

Chairman's Letter

Dear Fellow Shareholders

Your Company is approaching a period of substantial and concerning uncertainty.

While we have been steadily working towards attempting to increase the fundamental value of your Company by seeking investors and buyers of assets, we have recently also (within our very limited means) been seeking new business opportunities that might help revitalise the Company going forward. Unfortunately the Company's cash reserves continue to decline rapidly.

To rationalise the Company's current debts, it is very important shareholders support the Company by voting in favour of the resolutions proposed for consideration at the Annual General Meeting of the Company on 22nd December next.

In particular, shareholder support for resolutions 3 and 4 is vital. If resolutions 3 and 4 are not passed by shareholders, it is probable the Company will be placed in external administration and shareholders might not receive any return from their shareholding.

Our strategy in the coming year is if possible to continue to build Company value while progressing discussions with parties interested in Outback and its assets that may add further value for the Company.

During the year many discussions were held with various parties with the aim of inviting involvement in Outback and/or its projects, including a number interested in purchasing projects and others interested in investment in Outback directly. Unfortunately none of the discussions have advanced to even the early negotiation stage. Potential new projects of interest to Outback include minerals, but other non-mineral opportunities are also being researched. Conceptually, any involvement could take place by way of acquisition, joint venture or merger, and subject to shareholder approval where appropriate.

Where to from here for Outback? There is still significant uncertainty in world markets, and your Board considers it likely that these circumstances will persist throughout the next year. Outback needs to raise further funds to achieve its aims and the climate for fundraising is difficult, but we all hope our efforts will soon produce results to keep the Company going forward.

I again reiterate the importance of your support for resolutions 3 and 4 which are to be put to a shareholder vote at the coming Annual General Meeting, and thank you in advance.



Kindest regards
Graham Chrisp, Executive Chairman



OUTBACK METALS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

ACN 126 797 573

The Independent Expert has concluded that the transactions described in Resolutions 3, 4 and 5 are **FAIR AND REASONABLE** to the non-associated Shareholders.

Each of the Independent Directors recommends shareholders vote in favour of the Resolutions.

This is an important document.

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.

If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Outback Metals Limited will be held at 33 Lascelles Avenue, Hove, South Australia on **Monday 22nd December 2014** commencing at **11.00 am** (ADCT).

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Business

Financial Report

To receive and consider the Company's financial statements and independent audit report for the year ended 30 June 2014.

The 2014 Annual Accounts will be available to view online at www.outbackmetals.com and despatched to those Shareholders who did not elect to receive the report electronically by Monday 24th November 2014.

Resolution 1 - Adoption of the Remuneration Report for the year ended 30 June 2014

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the period ended 30 June 2014 as set out in the Directors' Report in the 2014 Annual Report."

Voting Exclusion Statement

The Company will disregard any votes cast (in any capacity) on Resolution 1 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel (as defined in the Corporations Act).

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the proxy form expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 - Re-election of Mr Graham Chrisp as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Graham Chrisp, having retired by rotation in accordance with ASX Listing Rule 14.4 and rule 38.1 of the Company's Constitution and being eligible and having offered himself for re-election, is re-elected as a Director of the Company with immediate effect. "

Special Business

Resolution 3 –Approval of Financial Benefit to South Cove Limited

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of Chapter 2E of the Corporations Act and for all other purposes, approval is given for the financial benefits provided to South Cove Limited arising from the Financing Agreement and in particular incorporating the amounts owing for Consulting Fees into Convertible Note 3 and otherwise on the terms and conditions detailed in the accompanying Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by South Cove Limited, Territory Development Corporation Pty Limited and Graham Maxwell Chrisp and any of their associates. However, the Company will not disregard a vote if:

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

Resolution 4 – Section 611 7 Approval

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That pursuant to section 611 7 of the Corporations Act, that the Company approves the acquisition by South Cove Limited (and consequently, as a matter of law, by each of Territory Development Corporation Pty Limited and Graham Maxwell Chrisp) of a relevant interest - (within the meaning of the Corporations Act) in all shares in the Company and/or the assets of the Company pursuant to each of:

- I. the Financing Agreement; and
- II. the Convertible Note 3; and
- III. the exercise of all Options."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by South Cove Limited, Territory Development Corporation Pty Limited and Graham Maxwell Chrisp and any of their associates. However, the Company will not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- (d) it is cast by a person who is 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.

Resolution 5 – South Cove Letter Offer – Disposal of Main Undertaking

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rules 10.1 and 11.2 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for disposal of some or all of the Company's assets to South Cove Limited in satisfaction of all debts owing by the Company to South Cove Limited consequent upon the acceptance of the SCL Offer and otherwise on the terms and conditions detailed in the accompanying Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by South Cove Limited, Territory Development Corporation Pty Limited and Graham Maxwell Chrisp and any of their associates. However, the Company will not disregard a vote if:

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

Resolution 6 – Delisting from the ASX

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, if determined appropriate by the Directors the Company, the Company apply to the ASX for delisting from the ASX. "

Resolution 7 - Approval of 10% Placement Facility

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

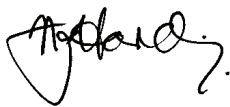
"That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders authorise the Company to have the additional capacity to issue Equity Securities comprising up to 10% of the issued capital of the Company under Listing Rule 7.1A calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 7 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- (b) it is cast by a person who is 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 Board



N J Harding

Company Secretary

Dated this 21st Day of November 2014

Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, made pursuant to Section 1074E(2)(g) of the Corporations Act 2001, the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the share register on 19th December 2014 at 7pm (Sydney time).

Proxies

A Shareholder entitled to attend and vote at the meeting has the right to appoint a proxy, who need not be a Shareholder of the Company. If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

The Proxy form accompanies this Notice of AGM. To be valid, online proxy voting or the completed Proxy Form must be submitted no later than 11.00 am ACDT on 20th December 2014 using one of the following methods:

- 1) **Vote Online** at www.votingonline.com.au/outbackagm2014
- 2) **Deliver** the Proxy Form to the office of the Company's Share Registry, Boardroom Pty Ltd, Level 7, 207 Kent Street, Sydney, NSW 2000 or at the Company's registered office, 33 Lascelles Avenue, Hove, SA 5048
- 3) **Mail** the Proxy Form to Boardroom Pty Ltd, GPO Box 3993, Sydney, NSW 2001

- 4) **Fax** the Proxy Form to +61 2 9290 9655

Further directions for the proper completion of the Proxy Form or submitting your votes online are set out on the Proxy Form.

Corporate Representative

A corporation that is a Shareholder or a proxy may elect to appoint a person to act as its corporate representative at the meeting, in which case the corporate Shareholder or proxy (as applicable) must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's or proxy's (as applicable) corporate representative. The authority must be sent to the Company and/or the Company's Share Registry (detailed above) in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice.

ASX & ASIC

A draft of this document was provided to ASX for review in accordance with Listing Rule 15.1.7 and with ASIC in accordance with the Corporations Act and ASIC Regulatory Guide 74. ASX, ASIC and their respective employees and officers do not take any responsibility for this document.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist Shareholders in consideration of resolutions proposed for the Annual General Meeting of the Company to be held at 33 Lascelles Avenue, Hove, South Australia on Monday 22nd December 2014 commencing at 11.00 am (ADCT).

It should be read in conjunction with the accompanying Notice of Annual General Meeting.

Resolution 1 - Adoption of the Remuneration Report for the year ended 30 June 2014

In accordance with Section 250R(2) of the Corporations Act, Shareholders are required to vote on the Company's Remuneration Report for the year ended 30 June 2014.

The Remuneration Report is contained in the Directors' Report in the 2014 Annual Report, which will be available to view online at the Company's website www.outbackmetals.com.au and despatched to those Shareholders who did not elect to receive Company reports electronically.

The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and senior executives for the year ended 30 June 2014.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote at the annual general meeting of the Company. Members should note that the vote on Resolution 1 is not binding on the Company or the Directors.

Since 1 July 2011, if more than 25% of the votes cast on a resolution to adopt the Remuneration Report are against the adoption of the Remuneration Report for two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution ("Spill Resolution") that another meeting be held within 90 days, at which all of the Company's Directors must go up for re-election.

At the 2013 AGM, under 25% of the votes cast were against the adoption of the Company's Remuneration Report for the year ended 30 June 2013.

The Directors recommend Shareholders vote in FAVOUR of Resolution 1. The Chairman intends to vote undirected proxies in FAVOUR of Resolution 1.

Important information for Shareholders:

Please note, in accordance with sections 250R(4) and (5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to Resolution 1 unless the Shareholder expressly authorizes the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorize the Chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chair.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies (subject to the Listing Rules).

Resolution 2 – Re-election of Mr Graham Chrisp as a Director

In accordance with Listing Rule 14.4 and rule 38.1 of the Company's Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. This rule does not apply to the Managing Director.

The Directors presently in office are Mr Graham Chrisp, Mr Peter Reynolds (retiring at the date of the Annual General meeting), Mr Jason Chrisp, Mr Benjamin Chrisp and Ms Sharron Sylvester.

Mr Graham Chrisp will retire by rotation at the Annual General Meeting, and he is eligible for, and has offered himself for, re-election.

The resume of Mr Graham Chrisp is as follows:-

Mr Graham Chrisp was the founder of Outback Metals and is an experienced civil engineer, minerals explorer and successful businessman with numerous business skills. He has an intimate knowledge of the Company's projects, having acquired them over many years and carried out extensive exploration on a number of them. He is also a director of Centrex Metals Limited and several private companies.

The Directors (excluding Mr Graham Chrisp) unanimously recommend that shareholders vote in FAVOUR of Resolution 2. The Chairman intends to vote undirected proxies in FAVOUR of Resolution 2.

SPECIAL BUSINESS

REFINANCING PROPOSALS

Resolutions 3 and 4 relate to the re-structuring of the Company's financing obligations. If completed, the Company may be in a position to seek the removal of the trading suspension on ASX. Although this reinstatement is subject to the discretion of ASX, the Company believes that ASX may, subject to certain conditions, allow reinstatement of the Shares.

If Shareholders reject the Refinancing proposal contained in Resolutions 4 and 5, the future of the Company is uncertain. It is likely that the Company would be placed into voluntary administration or liquidation in which circumstance it is unlikely that there would be any return to Shareholders.

Resolution 5 relates to the possibility of the Company selling some or all of its assets to South Cove Limited in exchange for the South Cove debts on acceptance of the SCL Offer, to potentially put the Company in the position of better considering alternative propositions for the Company in future. The SCL Offer can only be accepted if South Cove debts are called in.

Resolutions 3, 4 and Resolution 5, are not dependent on each other.

Principal Elements of the Refinancing Proposals

The Refinancing Proposals have 2 principal (but separate) elements. They are:

- (a) **Refinancing of Convertible Note 1 and Consulting Fees:** On 6 November 2014 the Company announced that it had re-arranged its financial obligations to OUM's major shareholder South Cove by entering into a Financing Agreement (FA) and associated Convertible Note (CN #3). CN #3 has a face value of \$1,183,195. In addition to this amount, an amount of approximately \$228,088 is owing to SCL by OUM under Convertible Note 2 entered into in September 2014 (following the Rights Issue in July 2014).

Under the terms of CN #3, which is subject to conditions, and to OUM shareholder approval at this Annual General Meeting, SCL extended the term for repayment of its loans (including loans from the previous Convertible Note subscribed for by SCL in December 2013 (CN #1), and other amounts owing, until 30 April 2015 – an extension of four months from the original term of CN #1. CN #1 was terminated as a result of the suspension of the Company from the ASX. The amount of the Consulting Fees was also rolled into CN #3.

CN #3 has similar subscription terms (including the same conversion conditions) as the shares offered to all shareholders in the last Rights Issue in July 2014 and the Convertible Note that was entered into by the Company and SCL on completion of the 2014 Rights Issue (CN #2).

Both CN#3 and CN#2 have an exercise price of \$0.001 per share and include free First and Second Options. The interest rate on CN #3 varies between 5% and 9% (whereas the interest rate on CN #2 was 9%).

- (b) **Offer by SCL to buy OUM's assets:** SCL has made an offer (subject to conditions, and to shareholder approval at this Annual General Meeting) to the Company to purchase all of the assets of OUM (excluding cash-like assets up to a total of \$100,000) in exchange for all of the SCL loans due by the Company.

The SCL Offer can only be accepted if SCL demands repayment of any of its loans. The SCL Offer does not prevent SCL from exercising its rights under CN#2 and CN#3 before the SCL Offer is accepted by OUM directors.

There is no obligation for the directors of the Company to accept the SCL Offer. The offer expires on 30 April 2015.

In order to proceed with the Refinancing Proposals, the Company has put forward Resolutions 3, 4 and 5 to this Meeting for the purpose of passing those **Resolutions** in compliance with the Corporations Act and the ASX Listing Rules.

Resolution 3 –Approval of Financial Benefit to South Cove Limited

This Resolution seeks Shareholder approval for the financial benefits provided to South Cove Limited arising from the Financing Agreement and in particular incorporating the amounts owing for Consulting Fees into Convertible Note 3.

As mentioned above, the Financing Agreement was entered into in order to roll over the loan arising from Convertible Note 1 which had become payable to South Cove as a result of the Company being suspended from trading on the ASX and also to include the Consulting Fees which, had not a new Convertible Note been agreed, would have all become due and payable on an external administrator being appointed (as would have been likely). Under the terms of the Consulting Fees Agreement, the Consulting Fees were contingently payable to South Cove - namely only if and when the Company's assets were sold or the Company raised funds or the Company came under external administration. The amount of the Consulting Fees payable on the occurrence of the contingency was determined by reference to the amount raised from the sale of assets or capital raising or the happening of certain events as follows:

Amount raised/Event	% of Consulting Fees
Less than \$1 million	Nil and interest continues to accrue
More than \$1 million but less than \$2 million	50% plus all accrued interest
More than \$2 million	100%
Change of control	100%
External administration	100%
More than \$3 million by 31 Dec 2014	100% plus bonus of \$100,000

Under the terms of the Financing Agreement and accompanying Convertible Note 3, the Consulting Fees Agreement was terminated and the entire amount of the Consulting Fees of approximately \$721,595 plus accrued interest is payable on maturity of Convertible Note 3 on 30 April 2015. In addition as the Consulting Fees would form part of the loan amount under Convertible Note 3, the Consulting Fees would be able to be converted into Shares at the rate of \$0.01 per Share plus free attaching Options. As such, the change of conditions on which the Consulting Fees are payable, the fact that there might not be any reduction of the amount payable and that the Consulting Fees could be converted into Shares, would give rise to financial benefits to South Cove.

South Cove is a company controlled by Mr. Graham Chrisp. As Mr. Chrisp is a Director of the Company, both Mr. Chrisp and South Cove are related parties of the Company. As the financial benefits are being issued to related parties, the Company is seeking shareholder approval under this Resolution for the purposes of Chapter 2E of the Corporations Act.

