limited and/or Synergy Investment Limited to up to 97.35%,*

*on the further terms and conditions set out in the Explanatory Statement."*

- 3.11 Resolution 3 – Approval of share placement:

*"Subject to Resolution(s) 1 and 2 being passed, that, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 10,000,000 Shares each at a fixed minimum issue price of \$0.01, to institutional and professional and sophisticated investors and otherwise on the terms and conditions set out in the Explanatory Statement."*

### **Key conditions of the Proposed Transaction**

- 3.12 Completion of the Proposed Transaction is subject to the passing of the above resolutions by Shareholders, with each resolution being conditional on the other resolutions being passed.

- 3.13 The conditions precedent of the DOCA are as follows:

- a) the Company obtaining shareholder approvals for the Proposed Transaction as stated above;*
- b) any consents required in relation to the transfer of the Company's interests in its subsidiaries to the Creditors' Trust Fund being provided;*
- c) any liabilities owed to employees of the Company being converted to claims against the Creditors' Trust Fund;*



- d) all existing employee and performance rights issued by the Company being cancelled; and
- e) any other regulatory approvals necessary to effect the above remaining in force.

### Rationale for the Proposed Transaction

- 3.14 The Proposed Transaction is to facilitate the proposed restructure of WLF in accordance with the DOCA.
- 3.15 In the event that the Proposed Transaction does not complete, then pursuant to clause 4.6 of the DOCA, the Deed Administrators will convene a meeting of Creditors in accordance with clause 14(a) of the DOCA to determine the future of the Company.

### Impact of Proposed Transaction on WLF's Capital Structure

- 3.16 The table below sets out a summary of the capital structure of WLF prior to and post the Proposed Transaction, assuming a fully subscribed Share Placement and nil subscribed Share Placement (and on the basis that FGSC does not participate in the Share Placement).

**Table 2 Capital structure of WLF pre and post the Proposed Transaction**

	Full subscription		Nil subscription	
	No. of Shares	% holding of FGSC Associates	No. of Shares	% holding of FGSC Associates
<b>Shares on issue</b>				
Prior to the Proposed Transaction	1,090,880,251		1,090,880,251	
Consolidated on a 1:250 basis	4,363,521		4,363,521	
Issued to FGSC Associates under Share Issue	80,000,000		80,000,000	
Share Placement	10,000,000		-	
<b>Undiluted position</b>	<b>94,363,521</b>	<b>84.78%</b>	<b>84,363,521</b>	<b>94.83%</b>
<b>Options on issue</b>				
Prior to the Proposed Transaction	-		-	
Free attaching options issued to FGSC Associates under Share Issue	80,000,000		80,000,000	
<b>Fully diluted position</b>	<b>174,363,521</b>	<b>91.76%</b>	<b>164,363,521</b>	<b>97.35%</b>

Source: RSM Analysis

- 3.17 The Company currently has 1,090,880,251 shares on issue which would be consolidated on a 250 for 1 basis in accordance with Resolution 1, resulting in 4,363,521 shares.
- 3.18 Resolution 2 allows for 80,000,000 shares to be issued to FGSC Associates, and Resolution 3 up to a further 10,000,000 shares issued to institutional, professional and sophisticated investors. As at the date of the NOM, there has been no decision whether to utilise the Share Placement facility.
- 3.19 If the Share Placement to external investors is utilised and fully subscribed, FGSC Associates will hold 84.78% of issued shares on an undiluted basis. However, if the Share Placement is not utilised then FGSC Associates will hold 94.83% of issued shares in the Company.
- 3.20 Resolution 2 also provides for a free attaching option to be issued to FGSC Associates per share under the FGSC Share Issue. FGSC has stated its intention to exercise the FGSC Options following the Proposed Transaction. On a fully diluted basis and assuming full subscription to the Share Placement, FGSC Associates would hold a voting interest of 91.76%. If the Share Placement is not utilised, then FGSC Associates would hold an interest of 97.35% on a fully diluted basis.



## 4. Scope of the Report

### Corporations Act

- 4.1 Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20%. Completion of the Proposed Transaction will result in FGSC and/or FGSC Associates increasing their interest in WLF from nil to a maximum of 97.35%.
- 4.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Shareholders of the company.
- 4.3 Accordingly, the Company is seeking approval from the Shareholders for Resolution 2 under Item 7 of Section 611 of the Act.
- 4.4 Section 611(7) of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

### Basis of evaluation

- 4.5 In determining whether the Proposed Transaction is "fair" and "reasonable" to the Shareholders we have given regard to the views expressed by the ASIC in RG 111.
- 4.6 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.7 RG 111 states that the expert's report should focus on:
  - The issues facing the security holders for whom the report is being prepared; and
  - The substance of the transaction rather than the legal mechanism used to achieve it.
- 4.8 Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.
- 4.9 RG 111 applies the fair and reasonable test as two distinct criteria in the circumstance of a takeover offer, stating:
  - A takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
  - A takeover is considered "reasonable" if it is fair, or where the offer is "not fair" it may still be reasonable if the expert believes that there are sufficient reasons for security holders to accept the offer.
- 4.10 Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is fair and reasonable to the Shareholders, the analysis we have undertaken is as follows:
  - A comparison of the fair value of an ordinary Share in WLF prior to (on a control basis) and immediately following (on a non-control basis) the Proposed Transaction – fairness; and
  - A review of other significant factors which Shareholders might consider prior to approving the Proposed Transaction – reasonableness.



4.11 The other significant factors to be considered include:

- Other prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.

4.12 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.



## 5. Profile of Wolf Minerals Limited (Subject to Deed of Company Arrangement)

### Background

- 5.1 Wolf Minerals Limited (Subject to Deed of Company Arrangement) (ASX:WLF) was incorporated on 20 August 2006 in Western Australia and listed on the ASX on 15 February 2007.
- 5.2 WLF is a holding company of Wolf Minerals (UK) Limited ("Wolf UK"), which owned and operated an open pit mine producing tungsten and tin in Devon, England, the Drakelands Mine. The Company also has two dormant 100% owned subsidiaries – Wolf Minerals LLP (UK registered) and Wolf Minerals Finance Pty Ltd (Australian registered).
- 5.3 The Company commenced construction of the mine in 2014 with a debt funding facility of \$192 million in place; delivery of product started in 2015 however significant trading losses were incurred in the subsequent years.
- 5.4 Martin Jones and Ryan Eagle of Ferrier Hodgson were appointed Voluntary Administrators of WLF on 10 October 2018 as the Company was unable to meet its short-term working capital requirements in order to continue operations at Drakelands Mine.
- 5.5 Subsequently, on 17 October 2018, Wolf UK was placed in liquidation and the mine closed. Both the Company and Wolf UK have now ceased all operations.
- 5.6 By agreement with the Administrators of WLF, the Liquidators of Wolf UK commenced an asset sale process for interest in the mining assets. The Administrators of WLF commenced a separate sales campaign of the Company's ASX listed shell on 1 November 2018, requesting offers be submitted by 20 November 2018.
- 5.7 The Administrators received five offers for the reconstruction and recapitalisation of WLF. At the second meeting of creditors, held on 21 January 2019, it was resolved that the Company execute a DOCA on the proposal terms offered by FGSC, being the offer recommended by the Administrators. The DOCA was executed on 12 February 2019.
- 5.8 Pursuant to orders of the Supreme Court of Western Australia made on 13 June 2019, Martin Jones and Ryan Eagle resigned as deed administrators of WLF on 18 June 2019. They were replaced by David Hodgson and Philip Campbell-Wilson of Grant Thornton.
- 5.9 On 6 September 2019, the Deed Administrators and FGSC agreed to conditionally waive certain conditions of the DOCA, subject to the Company's capital being restructured per the Resolutions.

### Directors and Secretary

- 5.10 The directors and secretary of WLF, prior to the appointment of the Administrators, are summarised in the table below.

**Table 3 WLF Directors and Secretary**

Name	Position	Appointment Date	Resignation Date
John David Hopkins	Non-Executive Chairman	29 October 2009	10 October 2018
Richard James Lucas	Interim Managing Director	8 May 2017	19 October 2018
Nicholas Royston Clarke	Non-Executive Director	7 January 2014	20 October 2018
Don Macafee Newport	Non-Executive Director	15 June 2009	19 October 2018
Christopher John Corbett	Non-Executive Director	29 October 2009	10 October 2018



Michael Brian Wolley	Non-Executive Director	11 June 2013	10 October 2018
Ronald Hugh Beevor	Non-Executive Director	20 September 2013	10 October 2018
Jacob Roorda	Alternate Director	29 August 2016	10 October 2018
Pauline Fay Carr	Secretary	3 November 2014	1 November 2018

Source: Company

## Financial performance

5.11 The following table sets out the consolidated financial performance of WLF for the years ended 30 June 2016 ("FY16"), 30 June 2017 ("FY17") and 30 June 2018 ("FY18"). The FY16 and FY17 financial results are extracted from the audited financial statements of the Company.

5.12 The FY18 results are extracted from consolidation schedules supporting the management accounts, provided by the Deed Administrators, as the FY18 audit was not completed following the appointment of Voluntary Administrators in October 2018. We have been informed by the Administrators that this is the most recent financial information available for the Wolf Group as trading operations ceased after their appointment. We have not been able to interrogate this financial information with the preparers and/or management.

**Table 4 WLF Consolidated historical financial performance**

\$'000	Ref.	30 June 2016 Audited	30 June 2017 Audited	30 June 2018 Management
Revenue - tin	5.12	656	4,085	5,609
Revenue - tungsten	5.12	7,913	20,615	43,727
Cost of sales	5.13	(38,531)	(59,175)	(73,290)
<b>Gross profit</b>		<b>(29,962)</b>	<b>(34,475)</b>	<b>(23,954)</b>
Other income		12	1,318	10
Administration expenses		2,733	5,618	2,466
Directors' fees		481	481	481
Equity compensation benefits		359	311	228
Superannuation & employee provisions		180	90	19
Salary & wages		1,588	1,708	297
Finance costs		1,484	1,545	673
Financial instrument gain/(loss)		5,992	7,607	3,681
<b>Total operating expenses</b>		<b>12,817</b>	<b>17,360</b>	<b>7,845</b>
<b>EBITDA</b>	5.11	<b>(42,767)</b>	<b>(50,517)</b>	<b>(31,789)</b>
Interest		(8,791)	(6,772)	(6,351)
Depreciation		(11,536)	(17,248)	(18,609)
<b>Net Profit/(Loss) Before Tax</b>	5.11	<b>(63,094)</b>	<b>(74,537)</b>	<b>(56,749)</b>

Source: FY16 and FY17 audited financial statements, FY18 management accounts consolidation

5.13 The Administrators attributed the failure of WLF to:

- trading losses;
- inadequate cash flow or high cash use following exploration of various short-term options; and
- inability to obtain new or extend finance facilities from its major stakeholders to fund Wolf UK.



- 5.14 The Group incurred significant trading losses each year despite revenue from tin and tungsten increasing by 188% in FY17 and 100% in FY18. This led to the Company requiring additional debt funding for working capital and to continue operations at the Drakelands Mine.
- 5.15 Cost of sales includes direct costs associated with mining, processing and site administration, as well as salary and wages for all non-corporate employees.

### Financial position

- 5.16 The table below sets out the consolidated financial position of WLF as at 30 June 2017, 31 December 2017 and 30 June 2018. The financial position as at 30 June 2017 is extracted from the audited financial statements of the Company, and as at 31 December 2017 from the reviewed half-year financial report.
- 5.17 The 30 June 2018 position is extracted from consolidation schedules supporting the management accounts, provided by the Deed Administrators, being the most recent financial information available for the Wolf Group. We have not been able to interrogate this financial information with the preparers and/or management.

**Table 5 WLF Consolidated historical financial position**

\$'000	30 June 2017 Audited	31 Dec 2017 Reviewed	30 June 2018 Management
<b>Current Assets</b>			
Cash and cash equivalents	8,334	6,599	19,832
Trade and other receivables	2,328	3,745	22,573
Inventories	3,098	5,407	7,498
Other current assets	531	813	-
<b>Total current assets</b>	<b>14,291</b>	<b>16,564</b>	<b>49,903</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	263,750	272,444	274,462
Mine properties & development	5,582	5,459	5,413
Other non-current assets	17,190	18,954	332
<b>Total non-current assets</b>	<b>286,522</b>	<b>296,857</b>	<b>280,207</b>
<b>Total assets</b>	<b>300,813</b>	<b>313,421</b>	<b>330,110</b>
<b>Current Liabilities</b>			
Trade and other payables	22,979	21,937	28,283
Provisions	194	111	115
Borrowings	59,874	10,792	8,384
Derivative financial instruments	4,203	366	35
<b>Total current liabilities</b>	<b>87,250</b>	<b>33,206</b>	<b>36,817</b>
<b>Non-Current Liabilities</b>			
Provisions	6,779	7,027	7,434
Borrowings	97,060	192,898	223,684
Derivative financial instruments	367	-	-
<b>Total non-current liabilities</b>	<b>104,206</b>	<b>199,925</b>	<b>231,118</b>
<b>Total liabilities</b>	<b>191,456</b>	<b>233,131</b>	<b>267,935</b>
<b>Net assets</b>	<b>109,357</b>	<b>80,290</b>	<b>62,175</b>
<b>Equity</b>			
Issued capital	274,080	274,160	274,244
Reserves	(6,643)	(366)	2,759
Accumulated losses	(158,080)	(193,504)	(214,828)
<b>Total equity</b>	<b>109,357</b>	<b>80,290</b>	<b>62,175</b>