The Directors (other than Mr. Chrisp and his sons, who are not deemed to be independent) believe that financial benefits are appropriate and reasonable in all the circumstances, as part of the Refinancing Proposal. It is noted that the rate of interest on the Consulting Fees under CN # 3 remain the same as under the Consulting Fees agreement, namely 5% per annum.

In accordance with the requirements of Chapter 2E, and in particular with section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the Financing Agreement and Convertible Note 3:

- 1) the proposed Resolution will permit financial benefits to be given to each of the following:
 - a) Graham Chrisp
 - b) South Cove Ltd
 - c) Territory Development Corporation Pty Ltd (TDC), an associate of South Cove Ltd
- 2) the nature of the financial benefit to be given to each of them is:
 - a) the removal of the contingencies to repayment of the Consulting Fees;
 - b) removal of conditions which may result in less than 100% of the Consulting Fees being payable; and
 - c) the ability to convert the amount of the Consulting Fees into Shares and Options at the rate of \$0.001 per share. If the entire amount of the Consulting Fees, (but excluding accrued interest) were converted to Shares at maturity on 30 April 2015, South Cove would be entitled to be issued approximately 721,595,000 Shares.

It is noted that the Independent Expert in the Independent Expert's Report they were unable to conclude that there is a material financial benefit conferred to SCL as a result of resolution 3 and that it is in the interests of the non-associated shareholders to pass the Resolution.

In the Directors' opinion there is no other information that:

- (a) is material in making a decision by a Shareholder in relation to the Resolution, being information that is within the knowledge of any director of the Company or any related body corporate at the time of issue of this statement; and
- (b) has not previously been disclosed to the Shareholders of the Company,

other than the information set out in this document.

Peter Reynolds and Sharron Sylvester as the only Directors that do not have an interest in the Resolution recommend that Shareholders vote in FAVOUR of the Resolution.

Resolution 4 – Section 611 7 Resolution

Resolution 4 seeks Shareholder approval, for the purpose of Item 7 of Section 611 of the Corporations Act, to allow Graham Chrisp and his controlled entity, SCL and associate Territory Development Corporation Pty Ltd (and consequently as a matter of law, each of them) (**SCL**) to acquire a relevant interest in Shares in the Company pursuant to the issue of Shares on conversion of CN #3 and will result in SCL's and TDC's voting power in the Company increasing.

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- a) from 20% or below to more than 20%; or
- b) from a starting point that is above 20% and below 90%,

(Prohibition).

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition described above. A person may, with shareholder approval, acquire a relevant interest in a company's voting shares that is above 20% and below 90%.

At the date of this Notice, SCL has a relevant interest of 59.14% in the Company.

If SCL elects to convert any of the loans comprised in CN #3 into Shares then SCL's voting power will increase. Accordingly, Resolution 5 seeks Shareholder approval for the purpose of Section 611 Item 7 to enable SCL to convert loans due to it under CN #3 into Shares and exercise Options attaching to those Shares.

The following explanatory detail, which also includes the report of the Independent Directors, provides all information known to South Cove Limited (SCL), Territory Development Corporation Pty Limited (TDC), Graham Maxwell Chrisp (GMC) and the Company that is material to the decision on how to vote on this Resolution:

- a) The voting power in the Company of SCL and each of its associates, TDC and GMC prior to any acquisition, the subject of the section 611 7 resolution, is 59.14%;
- b) If the acquisition of a relevant interest in shares in the Company (Shares) the subject of the section 611 7 resolution is made, the identity of the person making the acquisition is SCL, the associates of which are TDC and GMC (and their relevant interest in Shares would increase to the same extent as SCL's increase in a relevant interest in Shares resulting from the acquisition);
- c) If all of the acquisitions, the subject of the 611 7 resolution are made, the maximum extent of the increase in SCL's voting power in the Company is 38.02% and the voting power that SCL would have as a result of all of those acquisitions is 97.17%;
- d) If all of the acquisitions, the subject of the 611 7 resolution are made, the maximum extent of the increase in the voting power of each of SCL's associates, namely TDC and GMC that would result from the acquisition is 38.02% and the voting power that SCL that each of SCL's associates would have as a result of all of those acquisitions is 97.17%;
- e) If all of the acquisitions, the subject of the 611 7 resolution are made, and the acquisitions resulting from the exercise of the convertible note held by South Cove dated the 10th Septemebr 2014 (CN #2) are made, the maximum additional extent of the increase in SCL's voting power in the Company is 0.43% and the voting power that SCL would have as a result of all of those acquisitions is 97.60%;
- f) If all of the acquisitions, the subject of the 611 7 resolution are made, the maximum extent of the increase in the voting power of each of SCL's associates, namely TDC and GMC that would result from the acquisition is 0.43% and the voting power that SCL that each of SCL's associates would have as a result of all of those acquisitions is 97.60%;
- g) The reasons for the acquisitions, the subject of the section 611 7 resolution, are that SCL could convert loans due under CN #3 into Shares in accordance with the terms of CN #3;
- h) The material terms of the proposed acquisitions are set out in the Financing Agreement and Convertible Note 3;
- i) Other than the Letter Offer from SCL, there is no other relevant agreement between SCL and the Company, or any of their associates, or any other party, that is conditional on (or directly or indirectly depends on) the approval of the proposed acquisitions by the section 611 7 resolution;
- j) Neither SCL, nor either of its associates (TDC and GMC), has any intention regarding the future of the Company dependent on or related to the proposed acquisitions in regard to any of the following:
 - any change in the business of the Company;
 - the injection of further capital into the Company;
 - the future employment of present employees of the Company;
 - (other than as described in the Letter Offer from SCL) any transfer of assets between the Company and SCL or either of its associates (TDC and GMC);
 - (other than as described in the Letter Offer from SCL) any intention to otherwise redeploy the fixed assets of the Company; and
 - any change in the financial or dividend distribution of the Company;
- k) There is no person who is intended to become a director if shareholders approve the proposed acquisitions by the section 611 7 resolution;

Further Information

The Directors of the Company are Graham Maxwell Chrisp, Jason Chrisp, Benjamin Chrisp, Peter Reynolds and Sharron Sylvester. As Mr Graham Chrisp has an interest in the acquisitions the subject of the section 611 7 resolution and Mr Jason Chrisp and Mr Benjamin Chrisp are Mr Graham Chrisp's sons, Mr Reynolds and Ms Sylvester are the Independent Directors for the purposes of this Explanatory Memorandum.

A copy of Convertible Note 3 is provided to shareholders with the Notice of Meeting. The attention of shareholders is drawn particularly to clause 2 of Convertible Note 3. Clause 2 provides, as a condition precedent to the Convertible

Note that shareholder approval must be provided on or before the 31st December 2014. In the event shareholder approval is not given by this date the funds comprising the principal amount (and including accrued interest) of the Convertible Note immediately become due and payable by the Company to South Cove Limited.

It is noted that if, and to the extent, SCL does acquire Shares and options (and Shares pursuant to the exercise of options) as a result of converting all or part of the loan under CN # 3, those Shares and options will be issued at the same price and on the same terms as the Shares and options offered to all shareholders in the Rights Issue in July 2014.

Furthermore, to the extent that further Shares are issued to SCL it will not change the present control of the Company, as referred to below, rather, Shares would be issued to the major shareholder in its continuing support of the Company.

No Change of Control

The passing of the section 611 7 resolution, on which the major associated shareholders in the Company, SCL and TDC, will not vote, does not itself have any effect on the control of the Company because SCL and TDC presently have the ability to control the Company with a combined holding of 59.14% of the ordinary shares in the Company. If the maximum number of Shares are subscribed for pursuant to the exercise of the Conversion Option in Convertible Note 3, that is a maximum of 1,183,195,000 Shares and a maximum of 1,183,195,000 additional Shares if SCL exercises all of the First Options and a maximum of 1,183,195,000 additional Shares if SCL exercises all of the Second Options, SCL and TDC would have between them 97.17%.

If all of the acquisitions the subject of the 611 7 resolution are made, and the acquisitions resulting from the exercise of Convertible Note 2 held by South Cove dated the 21st July 2014 are made, the maximum additional extent of the increase in SCL's voting power in the Company is 0.43% and the voting power that SCL would have as a result of all of those acquisitions is 97.60%.

Shareholders should also note that SCL and TDC (and Graham Chrisp, who also has a relevant interest under the Corporations Act in all of the Shares in which SCL and TDC have a relevant interest) are entitled under the Corporations Act to acquire a further 3% of the Shares every six months. If any of SCL, TDC or Graham Chrisp did become a "90% holder", a shareholder with voting power in the Company of at least 90% of Shares in the Company, (as defined in the Corporations Act), the right of compulsory acquisition conferred by the Corporations Act on a 90% holder would arise.

Independent Expert's Report

The Independent Expert's Report assesses whether the issue of the Shares to SCL outlined in Resolution 4 is fair and reasonable to the Shareholders who are not associated with SCL.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue of the Shares the subject of Resolution 4. This assessment is designed to assist all Shareholders in reaching their voting decision.

The Independent Expert has provided the Independent Expert's Report and has provided an opinion that it believes the proposed transaction as outlined in Resolution 4 is, on balance, **FAIR AND REASONABLE** to the Shareholders of the Company not associated with Mr Graham Chrisp and SCL. It is recommended that all Shareholders read the Independent Expert's Report in full.

The Independent Expert's Report is enclosed with this Notice of Meeting.

Company's Need of Funds

The Company requires the funds requires to 'roll over' the debts due to SCL so as to have additional time to further the business of the Company and more particularly as contained the Letter from the Chairman accompanying this Notice of Meeting.

In the last few months the Company has explored obtaining a significant placement to obtain external finance from numerous brokers or institutions. Prevailing market circumstances have not been favourable for a successful outcome to those enquiries.

SCL has supported the Company financially over a number of years in a major way as is referred to in Note 26 of the 2014 Annual report.

Convertible Note 3, (and the financial accommodation afforded to the Company by Convertible Note 3) will cease unless Shareholders approve the section 611 7 resolution.

A number of alternative or additional business opportunities are currently being investigated by the Company, and the SCL Offer may with the co-operation of SCL, enable the Company to offset the SCL loans against most or all of the assets of the Company so the Company might take advantage of new opportunities. (The existing SCL debts might also be seen negatively by parties interested in investing in the Company).

Recommendation of the Independent Directors

Peter Reynolds and Sharron Sylvester as the only Directors that do not have an interest in the Resolution recommend that Shareholders vote in FAVOUR of the Resolution.

Resolution 5 – South Cove Letter Offer– Disposal of Main Undertaking

SCL has made a conditional offer to acquire all of the assets of the Company (except for cash-like assets up to a maximum of \$100,000-) in exchange for all of SCL's debts that are owed or due by the Company. The offer can be accepted at any time up until 30th April 2015, but only if SCL makes demand for repayment of any of its loans to the Company. The SCL Letter Offer does not exclude SCL from exercising its rights under the existing convertible note or the proposed Convertible Note.

The Company is investigating the merits of the acquisitions of a number of additional assets, with a potential option being that the purchase price of an acquisition might be satisfied partly or wholly by shares in the Company. If that occurred, one option and with the co-operation and agreement of SCL, the Company's directors might consider is substantially reducing the Company's debts by accepting the SCL Letter Offer.

If Directors were to accept the SCL Offer, then it would result in some or all of the assets of the Company being sold to a related party and may result in the disposal of the Company's main undertaking. Therefore, the Company is seeking shareholder approval under this Resolution for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rules 10.1 and 11.2 so as to be able to accept the SCL Offer should Directors decide that it would be appropriate to do. Shareholders should be aware that just because shareholder approval of the Resolution has been obtained, does not mean that Directors will accept the SCL offer, just that they may accept the SCL Offer and may be in a position to do so.

Shareholder approval is sought under Chapter 2E of the Corporations Act, which regulates any financial benefits to be given by a public company (or an entity controlled by that company) only either under an exception to that section or with the approval by members in accordance with the requirements of sections 217 – 228 of the Corporations Act. A sale of an asset by a public company to related parties falls under Chapter 2E of the Corporations Act.

The Directors (other than Mr. Chrisp and his sons, who are not independent) believe that acceptance of the SCL Offer and hence the sale of the assets to SCL, may be appropriate and reasonable in certain the circumstances such as if repayment is required under Convertible Note 3 and there are no other sources of funds available to the Company to repay the loan.

In accordance with the requirements of Chapter 2E, and in particular with section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the sale of assets on acceptance of the SCL Offer:

- 1) the proposed Resolution will permit financial benefits to be given to each of the following:
 - a) Mr. Graham Chrisp
 - b) South Cove Limited
 - c) Territory Development Corporation Pty Ltd
- 2) the nature of the financial benefit to be given to each of them is the transfer of all but (up to a maximum of cash-related assets of) \$100,000 of the assets of the Company in return for extinguishment of all loans by SCL to the Company. Presently, the total amount of loans by SCL to the Company is approximately \$1,405,465 with interest accruing at rates of between 5% and 9% per annum.

ASX Listing Rule 10.1 also requires shareholder approval to be obtained where an entity sells, or agrees to sell, a substantial asset to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.3 applies.

If the SCL Offer were to be accepted it would involve the sale of a substantial asset to related parties of the Company and therefore Shareholder approval pursuant to ASX Listing Rule 10.1 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.3 do not apply in the current circumstances. In addition, ASX Listing Rule 11.2 requires shareholder approval to be obtained where an entity disposes of its main undertaking. As acceptance of the SCL Offer would result in practically all of the Company's assets being disposed of – and in particular all its exploration tenements - acceptance of the SCL Offer would result in the Company disposing of its main undertaking.

In the Directors' opinion there is no other information that:

- a) is material in making a decision by a Shareholder in relation to the Resolution, being information that is within the knowledge of any director of the Company or any related body corporate at the time of issue of this statement; and
- b) has not previously been disclosed to the Shareholders of the Company,

other than the information set out in this document.

Therefore, in order for the Directors to be in a position to be able to accept the SCL Offer if circumstances dictate, shareholder approval is sought by passing the Resolution.

Independent Expert's Report

In accordance with the requirements of ASX Listing Rule 10.10, the Independent Directors have commissioned the Independent Expert's Report. The Independent Expert has provided the Independent Expert's Report and has provided an opinion that it believes the proposed transaction as outlined in Resolution 6 is, on balance, **FAIR AND REASONABLE** to the Shareholders of the Company not associated with Mr Graham Chrisp and SCL. It is recommended that all Shareholders read the Independent Expert's Report in full.

The Independent Expert's Report is enclosed with this Notice of Meeting.

Peter Reynolds and Sharron Sylvester as the only Directors that do not have an interest in the Resolution recommend that Shareholders vote in FAVOUR of the Resolution.

Resolution 6 – Delisting from the ASX

The directors of the Company are aware of the difficulties associated with junior exploration companies raising significant funds by means of selling assets or equity placement (particularly without substantial dilution of the existing shareholders), and wherever possible wish to preserve cash funds. It is proposed an application for delisting from the ASX will only be lodged if the Company needs to do so to conserve funds.

Additional circumstances where delisting might be contemplated by directors could particularly be if shareholders do not pass Resolutions number 3 and 4 (and also possibly 5) herein. Failure to obtain shareholder approval for these resolutions reduces the options for directors in future in relation to the financial affairs of the Company.

In particular, if Resolution 3 (relating to the Convertible Note with SCL) is not passed by shareholders, the very substantial funds due to SCL by the Company will become immediately due and payable.

If the Company is delisted from the ASX it will mean shareholders will not be able to trade their shares on market and will result in the loss of a liquid market for the sale of shares. Consequently, selling shares may be more difficult.

Delisting the Company from the ASX (if deemed appropriate by the Directors) will save costs and preserve the Company's cash resources until an opportunity arises for further funds to be raised.

The Directors recommend that Shareholders vote in FAVOUR of the Resolution.

Resolution 7 - Approval of 10% Placement

Background to Resolution 7

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of ASX Listing Rule 7.1A.

The Company is now seeking shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. It is the Company's intention that funds received under the 10% Placement Facility will be used to further explore and evaluate its projects in the Northern Territory. Funds raised under the 10% Placement Facility may also be used to supplement the Company's working capital requirements and undertake further transactions to acquire new assets or investments should the Directors determine this to be in the best interests of the Company.

Description of Listing Rule 7.1A

a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice, has on issue one class of Equity Securities being Listed Shares.

c) Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- 1) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- 2) plus the number of partly paid shares that became fully paid in the 12 months;
- 3) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- 4) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 264,383,872 Shares and therefore has a capacity to issue:

- 1) 39,657,581 Equity Securities under Listing Rule 7.1; and
- 2) subject to Shareholder approval being sought under Resolution 3, 26,438,387 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- 1) the date that is 12 months after the Annual General Meeting at which the approval is obtained; or
- 2) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

Listing Rule 7.1A

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's placement capacity under Listing Rule 7.1.

Resolution 7 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

b) if Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:

- 1) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting;
- 2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date; and
- 3) the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice. The table also shows:

- 1) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or script issued under a takeover) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- 2) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.001 50% decrease in issue price	\$0.002 Issue price	\$0.004 100% increase in issue price
Current Variable A 264,383,872 Shares	10% voting dilution	26,438,387 Shares	26,438,387 Shares	26,438,387 Shares
	Funds raised	\$26,438	\$52,876	\$105,753
50% increase in current Variable A 396,575,808 Shares	10% voting dilution	39,657,580 Shares	39,657,580 Shares	39,657,580 Shares
	Funds raised	\$39,657	\$79,315	\$158,630
100% increase in current Variable A 528,767,744 Shares	10% voting dilution	52,876,774 Shares	52,876,774 Shares	52,876,774 Shares
	Funds raised	\$52,876	\$105,753	\$211,507

The table has been prepared on the following assumptions:

- i. the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
- ii. no Unlisted Options (including any Unlisted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- iii. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- iv. the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the meeting;
- v. the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well;
- vi. the issue of Equity Securities under the 10% Placement Facility consists only of Shares;

- vii. the issue price is \$0.002, being the closing price of the Shares on ASX on 14 November 2014.
- c) the Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- d) the Company may seek to issue the Equity Securities for the following purposes:
 - i. non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - ii. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisitions or investments), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A (4) and 3.10.5A upon issue of any Equity Securities.

- e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - i. the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - ii. the effect of the issue of the Equity Securities on the control of the Company;
 - iii. the financial situation and solvency of the Company; and
 - iv. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets.

If Resolution 7 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Facility during the Placement Period as and when the circumstances of the Company require.

- f) the Company has not previously obtained Shareholder approval under Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.
- g) a voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it may provide the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the notice of meeting, the Company has no plans to use the Placement Facility should it be approved.

Accordingly, the Directors unanimously recommend that Shareholders vote in FAVOUR of Resolution 7. The Chairman intends to vote all undirected proxies in FAVOUR of Resolution 7.

ASIC and ASX's Role

Under the Corporations Act and the ASX Listing Rules, the Notice of Meeting and Explanatory Memorandum must be lodged with ASIC and the ASX before being dispatched to shareholders.

The fact that the Notice and Explanatory Memorandum and other accompanying documents have been lodged with ASIC and ASX is not to be taken as an indication of the merits of the Recapitalisation Proposal or the Company. ASIC, ASX and their respective officers do not take any responsibility for any decision a Shareholder may make on reliance of any of this documentation.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following unless the context otherwise requires:

"ASX" means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited (as the context requires);

"Board" means the Board of Directors from time to time.

"Closely Related Party" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company that the member controls.

"Company" means Outback Metals Limited (ACN 126 797 573).

"Constitution" means the constitution of the Company from time to time.

"Consulting Fees" means the fees payable to South Cove Limited by the Company pursuant to the Consulting Fees Agreement.

"Consulting Fees Agreement" means the agreement between South Cove Limited and the Company entered into on or about June 2013.

"Convertible Note 3" refers to the Convertible Note (a draft of which is Schedule 3 to the Financing Agreement) dated the 31st October 2014;

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

"Directors" means the directors of the Company from time to time and **"Director"** means any one of them.

"Explanatory Memorandum" means this explanatory memorandum.

"Financing Agreement" means the Financing Agreement between South Cove Limited and the Company dated 31st October 2014, a copy of which is attached to this Notice of Meeting as Appendix A;

"Independent Expert" means Value Adviser Associates Pty Ltd and **"Independent Expert's Report"** means the report prepared by the Independent Expert a copy of which is attached to this Notice of Meeting as Appendix C

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

"Listing Rules" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"Options" refers to the First Options and the Second Options defined in the Financing Agreement and Convertible Note 3 (in the definition of Options in the Financing Agreement).

"Option" means an option to subscribe for one fully paid ordinary share in the capital of the Company.

"Related party" has the meaning given to that term in Section 228 of the Corporations Act.

"SCL Offer" means the offer contained in the Letter Offer dated 6th November 2014 from South Cove Limited to the Company a copy of which is attached to this Notice of Meeting as Appendix B.

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

"Shareholder" means a holder of Shares in the Company.

APPENDIX A
FINANCING AGREEMENT

FINANCING AGREEMENT

SOUTH COVE LIMITED

and

OUTBACK METALS LIMITED

Financing Agreement

Date: 6th November 2014

Parties: **SOUTH COVE LIMITED** of The Summit, Devils Point Road, Port Vila, Efate, Vanuatu ('SCL')

And: **OUTBACK METALS LIMITED** ACN 126 797 573 of 33 Lasceiles Avenue, Hove, South Australia ('Company' or 'OUM')

RECITALS:

- A.** On 1 October 2014, the Company was suspended by the ASX, and:
- a. SCL has, by notice in accordance with the terms of the Underwriting Agreement (and the Convertible Note contained therein) entered into between SCL and the Company on 23 October 2013, terminated the Convertible Note (hereinafter called '**CN # 1**');
 - b. The Company hereby accepts the valid termination of the CN # 1 by SCL;
 - c. Accordingly as at the Effective Date, the amount of \$461,599.45, comprising \$426,897 of principal and \$34,702.45 of interest is due for repayment by the Company to SCL.
- B.** On 21 July 2014 SCL and the Company executed an Underwriting Agreement (and a convertible note therein (hereinafter called '**CN # 2**'). Subsequently on 10 September 2014, the amount of \$219,491- was advanced by SCL to the Company in accordance with the terms of CN # 2.
- C.** The Company and SCL acknowledge that the Letter Offer by SCL to the Company (a copy of which is annexed to this agreement as Annexure B) supersedes and replaces all other prior letters and is the only Letter Offer open for acceptance at the date of this agreement.
- D.** As at the Effective Date, the Company owes SCL the sum of \$721,595.50 (inclusive of interest accruing at 5% per annum and compounding monthly from 1 July 2012) for consulting fees (hereinafter called the '**Consulting Fees**') that up to the date of this agreement are payable on a contingency basis pursuant to an agreement entered into between the parties on or about June 2013 a copy of which is annexed to this agreement as Annexure C.

NOW THIS AGREEMENT WITNESSETH:

1. In consideration of, and the reliance on, by SCL, of the matters stated in the Recitals herein, and on the terms and conditions of this agreement, SCL hereby agrees to enter into a new convertible note in the form shown in Annexure A herein (hereinafter called '**CN # 3**' or the '**Convertible Note**') to re-lend funds (including accrued interest), which as at the Effective Date are due by the Company as a result of the termination by SCL of CN # 1, and to roll over into CN #3 all of the Consulting Fees, and all accrued interest thereon, and all other additional amounts that may be loaned by SCL to the Company (after the date of this agreement) as agreed between the parties from time to time.

2. Definitions

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

Business Day has the meaning given in the ASX Listing Rules.

Company means Outback Metals Limited ACN 126 797 573.

Conversion Share means a Share issued in accordance with a conversion undertaken pursuant to CN # 3.

Convertible Note or **CN # 3** means the convertible note in the form shown in draft in Annexure A hereto, which has an initial Loan value of the amounts shown in clause 1 of this agreement.

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

Conditions Precedent means the conditions set out in clause 3.

Effective Date means 1 November 2014.

Group means the Company and its subsidiaries.

First Option means an option to subscribe for one Share at an issue price of \$0.001 per share, with an expiry date of 31 July 2015 that is issued free with each Conversion Share that is issued.

GST has the meaning given by the GST law.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

GST Law has the meaning given by the GST Act, or if that Act does not exist means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia and any regulation made under that Act.

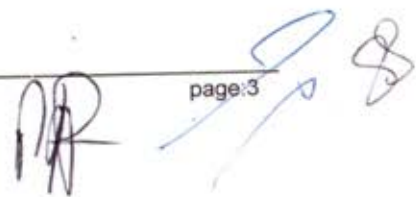
Notice means a notice or other communication from one party to the other that is required or permitted by this agreement.

Option means a First Option or a Second Option.

Restriction means any restriction or adverse right that affects, or might affect, the Shares or Options.

Second Option means an option to subscribe for one Share at an issue price of \$0.0012 per share, with an expiry date of 31 December 2017 that is issued free with each Share that is issued on the exercise of a First Option.

Share means an ordinary share in the Company ranking equally in all respects with all other issued ordinary shares in the Company.



Termination Event means each of the events referred to in Schedule 1.

SCL means South Cove Limited.

2.1 Corporations Act References

A reference in this agreement to a provision in the Corporations Act (including, without limitation, definitions) is to that provision as at the date of this agreement. Words and phrases that are defined in the Corporations Act and that are used in this agreement have the Corporations Act defined meaning in this agreement unless it is inconsistent with the context.

2.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply in interpreting this agreement:

- (a) unless inconsistent with the context, a reference to:
 - (i) a clause, schedule or annexure is a reference to a clause of or schedule or annexure to this agreement and a reference to this agreement includes any schedules and annexures;
 - (ii) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) "party" is to a party to this agreement;
 - (iv) a person includes any type of entity or body of persons, whether or not incorporated or with a separate legal status, and any executor, administrator or successor in law of the person.
- (b) All monetary amounts are in Australian dollars unless otherwise specified.
- (c) A singular word includes the plural, and vice versa.
- (d) A word that suggests one gender includes the other genders.
- (e) If a word is defined, another part of speech has a corresponding meaning.
- (f) If an example is given of anything, such as by saying it includes something else, the example does not limit the scope of that thing.

3 Conditions Precedent

The Convertible Note to be issued pursuant to clause 4 will be subject to and conditional upon the following Conditions Precedent being satisfied on or before 31 December 2014:

- (a) OUM shareholder approval pursuant to Chapter 2E of the Corporations Act for the granting of the financial benefits comprised in or contemplated by the Convertible Note; and
- (b) OUM shareholder approval pursuant to section 611.7 of the Corporations Act and ASX Listing Rule 10.11 of the terms of the Convertible Note and the acquisition by SCL (and consequently, as a matter of law, by Territory Development Corporation Pty Limited and Graham Maxwell Chrisp) of a relevant interest (within the meaning of the

Corporations Act) in all Conversion Shares pursuant to each of the Convertible Note, the exercise of First Options and the exercise of Second Options.

If the Conditions Precedent are not satisfied on or before the 31 December 2014, all of the amounts contained in CN # 1 (if any), CN # 2 and CN # 3 (including all of the accrued interest), all of the Consulting Fees (together with interest thereon at 5% p.a. compounding monthly) and any additional amounts provided by SCL to the Company (together with all relevant interest thereon) will immediately become due and payable by the Company to SCL.

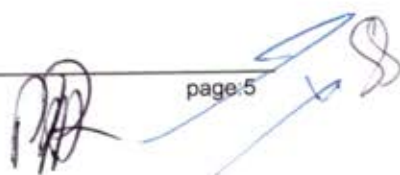
4 Convertible Notes

- (a) In lieu of requiring the Company to repay the amount due under CN # 1, the amount of the CN # 1 together with all accrued and unpaid interest thereon, and the Consulting Fees together with all accrued and unpaid interest thereon as at the Effective Date will become part of the Loan incorporated in the Convertible Note (a draft copy of which is shown in Annexure A hereto) upon execution of the Convertible Note.
- (b) The Company shall execute and issue the Convertible Note concurrently with and subject to execution of this Agreement.
- (c) Upon the Conditions Precedent being satisfied:
 - i. the Convertible Note will become unconditional and fully enforceable; and
 - ii. the agreement relating to Consulting Fees as set out in Annexure C shall immediately terminate and cease to have effect.

5 Undertakings by the Company

The Company:

- (a) must not (without prior approval of SCL) during the currency of this agreement contravene any one or more of:
 - i. the Corporations Act 2001 (Cth);
 - ii. any other applicable law or regulation;
 - iii. the ASX Listing Rules;
 - iv. its constitution;
 - v. any legally binding requirement of ASIC or ASX,
- (b) must not without the prior approval of SCL during the currency of this agreement and the term of the Convertible Note incur any debt of more than \$5,000 other than in the ordinary course of business;
- (c) must not during the currency of this agreement and the term of the Convertible Note issue any debt security or amend its existing debt facilities other than with the prior approval of SCL;
- (d) must not during the currency of this agreement and the term of the Convertible Note become insolvent and must procure that no member of the Group becomes insolvent.