Source: FY17 audited financial statements, HY17 reviewed financial report, FY18 management accounts consolidation





- 5.18 WLF's net assets as at 30 June 2018 were \$62.2m, declining from \$109.4m as at 30 June 2017.
- 5.19 We note the following in relation to WLF's financial position as at 30 June 2018:
- Trade and other receivables include GST and VAT refunds of \$1.68m, with the remainder being trade debtors.
  - Property, plant and equipment of \$274.5m as at 30 June 2018 predominantly comprised \$36m capital work in progress and \$238m development assets relating to the UK mine, all held at cost.
  - Trade and other payables includes \$15.4m trade creditors and \$12.9m borrowing expenses.
  - Provisions include long service leave, annual leave and mine rehabilitation costs.
  - Borrowings comprise two term loans and a bridge facility. The Administrators Report states that, as at 5 November 2018, the two term loans (Tranche A and B) were senior facility agreements held with UniCredit, in its capacity as a senior lender, and the RCF bridge loan facility was with Resource Capital Fund VI L.P., as junior lender. The term loans were due to mature on 31 January 2023, and the bridge facility on 31 October 2020.
- 5.20 We note that the 31 December 2017 reviewed half-year financial report contained an emphasis of matter on the existence of a material uncertainty around the Company's ability to continue as a going concern and therefore that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report did not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.
- 5.21 The Administrators Report states that four registered security interests were held on the Personal Property Securities Register ("PPSR") in relation to the Company, totalling \$295.18 million as at 10 October 2018. The Administrators Report further states that the likely realisable value of the Wolf UK shares held by the Company was nil, given the extent of total creditor debts and environmental liabilities associated with the mine.
- 5.22 The table below shows a summary of the Company's assets and liabilities (not the consolidated group position) at their recorded book value and estimated realisable values ("ERV") as at 19 October 2018 as disclosed in the Administrators Report.

**Table 6 Summary of Company assets and liabilities as at 19 October 2018**

\$'000	Book Value	Directors' ERV	Administrators' ERV Low	Administrators' ERV High
<b>Assets</b>				
Cash at bank	78	78	78	78
Term deposit	62	62	62	62
Shares in Wolf UK	313,712 <sup>1</sup>	Nil	Nil	Nil
<b>Total assets</b>	<b>313,852</b>	<b>140</b>	<b>140</b>	<b>140</b>
<b>Liabilities</b>				
Secured creditors	(242,881)	(242,881)	(295,183)	(295,183)
Employee claims	(96)	(96)	(4)	(4)
Unsecured creditors	(3,235)	(3,235)	(3,235)	(947)
<b>Total liabilities</b>	<b>(246,212)</b>	<b>(246,212)</b>	<b>(298,422)</b>	<b>(296,134)</b>
<b>Estimated surplus/(deficiency)</b>	<b>67,640</b>	<b>(246,072)</b>	<b>(298,282)</b>	<b>(295,994)</b>

Source: Administrators Report dated 5 November 2018

<sup>1</sup> The Administrators Report notes that shares in Wolf UK had a book value of approximately \$313,000. Our review of the management prepared consolidated trial balance indicates that shares in the subsidiary were recorded at \$313,711,971 as at 30 June 2018.



- 5.23 As shown above, the expected realisation of the Company's assets and liabilities was a deficiency in the range of \$296 million to \$298 million according to the Administrators' estimates. Based on the above, the Administrators reported that a nil return to shareholders and creditors was expected from a formal insolvency process (e.g. liquidation).

### Wolf UK financial position

- 5.24 The table below sets out the financial position of Wolf UK as at 30 June 2018, extracted from consolidation schedules supporting the management accounts provided by the Deed Administrators. We have adopted the GBP/AUD exchange rate of 0.56 for foreign currency translation, being the closing rate as at 30 June 2018.

**Table 7 Wolf UK financial position**

	As at 30 June 2018 £'000	As at 30 June 2018 \$'000
<b>Assets</b>		
Cash and cash equivalents	11,060	19,750
Trade and other receivables	12,664	22,614
Inventory	4,211	7,520
Prepayments	142.00	254
Property, plant and equipment	157,185	280,688
<b>Total assets</b>	<b>185,262</b>	<b>330,825</b>
<b>Liabilities</b>		
Trade and other payables	9,264	16,543
Other creditors	10,174	18,168
Term Loan	58,197	103,923
Wolf Minerals Loan	65,000	116,071
<b>Total liabilities</b>	<b>142,635</b>	<b>254,705</b>
<b>Net assets</b>	<b>42,627</b>	<b>76,120</b>

Source: FY18 Management accounts consolidation

- 5.25 Wolf UK had net assets of \$76.1 million as at 30 June 2018 including a recorded book value of \$280.7 million attributed to property, plant and equipment on a depreciated cost basis.
- 5.26 Solicitors for the liquidator of Wolf UK have advised that:
- With the consent of the lenders, the liquidator sold the Company's property assets, including the minerals lease, to a special purpose vehicle of Hargreaves Mining Services Plc;
  - It is not anticipated that secured creditors in the liquidation will be paid out in full;
  - Unsecured creditors may receive a dividend up to a maximum £600,000 in the liquidation, per section 176A of the UK Insolvency Act 1986. However, the proof of debt process has not yet been undertaken to determine the exact amount;
  - A distribution to shareholders, including WLF, is not anticipated; and
  - They are not aware if there is any unsecured inter-company debt owed to WLF which might permit WLF to rank as an unsecured creditor.
- 5.27 Accordingly, the Administrators of WLF assess the likely return to WLF from its investment in Wolf UK to be nil.



## WLF - Company financial position

5.28 The table below sets out the financial position of WLF on an unconsolidated position as at 30 June 2017 and 30 June 2018, extracted from the audited FY17 financial statements and the FY18 consolidation schedules supporting the management accounts provided by the Deed Administrators.

**Table 8 WLF Company financial position**

\$'000	Ref.	As at 30 June 2017	As at 30 June 2018
<b>Current Assets</b>			
Cash and cash equivalents		5,177	141
Trade and other receivables		1,533	1,683
Prepayments		-	78
<b>Total current assets</b>		<b>6,710</b>	<b>1,902</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		61	39
Investment in subsidiary	5.27	313,712	313,712
Loan - Wolf Minerals Aust & UK	5.27	50,802	115,719
<b>Total non-current assets</b>		<b>364,575</b>	<b>429,470</b>
<b>Total assets</b>		<b>371,285</b>	<b>431,372</b>
<b>Current Liabilities</b>			
Trade and other payables		649	2,740
Wages and salaries		559	-
Provisions		194	115
<b>Total current liabilities</b>		<b>1,402</b>	<b>2,855</b>
<b>Non-Current Liabilities</b>			
Borrowings		56,315	128,459
Other Provisions		62	62
<b>Total non-current liabilities</b>		<b>56,377</b>	<b>128,521</b>
<b>Total liabilities</b>		<b>57,779</b>	<b>131,376</b>
<b>Net assets</b>	<b>5.27</b>	<b>313,506</b>	<b>299,996</b>

Source: FY17 Audited financial statements and FY18 Management accounts consolidation

5.29 WLF had unconsolidated net assets of \$300.0 million as at 30 June 2018 including a recorded book value of \$313.7 million attributed to its investment in Wolf UK and loans receivable of \$115.7 million from Wolf UK. As at that date, the Company had total borrowings of \$128.5 million (excluding the borrowings of its subsidiary entities).