6 Standstill

- (a) SCL undertakes and agrees not to seek to recover or call in any of the amounts due under CN # 1, CN # 2, CN #3 or the Consulting Fees (and any interest arising from any of those principal amounts) or take any other enforcement action against the Company in respect thereof pending satisfaction of the Conditions Precedent other than pursuant to any further breaches of this agreement or CN # 2 occurring after the date of this agreement. If the Conditions Precedent are not satisfied by 31 December 2014 then this clause 6 shall cease to apply.
- (b) For the avoidance of doubt SCL hereby agrees and acknowledges that it has not and will not during the currency of this agreement rely on the suspension of the Company from trading on the ASX on 1 October 2014 to call in the amount due under CN # 2 or terminate CN # 2.

7 Representations and Warranties

(a) Validity of Agreement

Each party represents and warrants to each other party that each of the matters set out in the Recitals of this agreement are true, accurate and not misleading.

(b) The Company

The Company represents and warrants to the SCL that each of the matters set out in part 2 of Schedule 2 is true, accurate and not misleading.

(c) SCL

SCL represents and warrants to the Company that each of the matters set out in part 3 of Schedule 2 is true, accurate and not misleading.

(d) Independent

Each of the paragraphs set out in Schedule 2 is independent and no paragraph is limited by implications arising from any other paragraph.

(e) Reliance

Each party acknowledges that the other party is entering into this agreement in reliance on the representations, warranties and undertakings in clause 7.

(f) Notice of Breach

- i. The Company undertakes to the SCL that it will notify the SCL as soon as practicable after it becomes aware of a breach of any representation or warranty under clause 7.
- ii. SCL undertakes to the Company that it will notify the Company as soon as practicable after it becomes aware of a breach of any representation or warranty under clause 7.

(g) **Materiality**

SCL is not entitled to take any action against the Company, seek damages or terminate this agreement, CN # 2 or CN # 3 on the basis of a breach of clause 5 unless the breach has or will have a material adverse effect on the operational or financial position of the Company.

(h) **Repetition**

Each representation and warranty given by a party under clause 7 is repeated by that party on each day before Completion and on Completion with respect to the facts and circumstances existing at the time of the repetition.

(i) **Survival**

The representations, warranties and undertakings given by a party under clause 7 do not merge on Completion.

(j) **Acknowledgement**

The Company acknowledges that each allottee of shares issued under CN # 2 and CN # 3 will have the right to sell those shares without restriction.

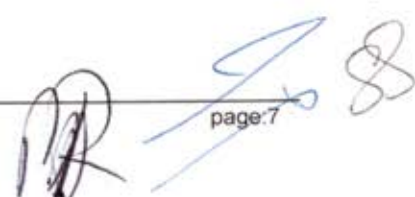
8 GST

- (a) Any reference in this agreement to terms defined or used in the GST Act is, unless the context indicates otherwise, a reference to that term as defined or used in the GST Act.
- (b) Any amount referred to in this agreement which is, or which is relevant in determining, a payment to be made by one of the parties to the other is exclusive of any GST unless indicated otherwise.
- (c) If GST is imposed on a supply made under or in connection with this agreement then the consideration provided for that supply is increased by the rate at which that GST is imposed. The additional consideration is payable together with the consideration to which it relates at the time of settlement or such other time as the parties agree.
- (d) The supplier must issue a tax invoice to the recipient of the supply at settlement or such other time as the parties agree.
- (e) If a party is entitled to be reimbursed for an expense or outgoing incurred in connection with this agreement, then the amount of the reimbursement will be net of any input tax credits which may be claimed by the party being reimbursed in relation to that expense or outgoing.

The amount of any payment under an indemnity in this agreement must be increased by the amount of any GST payable in respect of that payment and must be paid by the party making the payment under the indemnity at the same time and in the same manner as the payment.

9 Entire Agreement

This agreement is the entire agreement between the parties and supersedes any prior negotiation, conduct, arrangement, understanding or agreement, express or implied, with respect to its subject matter.



10 Further assurance

A party, at its own expense and within a reasonable time of being requested by another party to do so, must do all things and execute all documents that are reasonably necessary to give full effect to this agreement.

11 No waiver

- (a) A failure, delay, relaxation or indulgence by a party in exercising any power or right conferred on the party by this agreement does not operate as a waiver of the power or right.
- (b) A single or partial exercise of the power or right does not preclude a further exercise of it or the exercise of any other power or right under this agreement.
- (c) A waiver of a breach does not operate as a waiver of any other breach.

12 No variation

This agreement cannot be amended or varied except in writing signed by the parties.

13 Costs

Each party must bear its own legal costs of and incidental to the preparation, completion and enforcement of any matter contained in and howsoever arising as a result of this agreement.

14 Service of Notices

A Notice must be in writing and served, in the case of a Notice to the Company, as provided in section 109X of the Corporations Act and, in the case of a Notice to the SCL, by email to chrispc@bigpond.net.au

15 Governing law and jurisdiction

- (a) This agreement is governed by and must be construed in accordance with the Laws of South Australia.
- (b) The parties submit to the exclusive jurisdiction of the courts of that South Australia and the Commonwealth of Australia in respect of all matters arising out of or relating to this agreement, its performance or subject matter.
- (c) The recitals contained in this agreement are and form part of this agreement.

16 Counterparts

If this agreement consists of signed counterparts, each is an original and the counterparts together constitute the same document.



Schedule 1

TERMINATION EVENTS

Part 1

Unless otherwise waived in writing by SCL, the following termination events will apply to this agreement:

- (a) If unconditional approval (or conditional approval, if the condition would not, in the reasonable opinion of SCL, have a material adverse effect) by the ASX for quotation of the Shares resulting from any of the convertible notes between SCL and the Company is refused, or is withdrawn, for the Shares on ASX, or ASX makes a statement to any person, or indicates to the Company or SCL, that quotation of any of the Shares resulting from any of the convertible notes will not be granted.
- (b) At any time after the date of this agreement a circumstance arises or an event occurs that is, or in the reasonable opinion of SCL is likely to be, materially adverse to the Company.
- (c) The Company ceases to be admitted to the official list of ASX or the ordinary shares in the Company are suspended from trading on, other than at the request of the Company, or cease to be quoted on, ASX for a period exceeding five business days save for the current suspension as at the date of this agreement (implemented on 1 October 2014).
- (d) There is a material default by the Company or any of its subsidiaries complying with an applicable provision of the Corporations Act or there is a material default by the Company in complying with the Listing Rules and such default is likely to have a material adverse effect on the Company.
- (e) An application or order is made for the winding up of the Company or any of its subsidiaries or for the appointment of a liquidator in respect of the Company or any of its subsidiaries;
- (f) The Company or any of its subsidiaries passes a resolution for its winding up;
- (g) The Company or any of its subsidiaries is deregistered, or any step is taken to deregister the Company or any of its subsidiaries under the Corporations Act;
- (h) A judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 20 Business Days;
- (i) A distress, attachment, execution or other process is issued against, levied or entered upon an asset of the Company or any of its subsidiaries in an amount exceeding \$50,000 and is not set aside or satisfied within 20 Business Days;
- (j) A receiver, controller (within the meaning of section 9 of the Corporations Act) or analogous person is appointed to, or the holder of a Security Interest takes possession of, all or any part of the assets of the Company or any of its subsidiaries;
- (k) The Company or any of its subsidiaries:
 - (i) suspends payment generally;
 - (ii) becomes an externally administered body corporate within the meaning of the Corporations Act;
 - (iii) becomes subject to administration under Part 5.3A of Chapter 5 of the Corporations Act, or steps are taken which could reasonably be expected to result in the Company or any of its subsidiaries becoming so subject; or
 - (iv) states that it is, or is deemed by applicable Law to be, unable to pay its debts;
 - (v) is taken under section 459F(i) of the Corporations Act to have failed to comply with a statutory demand.

- (l) The Company or any of its subsidiaries takes any step for the purpose of entering into a compromise or arrangement with any of its members or creditors;
- (m) The Company or any of its subsidiaries implements a merger, demerger or scheme of arrangement with any person;
- (n) The Company or any of its subsidiaries ceases to carry on business;
- (o) The Company defaults under any debt or financing arrangement, agreement or security which has, or, in the reasonable opinion of SCL, is likely to have, a material adverse effect on the Company.
- (p) An event occurs which gives a lender or financier the right to accelerate, or require early repayment by the Company of a debt or financing and, in the reasonable opinion of SCL, that is likely to have a material adverse effect on the Company.
- (q) There is any material adverse change after the date of this agreement in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or any of its subsidiaries.
- (r) A representation or warranty made or given, or taken by clause 7(h) to have been made or is given, by the Company under this agreement is, or has been, or becomes materially untrue or materially incorrect.
- (s) The Company fails to perform or observe any of its obligations under this agreement in any material respect.

Schedule 2
WARRANTIES

Part 1: The Parties

Each party:-

- (a) **(status):** is duly incorporated under the laws of the place of its incorporation.
- (b) **(capacity)** has full legal capacity and power to enter into this agreement and to carry out the transactions that this agreement contemplates.
- (c) **(corporate authority)** has taken all corporate action that is necessary or desirable to authorise its entry into this agreement and the carrying out of the transactions that this agreement contemplates.
- (d) **(agreement effective)** agrees this agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms.

Part 2: The Company

- (a) Any offers made by the Company pursuant to this agreement do not contravene any provisions of the Corporations Act or the ASX Listing Rules.
- (b) **(insolvency)** No member of the Group is Insolvent.
- (c) **(Shares)** The Shares resulting from the convertible notes will rank equally in all respects, with all other ordinary shares in the Company, and will be validly issued free from any Restriction other than under the Company's constitution.
- (d) **(quoted securities)** The Shares are in a class of securities that are quoted securities

Part 3: SCL

- (a) SCL has the financial capacity to give effect to its obligations under this agreement.
- (b) SCL's entry into this agreement does not contravene any agreement to which it is a party nor any law or regulation to which it is subject.



EXECUTED as an agreement the date first hereinbefore mentioned

EXECUTED by SOUTH COVE Limited in accordance with the terms of its Constituent document

James Batthy
JAMES BATTHY
DIRECTOR

Signature

Print Name

Graham Crisp
GRAHAM CRISP

Print Position

DIRECTOR

EXECUTED by Outback Metals Limited in accordance with section 127(1) of the Corporations Act 2001 (Cth) by:

Peter Reynolds
Peter Reynolds
Director

Signature

Print Name

Print Position

Sharron Sylvester
SHARRON SYLVESTER
DIRECTOR

Annexure A
CONVERTIBLE NOTE


DATE: 6th November 2014

Part 1: Particulars

Issuer: **Outback Metals Limited**, ACN 126 797 573 of c/o 33 Lascelles Avenue, Hove, South Australia 5048 (the 'Company' or 'OUM')

Subscriber: **South Cove Limited** of c/o The Summit, Devils Point Road, Port Vila, Efate, Vanuatu ('SCL' or the 'Holder').

Amount of Loan ('Loan'): \$1,183,194.95 comprised of:

- (i) \$461,599.45 being the amount due under CN # 1, being \$426,897 principal and \$34,702.45 for all associated interest accrued and unpaid as at the Effective Date;
- (ii) \$721,595.50 being all of the Consulting Fees (and including accrued interest thereon as at the Effective Date) and as noted in the Recitals to the Financing Agreement dated 6th November 2014, and
 any additional amounts that are provided by SCL to the Company and are agreed to be added to this Convertible Note by agreement between SCL and the Company from time to time.

Repayment (Maturity) Date: 30 April 2015




Interest Rate: 9% per annum accruing, calculated and compounding on a daily basis save that the amount of Consulting Fees and accrued interest thereon as listed in paragraph (ii) above accrues interest at 5% per annum compounding monthly.

Interest Payment Dates: All Accrued Interest up to the Repayment Date must be paid on that date unless it is otherwise agreed to be added to the Loan principal of the Convertible Note. If the Conversion Option is exercised, all Accrued Interest up to the date of Conversion must be paid or converted into Shares (at SCL's sole option) when the Shares resulting from the Conversion are issued.

Conversion Option: The holder of the Note may convert the Loan and Accrued Interest into Shares each with a free First Option at the issue price of \$0.001 per Share at any time and in accordance with the Further Terms.

Part 2: Definitions

Accrued Interest means Interest that accrues in the future on and from the Effective Date, and has not been paid.

ASX means ASX Limited.

Business Day has the meaning given in the ASX Listing Rules.

Company means Outback Metals Limited or OUM.

Conversion means conversion of the Loan to Shares pursuant to clause 5(a).

Conversion Notice means a notice given by the holder pursuant to clause 5(a).

Conversion Option means the option of converting the Loan into Shares in accordance with clause 5(a).

Effective Date means 1 November 2014

Financing Agreement means the Financing Agreement between SCL and the Company executed in ~~October 2014~~ *November 2014*

First Option means an option to subscribe for one Share at an issue price of \$0.001 per share, with an expiry date of 31 July 2015 that is issued free with each Conversion Share that is issued.

Group means the Company and its subsidiaries.

Holder means South Cove Limited and each subsequent holder by transfer of the Note.

Interest means interest on the Loan, or so much of it as remains unpaid, at the rate set out in the Particulars calculated on a daily basis.

Listing Rules means the Listing Rules of ASX.

Loan means the amount of the Loan for which this Convertible Note is issued, as shown in the Particulars and includes any other amount (including interest) agreed to be added to the Loan between SCL and the Company from time to time.

Maturity Date means 30th April 2015.

Note means this Convertible Note.

Option means a First Option or a Second Option.

Second Option means an option to subscribe for one Share at an issue price of \$0.0012 per share, with an expiry date of 31 December 2017 that is issued free with each Share that is issued on the exercise of a First Option.

Share means an ordinary share in the Company ranking equally in all respects with all other issued ordinary Shares in the Company.

Corporations Act References

A reference in this Note to a provision in the Corporations Act (including, without limitation, definitions) is to that provision as at the date of this Note. Words and phrases that are defined in the Corporations Act and that are used in this Note have the Corporations Act defined meaning in this Note unless it is inconsistent with the context.

Interpretation

Headings are for convenience only and do not affect interpretation.

The following rules apply in interpreting this Note:

- (a) unless inconsistent with the context, a reference to:
 - (i) a clause, schedule or annexure is a reference to a clause of or schedule or annexure to this Note and a reference to this Note includes any schedules and annexures;
 - (ii) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) "party" is to a party to this Note;
 - (iv) a person includes any type of entity or body of persons, whether or not incorporated or with a separate legal status, and any executor, administrator or successor in law of the person.
- (b) All monetary amounts are in Australian dollars unless otherwise specified.
- (c) A singular word includes the plural, and vice versa.
- (d) A word that suggests one gender includes the other genders.
- (e) If a word is defined, another part of speech has a corresponding meaning.
- (f) If an example is given of anything, such as by saying it includes something else, the example does not limit the scope of that thing.

Part 3: Further Terms

1. This Convertible Note is subject to and conditional upon the following Conditions Precedent being satisfied on or before 31 December 2014:
 - (a) Shareholder approval pursuant to Chapter 2E of the Corporations Act for the granting of the financial benefits comprised in or contemplated by this Convertible Note; and
 - (b) Shareholder approval pursuant to section 611 7 of the Corporations Act and ASX Listing Rule 10.11 of the terms of the Convertible Note and the acquisition by SCL (and consequently, as a matter of law, by Territory Development Corporation Pty Limited and Graham Maxwell Chrisp) of a relevant interest (within the meaning of the Corporations Act) in all Conversion Shares pursuant to each of the Convertible Note, the exercise of First Options and the exercise of Second Options.
2. If the Conditions Precedent are not satisfied on or before the 31 December 2014, this Convertible Note will terminate and cease to have any effect.
3. The Company must pay Interest to the Holder as provided in the Particulars unless

otherwise agreed between SCL and the Company in writing.

4. If the Conversion Option is not exercised, or to the extent to which it is not exercised, the Company must pay the Holder the Loan (together with any unpaid Accrued Interest not added to the Note) on the Maturity Date or earlier as provided in clause 5(a).
5.
 - (a) The Holder, by giving a Conversion Notice to the Company, may at any time, or from time to time, prior to the Maturity Date, convert all of the Loan, or multiples of not less than \$50,000 of the Loan, plus any unpaid Accrued Interest, into Shares to be issued as fully paid at the issue price of \$0.001 per Share (together with a free First Option to subscribe for Shares, each with a free Second Option, as referred to in the definition of Option) in satisfaction of all or part of the amount of the Loan (and (if applicable) Accrued Interest the subject of the Conversion Notice). If the number of Shares to be issued is not a whole number, the number of Shares to be issued must be rounded up to the nearest whole number;
 - (b) On receiving a Conversion Notice, the Company must (unless otherwise directed by SCL) expeditiously issue the Shares and attaching Options and make application to ASX for quotation of the Shares to be issued in accordance with clause 3(a), and comply in all respects with the Listing Rules including (if necessary) seeking shareholder approval for the issue of the Shares on conversion. If ASX refuses quotation, or agrees to quotation only on conditions that are unacceptable to SCL or that are not reasonable for compliance by the Company (as determined solely by SCL) or if shareholder approval is required but is not obtained by 31 December 2014 (or a later date as agreed by SCL), that is a Termination Event.
6. The Note is transferable, in whole or in part amount or amounts, by the Holder to any entity or entities, without restriction, on execution by the Holder and by the transferee of a form of transfer, in any standard or usual form of transfer of securities that are not quoted on ASX, and delivery of that executed form of transfer to the Company.
7. The conditions of this Convertible Note are to take precedence over, and (except where conflict arises) be read in conjunction with the Financing Agreement between the Company and SCL dated [] November 2014 and the Letter Offer.
8.
 - (a) If there is a Termination Event, at the sole option of the Holder (to be exercised by notice to the Company), all of the amounts comprising the Loan (and including all Accrued Interest and any other amounts advanced by SCL to the Company) are immediately due and payable by the Company to the Holder.
 - (b) Each of the following events may be relied upon by SCL (at its election) as a Termination Event:
 - (1) If:-
 - a. the Company defaults in making any payment of Interest within seven days of the due date or otherwise fails to perform or observe any of its obligations under this Note in any material respect;
 - b. the Company ceases to be admitted to the official list of ASX or the ordinary shares in the Company are suspended from trading, other than at the request of the Company for more than five consecutive business days, or cease to be quoted on, ASX other than the suspension imposed on 1 October 2014 due to failure by the Company to lodge financial accounts;

- c. there is a material default by the Company or any of its subsidiaries complying with an applicable provision of the Corporations Act or there is a material default by the Company in complying with the Listing Rules;
- d. an application or order is made for the winding up of the Company or any of its subsidiaries or for the appointment of a liquidator in respect of the Company or any of its Subsidiaries;
- e. the Company or any of its subsidiaries passes a resolution for its winding up;
- f. the Company or any of its subsidiaries is deregistered, or any step is taken to deregister the Company or any of its subsidiaries under the Corporations Act;
- g. a judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 20 Business Days;
- h. a distress, attachment, execution or other process is issued against, levied or entered upon an asset of the Company or any of its subsidiaries in an amount exceeding \$50,000 and is not set aside or satisfied within 20 Business Days;
- i. a receiver, controller (within the meaning of section 9 of the Corporations Act) or analogous person is appointed to, or the holder of a Security Interest takes possession of, all or any part of the assets of the Company or any of its subsidiaries;
- j. the Company or any of its subsidiaries:
 - i. suspends payment generally;
 - ii. becomes an externally administered body corporate within the meaning of the Corporations Act;
 - iii. becomes subject to administration under Part 5.3A of Chapter 5 of the Corporations Act, or steps are taken which could reasonably be expected to result in the Company or any of its subsidiaries becoming so subject; or
 - iv. states that it is, or is deemed by applicable Law to be, unable to pay its debts;
 - v. is taken, under section 459F(i) of the Corporations Act to have failed to comply with a statutory demand.
- k. the Company or any of its subsidiaries takes any step for the purpose of entering into a compromise or arrangement with any of its members or creditors;
- l. the Company or any of its subsidiaries implements a merger, demerger or scheme of arrangement with any person;
- m. the Company or any of its subsidiaries ceases to carry on business;
- n. The Company defaults under any debt or financing arrangement, agreement or security which has, or, in the reasonable opinion of SCL, is

likely to have, a material adverse effect on the Company.

- o. An event occurs which gives a lender or financier the right to accelerate, or require early repayment by the Company of a debt or financing and, in the reasonable opinion of SCL, that is likely to have a material adverse effect on the Company.
- p. There is any material adverse change after the date of this Note in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or any of its subsidiaries.

EXECUTED as a deed the date first hereinbefore mentioned

EXECUTED by SOUTH COVE Limited in accordance with the terms of its Constituent document

_____	Signature	_____
_____	Print Name	_____
_____	Print Position	_____

EXECUTED by Outback Metals Limited in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by:

_____	Signature	_____
_____	Print Name	_____
_____	Print Position	_____

Three handwritten signatures in blue ink are located at the bottom right of the page. The first signature is a stylized 'M' or 'R' with a large loop. The second is a more fluid, cursive signature. The third is a simple, blocky signature.

ANNEXURE B

OFFER LETTER

Handwritten signature and initials in blue ink, located at the bottom right of the page. The signature appears to be 'MR' followed by a stylized flourish, and the initials 'S' are written to the right.

SOUTH COVE LIMITED

c/o Summit Estates, Devils Point Road, Port Vila, Efate, Vanuatu, gamranh.z.widdows@live.com

+61 88 120 0488, +64 7 825 7511, +678 24619.

The Directors

Outback Metals Limited

Dear Directors

We, South Cove Limited ('SCL') hereby offers (subject to the conditions noted below) to purchase (either directly or by its nominee) all of the assets (as defined below) of Outback Metals Limited ('OUM') in exchange for all of the debts owing by OUM to SCL including in relation to the '\$696,000 of unpaid consulting fees' (including all associated interest thereon), all of the amounts due under the terms of a Convertible Note to be issued in or about November 2014 as contemplated in the Financing Agreement entered by SCL and OUM on or about the date of this letter and all of the amounts due under the terms of the second Convertible Note issued in July 2014 (all 'SCL Loans').

In making this offer, South Cove is not implying the value of the OUM assets is as much as the amount of the SCL Loans. In the event that the value of the assets being acquired is advised by OUM to be greater than the SCL Loans, the parties will discuss in good faith which assets are to be included in the sale resulting from the acceptance of the offer. If after 15 days of negotiations the parties cannot agree which assets are to be included in the sale, OUM may by notice to SCL elect to proceed with the sale of all the assets or withdraw its acceptance of the offer.

This offer is made subject to OUM shareholder approval and the other conditions noted below.

The assets of OUM that are the subject of this Offer means all of the assets of OUM at the date of this letter and any assets acquired before the acceptance of this offer but excludes all cash up to \$100,000 (after costs of transferring the assets but including, prepayments, credits and any other cash like assets) and any assets acquired after acceptance of the offer. The cost of transferring the assets to SCL (or its nominee) will be borne by OUM.

OUM may only accept the offer if SCL makes demand for repayment of all or any of the SCL Loans. For the avoidance of doubt the exercise of a Conversion Option under a Convertible Note held by SCL shall not be taken to be a demand for repayment of all or part of the SCL Loans.

The block contains two handwritten signatures in blue ink. The signature on the left is a stylized, cursive 'M' or 'R'. The signature on the right is a more fluid, cursive signature that appears to end with a large '8' or a similar flourish.

This letter offer is subject to, and will terminate, in the event of the following occurring without the prior approval of SCL:-


1. OUM appointing an administrator, receiver, liquidator or otherwise entering into any arrangement regarding external control of OUM.
2. OUM being in default of any of its obligations in regards to any of the debts above due to SCL at any time (save for any defaults the subject of the Financing Agreement referred to above) and such default has not been remedied within 7 days of notice of default given by SCL.
3. OUM incurring any additional debt of more than \$5,000 other than in the ordinary course of business.
4. OUM entering into any arrangement that would encumber, deal with, or otherwise pledge any arrangement in regard to any of the OUM assets.
5. A placement of shares by OUM to a third party occurring other than as a result of the exercise of options currently on issue.
6. A change of control in OUM occurring.
7. Approval of the shareholders of OUM enabling OUM to accept this offer not being obtained by 31 December 2014.

Unless one or more of the above conditions terminates this offer, this offer will remain open for OUM to accept up until 30 April 2015.

Nothing in this letter offer is intended to, or will, prevent SCL from exercising some or all of its rights under the Convertible Note at any time before the offer is accepted in writing by OUM.

Yours faithfully,


James Batty
Director


Graham Chrisp
Director

6th November 2014



ANNEXURE C
CONSULTING FEES AGREEMENT

NR / S

**AGREEMENT
STATE OF SOUTH AUSTRALIA**

This **AGREEMENT** is made on the _____ day of June 2013

BETWEEN:

Outback Metals Ltd., ACN 126 797 573, of 33 Lascelle Ave, Hove, South Australia 5048 (hereinafter called 'OUM')

AND:

South Cove Limited of C/o Summit Estates, Devils Point Road, Port Vila, Efate, Vanuatu (hereinafter called 'SCL'.)

WHEREAS:-

- A: In accordance with an agreement dated 8th June, 2011, SCL loaned AU\$500,000- to OUM ('the Loan')
- B: SCL wishes OUM to repay the Loan plus interest and costs as per the Loan agreement in cash to SCL.
- C: A term of the Loan allows OUM the option to convert the Loan into shares in the capital of OUM or to repay the Loan plus interest to SCL.
- D: SCL has also provided consulting services to OUM with a value up to 30th June, 2012 agreed to be \$ 631,931.88 - (the 'Consulting Services').
- E: OUM wishes to defer repayment of the Consulting Services payable to SCL.
- F: OUM wishes to amend the agreement with SCL relating to consulting services to be paid to SCL from 1st July, 2012.

NOW THIS AGREEMENT WITNESSES:

1. OUM will pay to SCL the Loan amount plus all accrued interest in cash on signing this agreement. Interest on the loan will not be chargeable for the period after 10th March 2013 provided the loan plus interest and costs is repaid before 30th June 2013. If the Loan plus interest and costs is not received by SCL before 30th June 2013, OUM will pay interest on the Loan to SCL at the rate of 9.5% per annum compounding monthly until all of the outstanding amounts are paid in full.
2. SCL agrees to defer repayment for the Consulting Services providing interest on the Consulting Services is credited to SCL at the rate of 5 percent per annum accruing from the 1st July 2012, compounding monthly (the 'accrued interest'), with repayment of the Consulting Services plus accrued interest due and payable in accordance with the following scenarios:-
 - (a) If OUM sells assets or raises funds by placement of equity of an amount or amounts less than one million dollars ('\$1m'), the Consulting Services or the accrued interest will not be due for payment and interest will continue to accrue;
 - (b) If OUM sells assets for, or places equity in, an aggregate amount or amounts between \$1m and two million dollars ('\$2m'), SCL will be paid half of the Consultancy Services plus the accrued interest forthwith.
 - (c) If OUM sells assets or raises funds by placement of equity for an aggregate amount or amounts greater than \$2m, SCL will be forthwith be paid all of the Consulting Services plus the accrued interest.
 - (d) If a change of control occurs at OUM all of the Consulting Services plus the accrued interest will be then due and payable.
 - (e) If OUM is placed in receivership, liquidation or any other type of external administration all of the Consulting Services and the accrued interest will immediately be due and payable as a debt to SCL by OUM.
 - (f) If OUM signs an agreement or agreements for the sale of assets or raises funds to the aggregate value of greater than three million dollars by 31st December 2014, SCL will be entitled to receive an additional bonus of one hundred thousand dollars.
3. From 1st July 2012, SCL will provide consultancy services similar in content and scope to those provided prior to 1st July 2012 for a fixed sum of \$125,000- per annum and in

accordance with the attached draft agreement, except that from 1st June 2013 the fixed sum shall be increased from \$125,000- to \$175,000- per annum. OUM will also pay SCL for all reasonable credit card and cash expenses incurred by SCL in the performance of consultancy services from 1st July, 2012, and provide office and other support facilities necessary for the performance of the consultancy services.

The consulting services to be provided under this clause are envisaged to comprise the equivalent of approximately 160 man-days of work per annum. If the actual work carried out by SCL varies substantially from this amount, both parties will negotiate in good faith to vary the annual fixed rate of \$175,000- per annum payable to SCL.

SCL will be paid on a pro rate basis monthly on the 15th day of each month for that month for the provision of the consultancy services and expenses noted in this clause. Interest will accrue on any unpaid fees for SCL's consultancy at a rate equal to 5% per annum, compounding monthly.

4. The rights and obligations of the parties do not merge on completion of any transaction under this agreement.
5. The recitals of this agreement are included as part of the terms of this agreement.
6. This agreement is to be governed by the laws of South Australia.
7. This agreement may be executed in counterparts and all counterparts together will constitute one agreement.
8. This agreement is subject to any approvals required by law or by the Australian Securities Exchange.
9. All amounts noted in this agreement are not inclusive of gst.

In witness hereof the parties have executed this agreement the date first hereinbefore mentioned.