## Capital structure

5.30 WFL has 1,090,880,251 ordinary shares on issue. The top 20 shareholders of WFL as at 5 November 2018, and outlined in the Administrators Report, are set out below.

**Table 9 WFL Top 20 shareholders**

	Name	Number of Ordinary Shares	Percentage
1	Resource Capital Fund VLP & Associates	610,506,950	55.96%
2	TTI NZ Limited	261,320,611	23.96%
3	Computershare Clearing Pty Ltd	115,782,321	10.61%
4	Traxys Projects LP	55,506,766	5.09%
5	J P Morgan Nominees Australia Ltd	2,834,030	0.26%
6	BNP Paribas Nominees Pty Ltd	2,423,083	0.22%
7	Bond Street Custodians Ltd	1,939,778	0.18%
8	Aaress Pty Ltd	1,302,427	0.12%
9	Pershing Australia Nominees Pty Ltd	1,297,072	0.12%
10	R Ralph and A Hynes	1,287,731	0.12%
11	S McCracken	1,210,395	0.11%
12	Spar Nominees Pty Ltd	1,155,000	0.11%
13	Citicorp Nominees Pty Ltd	1,030,031	0.09%
14	Yue Shou Sheng	1,000,000	0.09%
15	Aust Forestry Investments Pty Ltd	947,833	0.09%
16	D Newport	802,893	0.07%
17	P Clarke	802,893	0.07%
18	Beevor Associates Pty Ltd	802,893	0.07%
10	Homewood Inv Ltd	767,040	0.07%
20	S Lewis	513,801	0.05%
	<b>Total Top 20</b>	<b>1,063,233,548</b>	<b>97.47%</b>
	Others	27,646,703	2.53%
	<b>Total Ordinary shares on issue</b>	<b>1,090,880,251</b>	<b>100.00%</b>

Source: Administrators Report

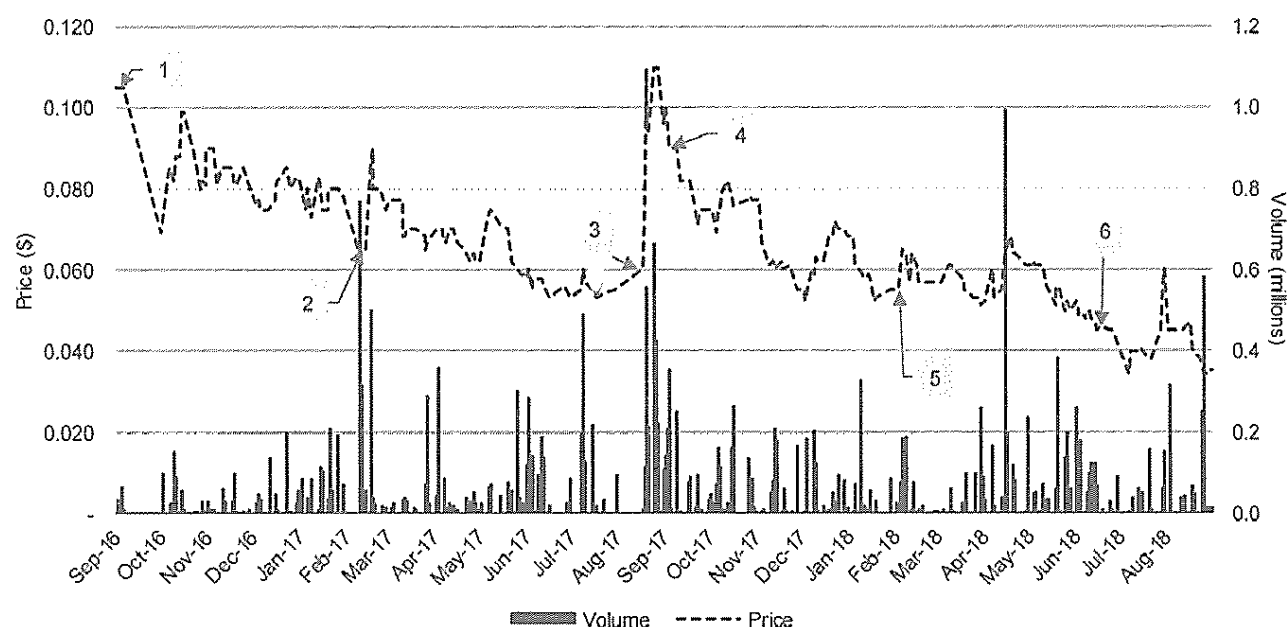


## Share price performance

5.31 The Company's shares were traded on both the Australian Securities Exchange ("ASX") and the AIM market of the London Stock Exchange. The Shares were suspended from quotation on the ASX on 27 September 2018 at the Company's request. The admission of the Company's shares to AIM was cancelled on 16 November 2018.

5.32 The figure below sets out a summary of WFL closing share prices and traded volumes on the ASX for the period 30 December 2016 to 24 September 2018, being the last traded date prior to suspension.

Figure 2 WFL daily closing share price and traded volumes



Source: S&P Capital IQ/ ASX

5.33 Between 30 December 2016 and 24 September 2018, WFL shares traded at between \$0.034 and \$0.110 per share. The most significant trading day during this period was on 10 May 2018 when approximately 0.091% of total number of issued shares were traded.

5.34 Over the 180 trading days to 24 September 2018, 0.79% of WFL's shares were traded indicating that it was not a liquid stock.

5.35 The most significant trading days that have been summarised in the chart above are described as follows:

No.	Date	Comments
1	30-Sept-16	Voluntary suspension requested by the Company pending restructure of debt.
2	13-Mar-17	GBP10m increase in the secured bridge loan facility from Resource Capital Fund VI L.P., to the maximum GBP30m.
3	31-Aug-17	Additional GBP5m debt funding secured, improving tungsten price and update on operational turnaround plan.
4	29-Sep-17	FY17 annual report released, advising the Group reported \$74m loss for FY17 and WFL's working capital shortfall totalled \$72m.
5	1-Mar-18	Existing bridge facility increased from GBP55m to GBP65m to support short term working capital. Senior debt principal repayments reduced for the next three quarters.
6	18-Jul-18	June 2018 quarterly activities and cashflow reports released advising an increase in production with record throughput, the price of tungsten being at its highest level since 2014 and discussions nearing completion to obtain next tranche of short-term working capital funding.