Signed by the said **Outback Metals Limited**
In accordance with a resolution of the
Board of directors

Signature

Print Full Name

Print Title

Signature

Print Full Name

Print Title

Signed by the said **South Cove Limited**
In accordance with a resolution of the
Board of directors

Signature

GRAHAM CRISP

Print Full Name

DIRECTOR

Print Title

Signature

JAMES ALBERT BATTY

Print Full Name

DIRECTOR

Print Title

APPENDIX B

SCL OFFER

SOUTH COVE LIMITED

c/o Summit Estates, Devils Point Road, Port Vila, Efate, Vanuatu, camrank@windowslive.com

+61 88 120 0488, +64 7 825 7511, +678 24619,

The Directors

Outback Metals Limited

Dear Directors


We, South Cove Limited ('SCL') hereby offers (subject to the conditions noted below) to purchase (either directly or by its nominee) all of the assets (as defined below) of Outback Metals Limited ('OUM') in exchange for all of the debts owing by OUM to SCL including in relation to the '\$696,000 of unpaid consulting fees' (including all associated interest thereon), all of the amounts due under the terms of a Convertible Note to be issued in or about November 2014 as contemplated in the Financing Agreement entered by SCL and OUM on or about the date of this letter and all of the amounts due under the terms of the second Convertible Note issued in July 2014 (all 'SCL Loans').

In making this offer, South Cove is not implying the value of the OUM assets is as much as the amount of the SCL Loans. In the event that the value of the assets being acquired is advised by OUM to be greater than the SCL Loans, the parties will discuss in good faith which assets are to be included in the sale resulting from the acceptance of the offer. If after 15 days of negotiations the parties cannot agree which assets are to be included in the sale, OUM may by notice to SCL elect to proceed with the sale of all the assets or withdraw its acceptance of the offer.

This offer is made subject to OUM shareholder approval and the other conditions noted below.

The assets of OUM that are the subject of this Offer means all of the assets of OUM at the date of this letter and any assets acquired before the acceptance of this offer but excludes all cash up to \$100,000 (after costs of transferring the assets but including, prepayments, credits and any other cash like assets) and any assets acquired after acceptance of the offer. The cost of transferring the assets to SCL (or its nominee) will be borne by OUM.

OUM may only accept the offer if SCL makes demand for repayment of all or any of the SCL Loans. For the avoidance of doubt the exercise of a Conversion Option under a Convertible Note held by SCL shall not be taken to be a demand for repayment of all or part of the SCL Loans.



This letter offer is subject to, and will terminate, in the event of the following occurring without the prior approval of SCL:-

1. OUM appointing an administrator, receiver, liquidator or otherwise entering into any arrangement regarding external control of OUM.
2. OUM being in default of any of its obligations in regards to any of the debts above due to SCL at any time (save for any defaults the subject of the Financing Agreement referred to above) and such default has not been remedied within 7 days of notice of default given by SCL.
3. OUM incurring any additional debt of more than \$5,000 other than in the ordinary course of business.
4. OUM entering into any arrangement that would encumber, deal with, or otherwise pledge any arrangement in regard to any of the OUM assets.
5. A placement of shares by OUM to a third party occurring other than as a result of the exercise of options currently on issue.
6. A change of control in OUM occurring.
7. Approval of the shareholders of OUM enabling OUM to accept this offer not being obtained by 31 December 2014.

Unless one or more of the above conditions terminates this offer, this offer will remain open for OUM to accept up until 30 April 2015.

Nothing in this letter offer is intended to, or will, prevent SCL from exercising some or all of its rights under the Convertible Note at any time before the offer is accepted in writing by OUM.

Yours faithfully,



James Batty
Director



Graham Crisp
Director

6th November 2014

APPENDIX C
INDEPENDENT EXPERTS REPORT

YOUR TRUSTED VALUE ADVISER



Outback Metals Limited

Independent Expert's Report in relation to refinancing proposals

17 November 2014

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17 November 2014

The Independent Directors
Outback Metals Limited
33 Lascelles Avenue
Hove, South Australia, 5048

Dear Sirs

Independent Expert's Report in relation to the refinancing proposal

Background

The major shareholder of Outback Metals Limited ["OUM" or the "Company"] is South Cove Limited ["SCL"]. SCL owns 59.14% of OUM and has been providing consulting services to OUM since 2010, in exchange for consulting fees.

OUM has not paid these consulting fees to SCL but has recorded them as a liability. Consulting fees (inclusive of interest accruing at 5% per annum and compounding monthly from 1 July 2012) currently amount to \$721,595.50. The consulting fees under the previous agreement were payable on a contingency basis with repayment depending upon a range of conditions including: asset sales or fund raising, change of control, receivership or liquidation.

On 19 December 2013 following the completion of the Rights Issue announced to the market on 3 December 2013, OUM announced that the Company had entered into an unsecured loan arrangement with SCL in the form of a Convertible Note to provide funds to the value of \$426,897 ["Principal"], representing the shortfall under the Rights Issue (hereinafter referred to as "CN#1"). The Principal amount was provided by SCL at an interest rate of 9% per annum accruing daily with a maturity date of 31 December 2014 and with a conversion option of the loan and accrued interest into OUM shares at an issue price of \$0.004 per share with a free First Option to subscribe for shares - each with a free Second Option, on the same terms as those offered to shareholders under the recently-completed Rights Issue. Details of the Convertible Note were contained in the Underwriting Agreement to the Rights Issue signed between SCL and the Company on 23 October 2013.

On 21 July 2014, following completion of another Rights Issue for \$250,000 which was also undersubscribed, SCL and the Company executed an Underwriting Agreement (and a convertible note therein (hereinafter called "CN#2")) to provide funds representing the shortfall. Subsequently on September 2014, the amount of \$219,491 was advanced by SCL to the Company in accordance with the terms of CN#2. The Principal amount was provided by SCL at an interest rate of 9% per annum accruing daily with a maturity date of 31 July 2015 and with a conversion option of the loan and accrued interest into OUM shares at an issue price of \$0.001 per share with a free First Option to subscribe for shares each with a free Second Option.



OUM has advised that attempts to monetise its assets through discussions with potential buyers have not resulted in any potential transactions and VAA has been advised that it is unlikely any sale will take place in the medium term.

On 1 October 2014, the Company was suspended from trading by the ASX (as a consequence of the failure to provide shareholders with Company's Full Year Accounts for the period ending 30 June 2014) and SCL has, by notice in accordance with the terms of the Underwriting Agreement (and the Convertible Note contained therein) entered into between SCL and the Company on 23 October 2013, terminated CN#1. Accordingly as the Effective Date, the amount of \$461,599.45, comprising \$426,897 of principal and \$34,702.45 of interest is due for repayment by the Company to SCL. The capacity of OUM to satisfy repayment of these amounts is considered in this report.

The repayment of the consulting fees is not currently due but the fees would become due and payable in the event of a change of conditions including control, receivership, liquidation or any other type of external administration. The likelihood of such an event is considered in this report.

Under the current scenario, in the absence of any of the proposed transactions, the Company will not be able to meet the payments on CN#1 and would likely go into receivership. If it did, the other convertible notes as well as the outstanding consulting fees would fall due. In a liquidation sale of the assets, it is likely that there will be no money left for shareholders after payout of creditors.

1. Proposed Transactions

Convertible Note 3

On 6 November 2014 OUM announced that it had (subject to shareholder approval) re-arranged its financial obligations to OUM's major shareholder SCL, by entering into a Financing Agreement ["FA"] and associated Convertible Note. This Convertible Note ["CN#3"] has a face value of \$1,183,195 (being the sum of the amount owing and repayable on CN#1 of \$461,599.45 and the amount owing in regard to consulting fees of \$721,595.50).

Under the terms of CN#3 (which is subject to conditions, and to OUM shareholder approval at the Company's upcoming Annual General Meeting), SCL will extend the term for repayment of its loans (including loans from the previous CN#1) and other amounts owing) until 30 April 2015 – an extension of four months from the original terms of CN#1. At the expiry of the proposed note, OUM will either be required to repay the principal and accrued interest or SCL will have exercised its option to convert the debt into new OUM shares.

CN#3 has similar subscription terms (including the same conversion conditions) as the shares offered to all shareholders in the last Rights Issue in July 2014 and the Convertible Note that was entered into by the Company and SCL on completion of the 2014 Rights Issues (CN#2). Both CN#3 and CN#2 have an exercise price of \$ 0.001/share and include free First and Second Options. The interest rate on CN#3 varies between 5% (for the \$721,595.50 relating to the consulting services) and 9% (for the \$461,599.45 relating to CN#1).

Offer to purchase all of the assets of OUM

At the request of the Company, SCL has made an offer on 6 November 2014 (subject to conditions, and to shareholder approval at OUM's upcoming Annual General Meeting) to the Company to purchase all of the assets of OUM (excluding cash-like assets up to a total of \$100,000) at any time up to the expiry date of 30 April 2015 in exchange for all of the SCL loans due by the Company at the purchase date. The Offer can only be accepted if SCL demands payment on any of its loans. The Offer does not prevent SCL from exercising its rights under CN#2 and CN#3 before the offer is accepted by OUM directors. There is no obligation for the directors of the Company to accept the offer nor is there any limitation on the board seeking to enter transactions which may involve sale of part of the company's assets to other parties.

2. Purpose of the Report

The Independent Directors of OUM have appointed Value Adviser Associates Pty Ltd ["VAA"] to prepare an independent expert's report ["IER"] setting out its opinion as to whether the Proposed Transactions are fair and reasonable to the non-associated shareholders of OUM. We are advised that the non-associated shareholders comprise all shareholders with the exception of South Cove Ltd and associated, Territory Development Corp., which is precluded from voting on the relevant resolutions.

The IER will be sent, by the directors of OUM, to shareholders and accompany the Explanatory Memorandum.

Three opinions are required to be provided by VAA:

1. Whether incorporating the consulting fees of \$721,595.50 into the new Convertible Note CN#3 (which may in certain circumstances provide a financial benefit to a related party) is fair and reasonable to non-associated shareholders;

2. Whether SCL acquiring shares in OUM as a result of conversion of CN#3 is fair and reasonable to non-associated shareholders; and
3. Whether the potential transfer of all the assets of OUM to SCL (other than up to \$ 100,000 in cash) in exchange for all debt owing by OUM to SCL upon acceptance of the Letter Offer (Listing Rule 10 and Chapter 2E), is fair and reasonable to non-associated shareholders.

3. Scope

OUM is registered in Australia and, as such, needs to comply with Australian regulatory requirements. This report has therefore been prepared having regard to Australian Securities and Investments Commission ["ASIC"] Regulatory Guide 111 – Content of Expert Reports ["RG111"], ASIC Regulatory Guide 112 - Independence of Experts ["RG 112"] and ASIC Regulatory Guide 74 – Acquisitions Approved by Members ["RG 74"] as well as Clause 8303 of Schedule 8 of the Corporations Regulations.

Clause 8303 of Schedule 8 of the Corporations Regulations (2001) sets out the requirement for an independent expert's report in relation to a scheme of arrangement when a party to that scheme has a prescribed shareholding in the company subject to the scheme.

The Corporations Regulations require that the directors of OUM provide shareholders with an expert report which assesses whether the proposal is in the best interests of the shareholders.

Regulatory Guide 111 – Content of Expert Reports ["RG 111"] sets out the assessment framework (paragraph 111.10 et seq) that requires the expert to separately determine if an offer is fair and, in the event that it is not, whether it is reasonable.

Under RG111.11 an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made:

- assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash.

Under RG 111.31 when considering whether an offer is fair, "the comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- the acquirer is obtaining or increasing control of the target; and
- the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

In other words, if there is a takeover of control, then the value of OUM to shareholders before the proposed transaction should be considered assuming 100% control, and the value of the entity after the proposed transaction should be considered assuming that shareholders hold a minority stake in the entity.

Under RG111.12 an offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

4. Basis of Assessment

In assessing whether the proposed resolutions are fair and reasonable we have:

- assessed whether the value to non-associated OUM shareholders is fair. In other words, we have considered whether the value to non-associated OUM shareholders post the Proposed Transactions is likely to be equal to or greater than the value to non-associated OUM shareholders before the Proposed Transactions; and
- considered other factors which we consider to be relevant to the non-associated OUM shareholders in their assessment of the Proposed Transaction.

To determine the value to non-associated OUM shareholders before the proposed transaction, we considered the most recent share price prior to the company's suspension on the ASX, the pricing of the most recent rights issue and the value of OUM's projects based primarily on a directors' assessment of the carrying value of the principal assets (exploration projects).

To determine the value to non-associated OUM shareholders post the proposed transactions, a value for the post transaction company was determined and the proportion of company value held by non-associated OUM shareholders was estimated.

The profile of OUM presented in the body of the report is for background information and the segments of this information that are used in the valuations can be found from the Approach section.

5. Summary of Opinions

Opinion 1: Whether incorporating the consulting fees of \$721,595.50 into the new Convertible Note No. 3 (which is a financial benefit to a related party) is fair and reasonable.

VAA has considered the wide range of possible amounts due and payable to SCL under the current arrangements. Taking into account the time value of money, the financial position of the company and the potential costs to the company should a receivership or liquidation arise, the amount that OUM may pay to SCL could occur over a wide range (from a small proportion of the face value in the event of liquidation to the full amount of the liability, including interest, in the event that sufficient capital is raised).

VAA has also considered the range of possible amounts which might be paid to SCL in the event that resolution 3 is passed. The two broad outcomes are that the debt would become due and payable by the end of April 2015 or SCL would elect to convert into shares. If the amount became payable it is likely that OUM would not be able to generate sufficient funds to pay out the debt to SCL in full.

The outcome from this scenario is likely to be the same as that under the current arrangement, i.e. a reduced amount that a receiver may be able to obtain from the sale of the principal asset.

VAA has also considered the potential outcomes consequent on the possible passage of resolution 6.

Our assessment of the probability weighted value of the amount payable to SCL and the convertible note (with and without the possible outcomes arising from the possible effect of resolution 6) are similar. Whilst certain specific scenarios may see a benefit to SCL from the transaction, there are also scenarios in which OUM benefits from the proposed arrangement.

The amount payable under CN#3 in relation to the Consulting fees is the same amount as the consulting fee liability payable by OUM, therefore including an amount equal to the liability of \$721,595.50 into CN#3 is fair.

The payment of CN#1 is now due. In current circumstances and in the absence of any of the proposed transactions, OUM would be unable to pay off CN#1. If this happened, the consulting fees would become due as a result of default on CN#1. Including the debt in CN#3 would allow OUM to benefit from a four (4) month extension in the terms of payment relating to the Consulting fees. VAA believes therefore that including the consulting fees in CN#3 is reasonable.

On balance, we are unable to conclude that there is a material financial benefit conferred on SCL as a result of resolution 3.

Consequently, VAA is of the opinion that the consequence of resolution 3 is fair and reasonable to non-associated OUM shareholders.

Opinion 2: Whether SCL acquiring shares in OUM as a result of conversion of CN#3 is fair and reasonable.

For the proposed Transaction with regards to CN#3 to be fair, the value of the consideration being paid by SCL must be equal to or greater than the value of the Convertible Note shares to be issued to SCL and its Associates.