## Sale Process of WLF

- 5.36 The Administrators of WLF commenced a sales process of the Company's listed ASX shell in November 2018, placing adverts in The West Australian and Financial Review. Confidentiality agreements were issued to 11 interested parties; five parties executed them and were provided with due diligence materials.
- 5.37 Final binding offers were sought by 20 November 2018 with five offers being submitted. All offers were provided to representatives of the secured creditors of the Company and reviewed by the Administrators. According to the Administrators Report, each of the offers provided for:
- a) A recapitalisation plan for WLF to enable it to return to trade on the ASX;
  - b) Preservation of some value for shareholders, albeit the existing shareholders of WLF would have their shares consolidated;
  - c) Additional funds to be made available for the secured creditors; and
  - d) Share consolidation and share and option issues (capital raisings) as part of the restructure.
- 5.38 The Administrators recommended the offer put forward by FGSC to the creditors, on the basis that:
- a) It provides a greater return to creditors than liquidation;
  - b) The secured creditors' representatives had not objected to the recommendation; and
  - c) RCF Capital Fund VI L.P. (the junior lender who is the major shareholder of the Company) had not objected to the recommendation or the shareholder resolutions proposed in the DOCA.
- 5.39 We have reviewed the other offers received and note that the FGSC proposal comprised a higher cash offer.



## 6. Profile of First Guardian Synergy Capital Pty Ltd

### Background

- 6.1 FGSC is a private boutique corporate finance advisory company with a specific focus on the restructure and recapitalisation of ASX-listed companies.
- 6.2 Management of FGSC has specialist skills in capital raisings, merger and acquisitions and investment banking experience covering a wide range of sectors.
- 6.3 FGSC is a subsidiary of Synergy Solution Management Group ("SSMG"), an investment banking service group focusing on the property asset management and corporate finance sector. SSMG and its associate entities have advised clients in a broad range of corporate transactions including IPOs, reverse takeovers, recapitalisations and schemes of arrangement in Australia, Hong Kong and the USA since 2005.
- 6.4 Under Resolution 2, the FGSC Share Issue will be issued to Synergy Solutions Management Limited and Synergy Investment Limited (both of which are associates of FGSC and are also associates of each other).
- 6.5 Synergy Solutions Management Limited is a company incorporated under the laws of the Hong Kong in 2007. It is a consulting and investment holding company whose office is situated at 1908-1916, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The main business includes providing distress advisory, strategic and business advisory services to corporate clients and making investment in distressed and special situations. The management team are experienced in helping their clients stabilise existing operations, minimise risks, and preserve and optimise capital structures. Synergy Solutions Management Limited is controlled by Ms. Wei Li, one the directors of FGSC.
- 6.6 Synergy Investment Limited is a company incorporated under the laws of Hong Kong in 2019. It is an investment holding company whose office is situated at 1908-1916, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. Its main business includes investing in distressed and special situations. Synergy Investment Limited is also controlled by Ms. Wei Li, one the directors of FGSC.

### Stated future intentions of FGSC for the Company

- 6.7 FGSC Associates have informed the Deed Administrators that their intentions for WLF are to inject new assets into the Company in order to develop an active trading business with the potential for revenue generation. We understand that FGSC Associates have been actively engaging with potential targets, but that no indicative or definite agreements have been reached or entered into at the date of this report.
- 6.8 Other than the Proposed Transaction, FGSC has no current intention to inject any further capital into the Company.

### Proposed Directors

- 6.9 The following have been nominated by FGSC Associates to be appointed as Directors of the Company on implementation of the DOCA:
- Christian Brehm – not currently associated with FGSC, FGSC Associates and/or the Company;
  - Wing Kee Cheng – not currently associated with FGSC, FGSC Associates and/or the Company; and
  - Hao Wen – previous Director of FGSC but resigned on 24 April 2019, and not currently associated with FGSC, FGSC Associates and/or the Company.
- 6.10 Brief resumes for each of the above are contained in the Notice of Meeting.



## 7. Valuation Approach

### Basis of evaluation

- 7.1 The valuation of WLF prior to and post the Proposed Transaction has been prepared on the basis of Fair Market Value, being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

### Valuation methodologies

- 7.2 In assessing the Fair Market Value of an ordinary WLF Share prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
  - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
  - the amount which would be available for distribution on an orderly realisation of assets;
  - the quoted price for listed securities; and
  - any recent genuine offers received.
- 7.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

#### *Market based methods*

- 7.4 Market based methods estimate the Fair Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;
- the quoted price for listed securities; and
  - industry specific methods.
- 7.5 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.
- 7.6 Industry specific methods usually involve the use of industry "rules of thumb" to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

#### *Income based methods*

- 7.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow;
  - capitalisation of future maintainable earnings.





- 7.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.
- 7.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

#### *Asset based methods*

- 7.10 Asset based methodologies estimate the Fair Market Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
  - liquidation of assets method; and
  - net assets on a going concern basis.
- 7.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 7.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.
- 7.13 The net assets on a going concern method estimates the market values of the net assets of a company but, unlike the orderly realisation of assets method, it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

#### **Selection of valuation methodologies**

- 7.14 In assessing the value of a WLF Share, we have adopted the following methodologies:
- liquidation of assets methodology for the Share valuation prior to the Proposed Transaction; and
  - net assets on a going concern basis for the Share valuation post the Proposed Transaction.
- 7.15 We have chosen these methodologies for the following reasons:
- WLF has been in administration since 10 October 2018 and the Company has not had any operating assets since entering administration. We understand that the UK property assets have now been sold by the UK liquidator. Therefore, the income-based approaches are not suitable valuation methodologies;
  - WLF has not traded on the ASX since 24 September 2018 and had low liquidity prior to then. Furthermore, the Company's principal underlying assets have since been sold. Therefore ASX share price data is not likely to provide an accurate representation of the Company's current share value;



- If the Proposed Transaction is not approved by Shareholders and an alternative offer does not emerge, the Company's remaining assets are likely to be liquidated. The liquidation of assets methodology provides the best indication of the opportunity cost of the Proposed Transaction as it represents the distressed liquidation value of WLF's assets; and
- If Shareholders approve the Proposed Transaction, the net assets on a going concern basis provides the best indication of fair market value of WLF's assets given that the intention is to seek new investments for the Company and eventually re-list on the ASX.

7.16 We have then assessed the value of a WLF Share post the Proposed Transaction on a non-controlling basis by adjusting for a minority discount.



## 8. Valuation of Wolf Minerals Limited (Deed of Company Arrangement) prior to the Proposed Transaction

8.1 As stated at paragraph 7.14, we have assessed the value of a WLF Share prior to the Proposed Transaction using the liquidation of assets methodology. This represents the value of a WLF Share if Shareholders do not approve the Proposed Transaction, as the Administrators have stated that WLF is likely to be placed into liquidation in this scenario.

8.2 Our assessed value is summarised in the table below.

**Table 10 Assessed Value of a WLF Share if Shareholders do not approve the Proposed Transaction**

	Ref	Low \$'000	High \$'000
Net assets as at 30 June 2018, as reported	8.3	299,996	299,996
<b>Adjustments</b>			
Deduct: Investment in subsidiary - book value as at 30 June 2018	8.5	(313,712)	(313,712)
Deduct: Loan receivable from subsidiary - book value as at 30 June 2018	8.7	(115,719)	(114,651)
<b>Total adjustments</b>		<b>(429,431)</b>	<b>(428,363)</b>
<b>Net assets/(liabilities), as adjusted</b>	<b>8.9</b>	<b>(129,435)</b>	<b>(128,367)</b>
Number of shares on issue		1,090,880,251	1,090,880,251
<b>Value per Share</b>	<b>8.9</b>	<b>nil</b>	<b>nil</b>

Source: FY18 Management consolidation, Administrators Report dated 5 November 2018, RSM Analysis

8.3 We have relied on the WLF Company financial position as at 30 June 2018, extracted from the consolidated schedules supporting the management accounts.

8.4 In order to calculate the realisable value of WLF's Shares prior to the Proposed Transaction on a liquidation basis, we have made the following adjustments to carrying values included in the consolidated balance sheet prepared by management of WLF.

### *Investment in Subsidiary*

8.5 As previously discussed in paragraph 5.27, the Liquidator of Wolf UK has sold the property assets (including mineral leases) of Wolf UK and has advised the Administrators of WLF that no return is expected to be provided to shareholders.

8.6 Therefore, we assess that there is no realisable value associated with WLF's shareholding in Wolf UK and have adjusted the recorded value of the investment in Wolf UK to nil.

### *Loans to Subsidiary*

8.7 The Liquidator of Wolf UK has also confirmed to the Administrators of WLF that Wolf UK's secured creditors are not expected to be paid out in full and unsecured creditors may receive up to a maximum of £0.6 million (adopting the GBP/AUD exchange rate of 0.56 for foreign currency translation, being the closing rate as at 30 June 2018 equates to \$1,068,180), however the proof of debt exercise has not yet been undertaken and no statement of affairs has been provided. It is therefore not possible to quantify how much (if any) of the loan from WLF to Wolf UK is likely to be recovered.



- 8.8 We have adjusted for the entire loan being unrecoverable in our Low valuation assessment and only the £0.6 million (AUD\$1,068,180) being recoverable in our High valuation assessment.
- 8.9 This leaves WLF with a net asset deficiency prior to the Proposed Transaction in both Low and High scenarios, indicating that there is no intrinsic value of a WLF Share if Shareholders do not approve the Proposed Transaction.

#### **Valuation conclusion**

- 8.10 Therefore, in our opinion, the value of a WLF Share prior to the Proposed Transaction is nil on a controlling and undiluted basis.



## 9. Valuation of Wolf Minerals Limited (Deed of Company Arrangement) after the Proposed Transaction

9.1 We summarise our valuation of a WLF Share after the Proposed Transaction on a net assets on a going concern basis in the table below.

**Table 11 Assessed Value of a WLF Share if Shareholders approve the Proposed Transaction**

	Low \$'000	High \$'000
<b>Current Assets</b>		
Cash received from FGSC Share Issue	400	400
Cash received from exercise of FGSC Options	800	800
Cash received from Share Placement	-	100
<b>Current Liabilities</b>		
Contribution Amount to Deed Fund on DOCA implementation	(400)	(400)
Reimbursement to FGSC – Contribution Amount	(400)	(400)
Reimbursement to FGSC – Legal Fees	(50)	(50)
<b>Net Assets</b>	<b>350</b>	<b>450</b>
Number of shares on issue	164,363,521	174,363,521
<b>Value per Share (\$) on a control basis</b>	<b>0.002</b>	<b>0.003</b>

Source: Deed of Company Arrangement dated 12 February 2019. RSM Analysis

9.2 The table above indicates the net assets on a going concern basis value of a WLF share after the Proposed Transaction is approved by the Shareholders is between \$0.002 and \$0.003, on a control basis, with the only difference being funds received from the Share Placement. The Low scenario assumes no subscription to the Share Placement, and the High scenario assumes full subscription.

9.3 The DOCA proposed by FGSC stipulates that:

- The Contribution Amount of \$0.8 million from FGSC will be transferred to the Deed Fund to settle administrator costs and then provide a dividend to the Security Trustee;
- all assets of the Company will be transferred to the Creditors Trust Fund; and
- claims of all creditors will be released to the fullest extent possible,

leaving no significant assets or liabilities remaining in the Company.

9.4 FGSC has advised that \$0.4 million of the Contribution Amount will be paid by way of subscription amounts under the FGSC Share Issue and the \$0.4 million balance of the Contribution Amount will be reimbursed by the Company to FGSC after exercise of the FGSC Options and the Share Placement. In addition, the Company will reimburse FGSC for legal costs incurred in relation to the Proposed Transaction which are estimated to be \$50,000.

9.5 FGSC has stated its intentions to exercise the FGSC Options and therefore we have incorporated this into both the Low and High scenarios post Proposed Transaction.

9.6 The only asset in WLF post the Proposed Transaction will therefore be any proceeds raised from the exercise of FGSC Options and the Share Placement, if it is utilised, less the reimbursement of \$0.4 million of the Contribution Amount and \$0.05 million of legal fees to FGSC. Therefore, the minimum assessed value of



WLF is \$0.35 million (assuming no Share Placement) and the maximum is \$0.45 million (assuming full subscription to the Share Placement). This equates to a range of \$0.002 to \$0.003 per share on a control basis.

- 9.7 We note that if FGSC does not exercise the FGSC Options and no investors subscribe to the Share Placement, the Company will not receive any cash proceeds (as the \$0.4 million from the FGSC Share Issue will be treated as partial payment of the Contribution Amount) and therefore the assessed net asset value of WLF would be nil following the Proposed Transaction.