VAA has considered the value per OUM share on the basis of a market approach.

Specifically, VAA has considered:

1. The price of the most recent capital raising.
2. The current pro forma net assets of OUM which reflects the director's assessment of the market value of the major asset (exploration properties).
3. The limited trading in the company's shares prior to its suspension from the ASX.

Given the financial position of OUM continues to deteriorate whilst expenditure commitments are met and capital raisings are insufficient to cover the likely expected outgoings, the share market prices observed prior to suspension from the ASX and the rights issue pricing are both unlikely to reflect the current market view of the Company's shares.

To derive VAA's view as to the likely market view of the Company's value we have noted the deterioration in the net assets of OUM from the time of the latest rights issue up until the suspension of trading on the ASX. As the following table shows the net assets of OUM have declined from A\$ 15,474 as at the end of June 2014 to an estimated negative A\$ 142,707 as at the end of September 2014, a decline in the value of OUM by A\$ 158,181. Adjusting for this we derive an assessed likely market price of A\$ 0.0004.

Outback Metals Limited Implied Share Price Value	Historical FY Jun-14	Forecast 1Q Sep-14	Change
Total Assets	1,213,278	1,289,001	75,723
Total Liabilities	1,197,804	1,431,708	233,904
NET ASSETS	15,474	(142,707)	(158,181)
No of shares outstanding			264,383,872
Net Assets per share			-0.0006
Share Price Value (prior to ASX Suspension)			0.0010
Implied Share Price			0.0004

Source: Bloomberg, Outback Metals, VAA Analysis.

Our assessed value range therefore spans the current estimated book net asset position of \$ nil per share at the low end (as the net assets per share cannot be negative 0.0006) and \$ 0.0004 per share at the high end (being the price at which the recent Rights Issue was undertaken and adjusting for an allowance for deterioration in the financial position of the Company since that time).

After allowing for a control premium of 20%, our assessed value range per OUM share is \$ nil to \$ 0.0005.

As the conversion price of A\$ 0.001 materially exceeds the assessed value range, on a controlling basis, from \$ nil to A\$ 0.0005 the price at which the convertible note may convert is fair and therefore reasonable.

OUM Value and Opinion	Last close A\$	Low A\$	High A\$
Pre-transaction			
Minority value per share	0.0020	-	0.0004
Control value per share (20% premium)	0.0024	-	0.0005
Shares currently on issue	264,383,872	264,383,872	264,383,872
Control valuation of OUM	634,521	-	126,904
Proceeds from conversion of CN #3	1,183,195	1,183,195	1,183,195
Post transaction value	1,817,716	1,183,195	1,310,099
Post transaction shares on issue	1,447,578,822	1,447,578,822	1,447,578,822
Value per share	0.0013	0.0008	0.0009
Minority discount	20%	20%	20%
Post-Transaction value per share	0.0010	0.0007	0.0008

Source: Bloomberg, Outback Metals, VAA Analysis.

In forming our opinion we have also considered the following relevant factors:

- The exercise price of the convertible note is equivalent to the offer price in the recent rights issue (which was heavily undersubscribed)
- The value per share based on the directors' assessment of the market value of the company's principal asset (exploration assets) is \$nil. The conversion price is materially in excess of the \$nil value
- The proposed conversion price of CN#3 of \$ 0.001 is at the same price as previously issued Convertible Notes by OUM and based on the same terms and conditions as offered to ordinary shares in the recent Rights Issue undertaken by OUM.

Opinion 3: Whether the transfer of all the assets of OUM to SCL (other than up to \$100,000 in cash) in exchange for all debt owing by OUM to SCL upon acceptance of the Letter Offer. (Listing Rule 10 and Chapter 2E), is fair and reasonable.

As set out in opinion two (2) our assessed value range therefore spans the current estimated book net asset position of \$ nil per share at the low end and \$ 0.0004 per share at the high end (being the price at which the recent rights issue was undertaken and adjusting for an allowance for deterioration in the financial position of the Company since that time).

After allowing for a control premium of 20%, our assessed value range per OUM share is \$ nil to \$ 0.0005.

Resolution 5 could see all assets save for up to A\$ 100,000 of cash-like assets transfer to SCL in exchange for extinguishing the SCL Loans and deferred consulting fees, plus all associated interest, due by the Company.

Given the current financial position of the Company, this outcome will result in a slight restoration of the financial position of the Company to an amount approximating \$ 0.004 per share.

It is difficult to anticipate the price at which OUM shares may trade (and unnecessary if resolution 5 passes).

VAA notes that the pro forma financial position after the potential sale and extinguishment of assets exceeds the current financial position and that outcome also lies within the range of assessed values per share.

On that basis VAA concludes that the transaction anticipated by Resolution 6 is fair and reasonable to the non-associate OUM shareholders.

6. Other Matters

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of the shareholders of OUM. The decision to accept or reject the Proposed Transactions is a matter for individual shareholders. Shareholders of OUM should consider the advice in the context of their own circumstances and preferences. Shareholders of OUM who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

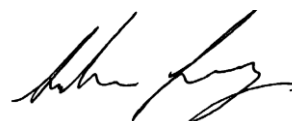
VAA has prepared a Financial Services Guide in accordance with the Corporations Act, 2001. This is included in Appendix 1 to this report.

Our opinion is made as at the date of this report and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full report.

Yours faithfully



Michael Churchill
CEO



Andrew Long
Executive Director

7. Glossary

ASX	Australian Securities Exchange
ATO	Australian Tax Office
Au	Gold
AUD	Australian dollar
Cu	Copper
DCF	Discounted Cash Flow
EL	Exploration licence
g/t	Grams per tonne
GFC	Global financial crisis
Indicated	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
Inferred	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
IVS	International Valuation Standards
IVSC	International Valuation Standards Council
JORC Resource	A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or

	interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured.
JORC Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.
Measured	A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.
Minority interest	A significant but non-controlling ownership of less than 50% of a company's voting shares by either an investor or another company
ML	Mining lease
Mt	Million tonnes
OUM	Outback Metals Limited
RG 111	Regulatory Guide 111 – Content of Expert Reports
RG 112	Regulatory Guide 112 - Independence of Experts
Small-cap	Small market capitalisation
Sn	Tin
WO3	Tungsten
SCL	South Cove Limited
USD	United States dollar
VAA	Value Adviser Associates
VALMIN Code	The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume-weighted average price

8. Outline of the Proposed Transactions

Convertible Note 3

On 6 November 2014 OUM announced that it had re-arranged its financial obligations to OUM's major shareholder SCL, by entering into a Financing Agreement (FA) and associated Convertible Note. This Convertible Note (CN#3) has a face value of \$1,183,195 (being the sum of the amount owing on CN#1 of \$461,599.45 and the face value of the amount owing on consulting fees of \$721,595.50).

Under the terms of CN#3 (which is subject to conditions, and to OUM shareholder approval at the Company's upcoming General Meeting), SCL will extend the term for repayment of its loans (including loans from the previous CN#1) and other amounts owing) until 30 April 2015 – an extension of four months from the original terms of CN#1.

CN#3 has similar subscription terms (including the same conversion conditions) as the shares offered to all shareholders in the last Rights Issue in July 2014 and the Convertible Note that was entered into by the Company and SCL on completion of the 2014 Rights Issues (CN#2). Both CN#3 and CN#2 have an exercise price of \$ 0.001/share and include free First and Second Options. The interest rate on CN#3 varies between 5% (for the \$721,595.50 relating to the consulting services) and 9% (for the \$461,599.45 relating to CN#1).

Offer to purchase all of the assets of OUM

At the request of the Company, SCL made an offer on 6 November 2014 (subject to conditions, and to shareholder approval at OUM's upcoming General Meeting) to the Company to purchase all of the assets of OUM (excluding cash-like assets up to a total of \$100,000) in exchange for all of the SCL loans due by the Company. The Offer can only be accepted if SCL demands payment on any of its loans. The Offer does not prevent SCL from exercising its rights under CN#2 and CN#3 before the offer is accepted by OUM directors. There is no obligation for the directors of the Company to accept the offer. The offer expires on 20 April 2015.

Details of the Proposed Transaction are set out in the Explanatory Memorandum, which this report accompanies.

9. Scope of the Report

This report has been prepared having regard to Australian Securities and Investments Commission ["ASIC"] Regulatory Guide 111 – Content of Expert Reports ["RG 111"] and ASIC Regulatory Guide 112 - Independence of Experts ["RG 112"] as well as Clause 8303 of Schedule 8 of the Corporations Regulations.

Clause 8303 of Schedule 8 of the Corporations Regulations (2001) sets out the requirement for an independent expert's report in relation to a scheme of arrangement when a party to that scheme has a prescribed shareholding in the company subject to the scheme.

The Corporations Regulations require that the directors of OUM provide shareholders with an expert report which assesses whether the proposal is, in all respects, in the best interests of the shareholders.

RG 111 sets out the assessment framework that requires the expert to separately determine if the offer is fair and, in the event that it is not, whether it is reasonable.

Under RG 111.18 and RG 111.19 a scheme of arrangement producing a similar outcome to a takeover is subject to the same "fair and reasonable" considerations as a takeover.

Under RG 111.11 an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made:

- assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash.

Under RG 111.31 when considering whether an offer is fair, "the comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- the acquirer is obtaining or increasing control of the target; and
- the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

In other words, if there is a takeover of control then the value of OUM to shareholders before the proposed transaction should be considered assuming 100% control, and the value of the merged entity after the proposed transaction should be considered assuming that shareholders hold a minority stake in the merged entity. This is required, notwithstanding that current ordinary shareholders of OUM actually own minority stakes in OUM.

Under RG 111.12 an offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

10. Shareholder's Decision

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of Shareholders. The decision to approve the Proposed Transaction is a matter for individual shareholders.

Shareholders should consider the advice in the context of their own circumstances, preferences and risk profiles. Shareholders should also have regard to the Explanatory Notes in relation to the Proposed Transaction.

Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

11. Limitations and Reliance on Information

Our opinion is based on the economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Our report is also based upon financial and other information provided by or on behalf of OUM. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the transactions are in the best interests of the OUM shareholders. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. None of these additional tasks have been undertaken.

An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

All dollar amounts are shown in Australian dollars ["AUD"] unless otherwise stated.

12. Profile of OUM Limited

History and Overview

Outback Metals Limited (OUM) was officially listed on the Australian Stock Exchange (ASX) on 2 September 2008 after offering a total of 22,293,500 shares at an issue price of \$0.20 per share to new shareholders and raising \$4.46mn. At the time of listing OUM's market capitalisation was approximately \$30.86mn.

OUM listed as a mineral exploration and resources development company aiming to be in production by 2010, with highly prospective exploration areas in Australia's resources rich Northern Territory. At the time of listing the company's primary target was tin with secondary targets including gold, uranium and copper and OUM held 7 granted exploration tenements totalling over 1,600 km² and 10 applications for exploration licenses for over 2,000 km². In addition, the Company also has 40 mining leases and mining claims, where previous miners have mined and produced saleable metal in the form of concentrate.

Projects

OUM's has two main projects, Mt Wells and Maranboy/Yeuralba, and both have a history of small scale mining over many years. The Company believes that the viability of these two project areas is enhanced by their proximity to existing infrastructure and ease of access.

Mt Wells

Mt Wells is located approximately 200km south of Darwin and is accessible from the Stuart Highway and all weather roads (via Adelaide River) to the tenement areas. Mt Wells has granted mining tenements (MLN 164, 165, 196 – 200, 463, 465 – 467, 546, 658, 672, 679 & MCN 723 and 2631) and, apart from a Joint Venture with Australasia Gold Limited on exploration license EL 22301, is 100% owned by the Company.

Mt Wells is located on a substantially elevated hill containing en-echelon lodes of copper and tin ore. The elevated nature of the ore bodies should assist in economical disposal of overburden and waste in adjacent valleys for any future open pit operations.

Maranboy and Yeuralba

The Maranboy/Yeuralba tin field is located approximately 64km south east of Katherine. The Maranboy area is held under granted mining tenements (MLN 658, 661 – 672, 670, 680) and exploration tenements (EL 10423), while the Yeuralba area has three (3) exploration license applications (ELA 25904, 26017 and 25979). Both projects are held 100% by the Company.

The Maranboy project contains high grade tin lodes, which have been established through substantial previous exploration (including drilling).

The Maranboy tin field has been worked intermittently between 1913 and 1952, when the battery closed. Significant exploration potential could exist in the surrounding Exploration License to find repetitions of tin lodes along strike, with the possibility of alluvial ore and

additional hard rock deposits under shallow cover. Numerous additional tin occurrences have been recorded away from the main lodes used for target calculations.

Exploration Strategy

The Company has developed an exploration strategy of prioritising the project areas based on previous geological and mining information, recent exploration and an assessment of each project to determine which projects are sufficiently advanced to allow the expedition of possible development and future production.

Initial focus has been on Mt Wells and Maranboy which are both situated on a granted mining claims and exploration leases. Both these projects have had previous mining activity, have near excellent infrastructure and are highly prospective for both tin and tantalum. The Company has also focused on areas, which, although not as advanced as the above Mt Wells and Maranboy projects, have high prospectivity. These priorities include the 723km² of granted exploration area around Maranboy's granted mining leases and the Yeuralba project area.

At this stage there has only been one conceptual study performed on one of the Company's projects (Mt Wells), undertaken in February 2011, with the probable base case economics returning a negative NPV. We are unaware of any other conceptual studies on Mt Wells or any of the Company's other projects.

13. Financial Information

The historical financial information indicates that OUM has been primarily funded by equity and debt injections since listing on the ASX in September of 2008. Its major asset is capitalised exploration and evaluation expenditure and the Company's largest cash expenses are payments to employees, professional fees and consultants and exploration expenses.

The company has incurred losses since inception. In the Company's recent Annual Financial Statements, the auditors stated that material uncertainties exist, going forward, which cast significant doubt on the Company's ability to continue as a going concern.

To continue as a going concern, OUM either has to move its projects into profitable production, or sell prospective projects for a sufficient amount to enable it to continue exploration activities or raise further equity.

Historical Financial Performance

Set out below is the Consolidated Profit and Loss Statement of OUM for the financial years ended June 30 2013 ["FY Jun-13"] and 30 June 2014 ["FY Jun-14"].