#### Minority interest discount

- 9.8 The above assessed value of a WLF Share represents the value of a WLF Share on a control basis. As the interests of the WLF Shareholders will be reduced to an interest in the range of 2.5% and 5.2% (on an undiluted basis), it is necessary to ascertain a minority interest value by deducting the inherent control premium.
- 9.9 RSM has conducted a study on 463 takeovers and schemes of arrangement involving companies listed on the ASX over the 11 years ended 30 June 2016<sup>2</sup>. In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days prior to the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the date prior to the date of the offer. Our study concluded that, on average, control premiums paid were in the range of 25% to 35%. The resulting corresponding minority discount range based on said control premiums is between 20% and 26%.
- 9.10 Based on the above analysis, we have assessed the minority value of a WLF Share post the Proposed Transaction to be in the range of \$0.0017 to \$0.0019, summarised in the following table:

**Table 12 Assessed Value of minority interest**

\$	Low	High
Assessed value of a WLF Share on a control basis	0.002	0.003
Minority discount	20%	26%
<b>Assessed value of a WLF Share on a minority interest basis</b>	<b>0.0017</b>	<b>0.0019</b>

Source: RSM Analysis

<sup>2</sup> RSM Control Premium Study 2017



## 10. Is the Proposed Transaction Fair to Shareholders?

10.1 In assessing whether we consider the Proposed Transaction to be fair to the Shareholders, we have valued a WLF Share prior to the Proposed Transaction and compared it to the value of a WLF Share after the Proposed Transaction, to determine whether a Shareholder would be better or worse off should the Proposed Transaction be approved.

10.2 Our assessed values of a WLF Share prior to and immediately after the Proposed Transaction, are summarised in the table below.

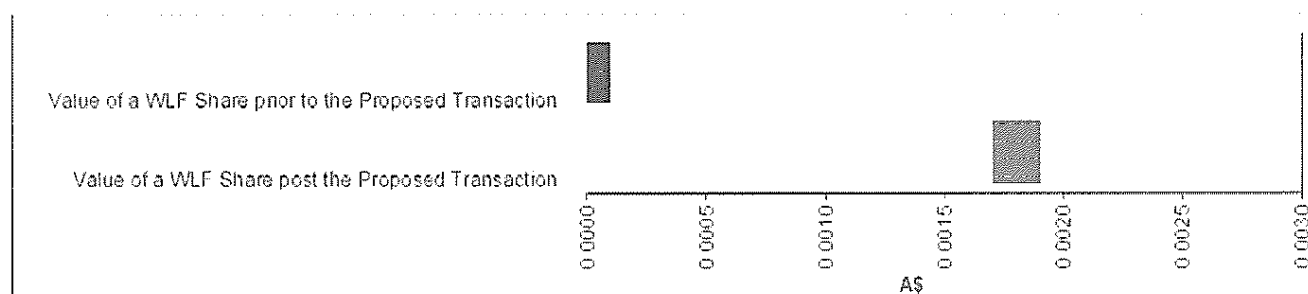
**Table 13 Proposed Transaction valuation summary**

Assessment of fairness	Low	High
	\$	\$
Value of a WFL Share if the Shareholders do not approve the Proposed Transaction (prior) – control basis	nil	nil
Value of a WFL Share if the Shareholders approve the Proposed Transaction (post) – non control basis	0.0017	0.0019

Source: RSM analysis

10.3 The above comparison is depicted graphically in the figure below.

**Figure 3 WLF Share valuation graphical representation**



Source: RSM analysis

10.4 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with s611 of the Act, we consider the Proposed Transaction to be fair to the Shareholders of WLF as the range of undiluted values post the Proposed Transaction is greater than the undiluted value of a WLF Share prior to the Proposed Transaction.



## 11. Is the Proposed Transaction Reasonable to Shareholders?

11.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of WLF if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.

### Future prospects of WLF if the Proposed Transaction does not proceed

11.2 If the Proposed Transaction does not proceed then the Company will likely be wound up, and there is expected to be a nil return to Shareholders.

### Advantages and disadvantages

11.3 In assessing whether the Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Shareholders.

### Advantages of approving the Proposed Transaction

11.4 The table below provides commentary on our considered advantages of the Shareholders approving the Proposed Transaction:

Advantage	Comments
The Proposed Transaction is fair	If an offer is fair then it is reasonable.
The Company will not be liquidated	If the Proposed Transaction is not approved, and without an alternative offer, it is likely that WLF will be liquidated. In such circumstances, the Deed Administrators consider it likely that there would be no return to Shareholders given the significant secured creditors and other liabilities associated with the Drakelands Mine.
Cash injection	The Proposed Transaction could result in a cash injection of \$0.35 million on exercise of the FGSC Options, and up to \$0.45 million if investors participate in the proposed Share Placement. However, there is no guarantee that the Share Placement will occur or be fully subscribed.
Discharge of debts of the Company	If the Proposed Transaction is approved, the significant debts of the Company will be discharged and claims of all creditors released.
FGSC Associates are seeking new investments	FGSC Associates have stated their intentions to bring new investments into the Company. Therefore, if the Proposed Transaction is approved, Shareholders may have the opportunity to participate in other investment opportunities, should FGSC Associates be successful in identifying and securing new business investments for WLF.





## Disadvantages of approving the Proposed Transaction

Disadvantage	Comments
Shareholders' interests in the Company will be diluted	Under the Proposed Transaction, 80m shares will be issued to FGSC Associates. In this scenario, existing Shareholders' ownership will be diluted to 5.2%. If investors participate in a Share Placement then the existing Shareholders' interests could reduce further to 2.5%.
FGSC Associates will have effective control over the Company	<p>If Shareholders approve the Proposed Transaction, the undiluted interest of FGSC Associates would be 94.83% and 97.35% fully diluted.</p> <p>If investors participate in the Share Placement at full subscription, FGSC Associates' interest would be 84.78% on an undiluted basis and 91.76% fully diluted.</p> <p>The effect of these shareholdings on the level of control of WLF are discussed below.</p>
No guarantee of Share Placement funds	At the date of this Report, we understand that there has been no decision whether to utilise the Share Placement facility. Therefore, there is no certainty as to whether any additional funds will be received by the Company as part of the Proposed Transaction.
Unknown details of new investment to be sought by FGSC Associates	The nature and type of new investments to be sought by FGSC Associates is not known at this stage and there is no guarantee that any economic benefit will flow to Shareholders from such investments, or that FGSC Associates will make such investments.

## Practical Level of Control

- 11.5 As stated above in the disadvantages, if the Proposed Transaction is approved by the Shareholders then FGSC Associates will hold an interest of between 84.78% (if the Share Placement occurs and is fully subscribed) and 97.35% (on a fully diluted basis assuming the Share Placement does not occur) in WLF.
- 11.6 The table below sets out the various levels of interest which FGSC Associates may acquire, and the relevant implications of those levels for the Shareholders:

Table 14 Levels of Interest

Level of Interest	Implications for Shareholders
50%-74.9%	Ability to pass ordinary resolutions of the Company
75%+	Ability to pass special resolutions of the Company
87%+	Ability to reach the 90% compulsory acquisition threshold within 6 months by way of the 'creep' provisions
90%+	Ability to compulsorily acquire the remaining shares of the Company

## Consequences of not Approving the Proposed Transaction

- 11.7 If the Proposed Transaction is not approved by the Shareholders, the Company will be placed into liquidation. The Administrators consider it likely that there will be no return to Shareholders under such a scenario due to the significant debts and other liabilities associated with the Drakelands Mine.

## Alternative proposal

- 11.8 We are not aware of any alternative proposal at the current time which might offer the Shareholders of WLF a greater benefit than the Proposed Transaction.



## Conclusion on Reasonableness

- 11.9 In our opinion, the position of the Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Shareholders of WLF.
- 11.10 An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

**RSM CORPORATE AUSTRALIA PTY LTD**

A handwritten signature in black ink, appearing to read "N Marke".

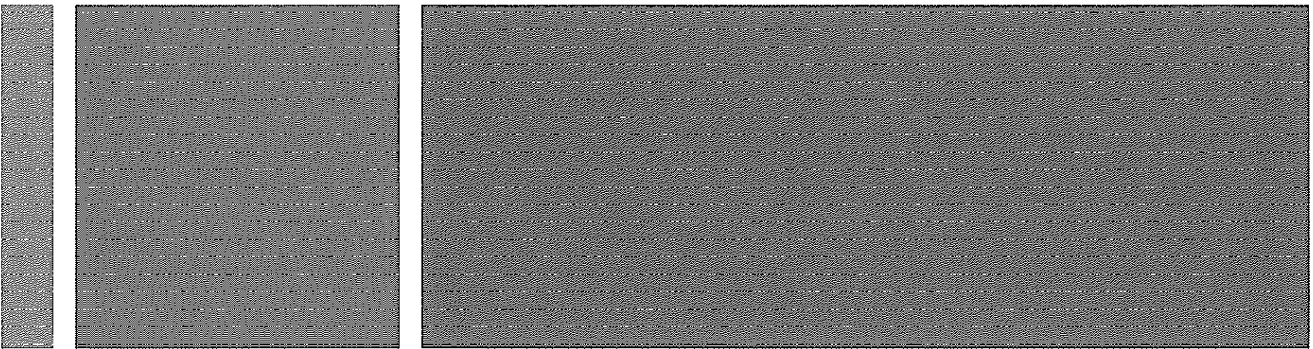
**N MARKE**

Director

A handwritten signature in black ink, appearing to read "J Audcent".

**J AUDCENT**

Director



## APPENDICES

## A. DECLARATIONS AND DISCLAIMERS

### Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which it is licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

### Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM), a large national firm of chartered accountants and business advisors.

Ms Nadine Marke and Mr Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

### Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

### Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Administrators of Wolf Minerals Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

### Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd or RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd is expected to receive a fee of approximately \$21,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Wolf Minerals Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

### Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of Extraordinary General Meeting and Explanatory Memorandum.

## B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for Wolf Minerals Limited for the years ended 30 June 2016 and 30 June 2017;
- Management prepared consolidated trial balance, summarised profit & loss and summarised balance sheet, as at 30 June 2018;
- Final Administrators reports dated 5 November 2018 and 11 January 2019;
- Executed Deed of Company Arrangement, dated 12 February 2019;
- ASX announcements of Wolf Minerals Limited;
- S&P Capital IQ database;
- Discussions with Mr Michael Flower of the Administrators office; and
- Discussions with Mr Ryan Thornton of the Deed Administrators office.

## C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Administrators	Martin Jones and Ryan Eagle of Ferrier Hodgson
AFCA	Australian Financial Complaints Authority
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Company	Wolf Minerals Limited (Subject to Deed of Company Arrangement)
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Creditors	Creditors of Wolf Minerals Limited (Subject to Deed of Company Arrangement)
Deed Fund	Deed fund to be established under the DOCA
Deed Administrators	David Hodgson and Philip Campbell-Wilson of Grant Thornton
DOCA	Deed of Company Arrangement
Directors	Directors of the Company
ERV	Estimated realisable value
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FGSC	First Guardian Synergy Capital Pty Ltd
FGSC Associates	Synergy Solutions Management Limited and Synergy Investment Limited
FGSC Options	80,000,000 options exercisable at \$0.01 within four years of issue to FGSC Associates
FGSC Share Issue	Issue of 80,000,000 Shares at an issue price of \$0.005 to FGSC Associates with one free attaching option for each share (exercisable at \$0.01 within four years of issue)
FSG	Financial Services Guide
IER	This Independent Expert Report
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
Option or Options	Unlisted options to acquire Shares with varying vesting conditions
Proposed Transaction	Comprises the three resolutions in the NOM: <ul style="list-style-type: none"> <li>• Share Consolidation</li> <li>• FGSC Share Issue</li> <li>• Share Placement</li> </ul>
Report	This Independent Expert's Report prepared by RSM dated 11 September 2019
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports

RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or WLF Share	Ordinary fully paid share in the capital of the Company
Share Consolidation	Consolidation of issued share capital on 1 for 250 basis
Share Placement	Issue of up to 10,000,000 Shares at an issue price of \$0.01 to institutional and professional and sophisticated investors
Shareholder	A holder of Share
SSMG	Synergy Solution Management Group Limited
Trust Fund	Creditors Trust Fund to be established under the DOCA
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
VWAP	Volume weighted average share price
WLF	Wolf Minerals Limited (Subject to Deed of Company Arrangement)

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## THE POWER OF BEING UNDERSTOOD

### AUDIT | TAX | CONSULTING

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## **SCHEDULE 2 — TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 2)**

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(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.01 (on a post- Consolidation basis) ("**Exercise Price**").

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date which is four years past their issue ("**Expiry Date**"). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later

than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy Section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

**PROXY FORM**

**APPOINTMENT OF PROXY  
WOLF MINERALS LIMITED  
ACN 121 831 472**

**GENERAL MEETING**

I/We

of

being a member of Wolf Minerals Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR
☐

the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10.30 am (AWST), on 29 October 2019 at Grant Thornton, Central Park, Level 43, 152-158 St Georges Terrace, Perth WA 6000 and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

<b>Voting on business of the Meeting</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Consolidation of Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Shares and Options to Synergy Solutions and/or Synergy Investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signature of Shareholder(s):

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

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: \_\_\_\_\_ Contact Ph (daytime): \_\_\_\_\_

**WOLF MINERALS LIMITED**  
**ACN 121 831 472**

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**Instructions for Completing 'Appointment of Proxy' Form**

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1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney to the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to the Deed Administrators, c/- Grant Thornton, Central Park, Level 43, 152-158 St Georges Terrace, Perth WA 6000 (attention: Ryan Thornton); or
  - (b) facsimile to the Deed Administrators on facsimile number +61 8 9480 2050; or
  - (c) person to the Deed Administrators, c/- Grant Thornton, Central Park, Level 43, 152-158 St Georges Terrace, Perth WA 6000 (attention: Ryan Thornton); or
  - (d) email to [Ryan.Thornton@au.gt.com](mailto:Ryan.Thornton@au.gt.com),
 so that it is received not less than 48 hours prior to commencement of the Meeting.  
**Proxy forms received later than this time will be invalid.**