Outback Metals Limited		
PROFIT AND LOSS STATEMENT		
as at period end	FY Jun-13	FY Jun-14
Revenue		
Interest income	41,629	9,026
Other income	12,000	18,753
Total Revenue	53,629	27,779
Expense		
Audit fees	33,750	31,850
Impairment of exploration costs	63,081	1,136,951
Exploration and evaluation costs	-	-
Finance costs	70,813	64,585
Depreciation expense	14,446	10,936
Employee benefits expense	211,602	216,733
Professional fees and consultants	66,642	99,345
Administration	-	-
Other expenses	212,055	208,854
Total expenses	672,389	1,769,254
Income/(Loss) before income tax expense	(618,760)	(1,741,475)
Income tax expense	-	-
Income/(Loss) attributable to members of the parent entity	(618,760)	(1,741,475)
Other comprehensive income	-	-
Total comprehensive income for the year	(618,760)	(1,741,475)
Basic and diluted earnings per share (A\$)	(0.00267)	(0.00723)

Source: OUM's directors report (October 2014)

The following key points should be noted in respect of the financial performance set out below:

- Exploration and evaluation expenses have been capitalised since inception.
- A significant expense in FY2014 was a charge to accounts to account for the impairment of exploration costs which was assessed by the directors based on the deterioration in economic indicators coming from China, which is illustrated by the significant fall in the iron ore price, the directors are of the view that the prospectivity of finding a buyer for the Company's exploration tenements has reduced and that it will be difficult to find a buyer for the tenements in the near future. As a consequence, directors have decided to write down the value of the exploration tenements to an amount they feel more correctly represents the current value in the market if a sale was required in the near future.
- Employment benefits expense and expenses related to professional fees and consultants as well as other expenses incurred with maintaining operations have resulted in significant losses for the Company.

Forecasts of Financial Performance

Management have provided VAA with a forecast of expenses and interest income up until the end of February of 2015, as summarised in the following table. The forecasts show a significant reduction in main operating expenses throughout the forecast period as the Company continues to face financial pressure from its inability to raise funds or sell assets to continue its exploration programme.

Outback Metals Limited PROFIT AND LOSS STATEMENT (Monthly) as at period end		Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Revenue						
Interest income	347	300	200	150	120	
Other income	-	-	-	-	-	
Total Revenue	347	300	200	150	120	
Expense						
Audit fees	-	-	-	-	-	
Impairment of exploration costs	-	-	-	-	-	
Exploration and evaluation costs	-	-	-	-	-	
Finance costs	-	-	-	-	-	
Depreciation expense	-	-	-	-	-	
Employee benefits expense	19,087	-	-	-	-	
Professional fees and consultants	11,884	-	-	-	-	
Administration	-	91,088	59,221	39,708	40,209	
Other expenses	27,569	-	-	-	-	
Total expenses	58,540	91,088	59,221	39,708	40,209	
Income/(Loss) before income tax expense	(58,193)	(90,788)	(59,021)	(39,558)	(40,089)	
Income tax expense	-	-	-	-	-	
Income/(Loss) attributable to members of the parent entity	(58,193)	(90,788)	(59,021)	(39,558)	(40,089)	
Other comprehensive income	-	-	-	-	-	
Total comprehensive income for the year	(58,193)	(90,788)	(59,021)	(39,558)	(40,089)	

Source: OUM's management forecasts (November 2014), VAA analysis.

Financial Position

Set out below is the Consolidated Balance Sheet of OUM for the financial years ended June 30 2013 ["FY Jun-13"] and 30 June 2014 ["FY Jun-14"].

Outback Metals Limited		
Balance Sheet	FY	FY
as at period end	Jun-13	Jun-14
Assets		
Current Assets		
Cash and cash equivalents	497,133	194,322
Trade and other receivables	10,710	2,496
Other current assets	16,444	11,455
Total current assets	524,287	208,273
Non current assets		
Exploration and evaluation assets	1,966,852	985,000
Property, plant and equipment	29,489	20,005
Total Non-current assets	1,996,341	1,005,005
Total Assets	2,520,628	1,213,278
Current Liabilities		
Trade and other payables	65,216	45,638
Borrowings	-	456,816
Convertible Note 2 (failed rights issue)	-	-
	-	-
Total current Liabilities	65,216	502,454
Non-Current Liabilities		
Loans - related party	661,506	695,350
Total Non-Current Liabilities	661,506	695,350
Total Liabilities	726,722	1,197,804
Net Assets	1,793,906	15,474
Equity		
Contributed Equity	18,979,124	18,942,167
Reserves	124,859	124,859
Accumulated losses	(17,310,077)	(19,051,552)
Total Equity	1,793,906	15,474

Source: OUM's directors report (October 2014)

We have been advised by OUM that there has been no material change to the financial position of OUM since the last published financial statements, except that in September the company received the proceeds from its under-subscribed rights issue in July as well as the balance of proceeds from the rights issue in the form of CN# 2. These are reflected in the following section [Forecasts of Financial Position].

The following key points should be noted in respect of the financial position of OUM set out below:

The company has been funded by debt and share capital issued since its listing on the ASX in 2008.

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

The Company has endeavoured to source a purchaser for some or all of its exploration tenements over a number of years with limited success. Given the recent deterioration in economic indicators coming from China, which is illustrated by the significant fall in the iron ore price, the directors are of the view that the prospectivity of finding a buyer for the Company's exploration tenements has reduced and that any potential offer price received in the near future will have diminished. As a consequence, directors have decided to write down the value of the exploration tenements to an amount they feel more correctly represents their value in the current market if sold in the near future.

Forecasts of Financial Position

Based on information received from management VAA has forecast the financial position of the Company over the five month period from October 2014 until February 2015, summarised in Table 1.

The following key points should be noted in respect of the forecast financial position set out below:

- No further expenditure on exploration and evaluation assets given concerns over the Company's ongoing financial viability.
- Ongoing head office and operational costs continue to generate losses for the Company and diminish the Company's already strained cash position.
- With no proceeds from equity raising or asset sales the Company's net assets remain negative over the forecast period.

TABLE 1 OUM LIMITED – FORECASTS OF FINANCIAL POSITION

Outback Metals Limited Balance Sheet (Monthly) as at period end	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Assets					
Current Assets					
Cash and cash equivalents	184,832	94,044	35,023	(4,535)	(44,624)
Trade and other receivables	3,137	3,137	3,137	3,137	3,137
Other current assets	13,563	13,563	13,563	13,563	13,563
Total current assets	201,532	110,744	51,723	12,165	(27,924)
Non current assets					
Exploration and evaluation assets	1,036,018	1,036,018	1,036,018	1,036,018	1,036,018
Property, plant and equipment	20,005	20,005	20,005	20,005	20,005
Total Non-current assets	1,056,023	1,056,023	1,056,023	1,056,023	1,056,023
Total Assets	1,257,555	1,166,767	1,107,746	1,068,188	1,028,099
Current Liabilities					
Trade and other payables	42,758	42,758	42,758	42,758	42,758
Unsecured Loans	460,576	460,576	460,576	460,576	460,576
Convertible Note 2	223,293	223,293	223,293	223,293	223,293
Accrued Liabilities	731,536	731,536	731,536	731,536	731,536
Total current Liabilities	1,458,162	1,458,162	1,458,162	1,458,162	1,458,162
Non-Current Liabilities					
Loans - related party	-	-	-	-	-
Total Non-Current Liabilities	-	-	-	-	-
Total Liabilities	1,458,162	1,458,162	1,458,162	1,458,162	1,458,162
Net Assets	(200,607)	(291,395)	(350,416)	(389,974)	(430,063)
Equity					
Contributed Equity	19,572,659	19,572,659	19,572,659	19,572,659	19,572,659
Reserves	124,859	124,859	124,859	124,859	124,859
Accumulated losses	(19,898,125)	(19,988,913)	(20,047,934)	(20,087,492)	(20,127,581)
Total Equity	(200,607)	(291,395)	(350,416)	(389,974)	(430,063)

Source: OUM's management forecasts (November 2014), VAA analysis.

Capital Structure

The total number of ordinary shares on issue as received from updated information from the Company, as at the end of October 2014, is 264,383,872. The change from the number last recorded in the Company's accounts for FY2014 is due to the issue of new shares in the Company's recent (undersubscribed) rights issue.

Major Shareholders

As at the end of October 2014, the total number of ordinary shares in OUM related to Mr. Graham Chrisp, Executive Chairman of OUM, totalled 156,369,026 shares.

Mr Chrisp's shares are held via two related vehicles being South Cove Limited (SCL) holding 83,116,776 shares and Territory Development Corp. Pty Ltd holding 73,252,250 shares.

In total SCL and Territory Development Corp. Pty Ltd hold 156,369,026 shares in OUM, representing 59.14% of the total issued share capital of the Company.

TABLE 2 OUM – DIRECTORS INTERESTS

Outback Metals Shareholding Summary		
Shareholder name	Ordinary Shares	
SCL - related*	156,369,026.00	59.14%
South Cove Ltd*	83,116,776.00	31.44%
Territory Development Corp. Pty Ltd*	73,252,250.00	27.71%
Others	108,014,846.00	40.86%
Total	264,383,872.00	

* These Shareholders are directly related to OUM's Exec. Chairman (Mr Graham Chrisp)

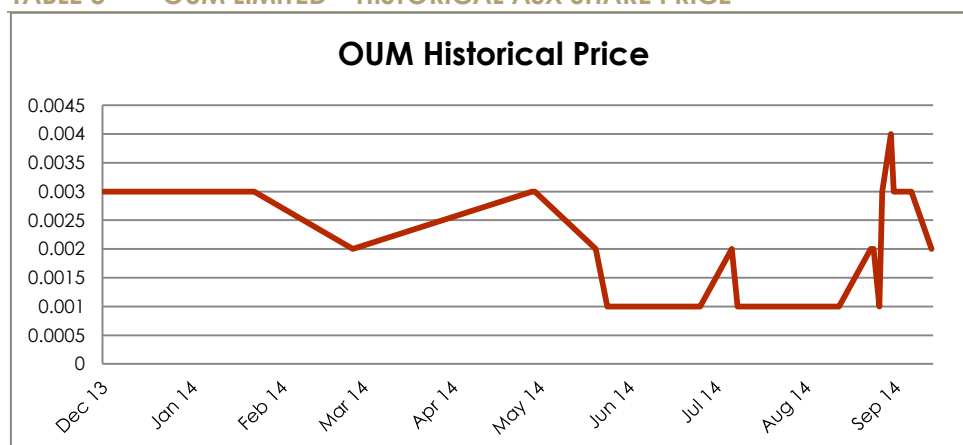
Source: OUM's Top 20 shareholders (October 2014)

Dividends

OUM has not paid any dividends to date nor does it expect to pay any dividends in the foreseeable future.

Share Price Performance (ASX - AUD)

Table 3 sets out OUM's share price history on the ASX over the last twelve months from the suspension of the shares on the ASX on 1 October 2014.

TABLE 3 OUM LIMITED – HISTORICAL ASX SHARE PRICE

Source: Bloomberg

We are not aware of any reasons to explain the substantial uptick in the share price during the 2nd of September 2014.

The table below sets out the movement of OUM share prices and trading up to and including the date of the suspension of trading on the ASX on 1 October 2014.

TABLE 4 OUM LIMITED – HISTORICAL SHARE PRICE AND TRADING VOLUME

Market Value of shares	Last close A\$	Low A\$	High A\$	VWAP A\$	Volume
1 month	0.0200	n.a	n.a	n.a	n.a
3 months		0.0010	0.0050	0.0026	19,668,508
6 months		0.0010	0.0050	0.0021	31,414,508
12 months		0.0010	0.0050	0.0021	32,286,144

Source: Bloomberg

Asset Sales History

1. OUM has attempted to sell assets in the past, with limited success, as the table below shows.

Outback Metals Limited					
Sale of Exploration and Evaluation assets					
Period	Company	Discussions involve	A \$	Details	
31-Dec-11	Midcon Land Resources Investment Holding Co.	Issue of OUM new share	TBD	Negotiations continuing	
02-Mar-12	Midcon Land Resources Investment Holding Co.	Issue of OUM new share	n.a	Negotiations end with no result	
02-Apr-12	Chinese exploration company	OUM level investment	TBD	Non binding conditional letter of intent	
15-May-12	China Australian Land Resources Pty Ltd	Wingates Gold Project	1,500,000	Sale of 8 Exploration Licenses	
30-Jun-12	Several interested investors	OUM's existing projects	TBD	Expressed interest	
30-Sep-12	Various parties	OUM level / Non core properties	TBD	Negotiations continuing	
31-Dec-12	Numerous parties	OUM level / OUM projects	TBD	Negotiations continuing	
31-Mar-13	Various parties	OUM level / OUM projects	TBD	Negotiations continuing	
30-Jun-13	Various parties	OUM level / OUM projects	TBD	Negotiations continuing	
30-Sep-13	Various parties	OUM level / OUM projects	TBD	Negotiations continuing	
31-Dec-13	Various parties	OUM level / OUM assets	TBD	Negotiations continuing	
31-Mar-14	Various parties, site visits	OUM level / OUM assets	TBD	Negotiations continuing	
30-Jun-14	Various parties, planned site visits	OUM level / OUM assets	TBD	Negotiations continuing	
30-Sep-14	Various parties, site visits	OUM level / OUM assets	TBD	Disappointing discussions after site visit	

Source: OUM's Quarterly Activities Reports.

14. Industry Analysis

Outback projects primarily have tin and copper, with some other potential minerals such as tungsten. Therefore this section examines the demand, supply and pricing of these commodities, as well as the outlook for junior explorers.

Copper

Copper is used in the manufacturing of most components related to infrastructure development including electrical cabling (due to its electrical conductivity), piping and valving and also in industrial equipment including heat exchangers and pressure vessels as it is also efficient at transferring heat. Given its many various applications, copper demand is expected to increase.¹

Copper Supply and Demand

Global supply and demand for copper determines the copper spot price in US dollars. Due to uncertain forecasts available around the trajectory of the USD over the coming years as well as the relative performance of the AUD, revenues for copper producers are expected to be volatile.²

Firm growth is anticipated over the medium-term driven by growth in OECD economies including India and China. Given that copper is extensively used throughout electricity transmission infrastructure, Chinese government projects to expand the electricity grid will also be a major contributor to demand.³

Tin

Tinplate (sheet steel coated with a thin layer of tin) is the primary material used for food cans, and tin is also commonly used in cake tins and food storage containers. Tin is used to produce common alloys such as bronze (tin and copper) and solder or pewter (tin and lead). It is also used as an alloy with titanium in the aerospace industry and as an ingredient in some insecticides.

Tin Supply and Demand

Tin prices climbed at the start of the year to match the prices being set by the Indonesia Commodity Derivatives Exchange (ICDX). Having matched the price and effectively closed the arbitrage window between the LME and ICDX, prices have oscillated sideways generally above \$22,000 per tonne. Exports from Indonesia are picking up, something that is likely to continue while stocks outside of Indonesia are drawn down, forcing consumers to rely once again on Indonesian exports to balance supply and demand – noting the January 2014 implementation by the Indonesian Government of a 'ban' on export of unprocessed ore.

Tin consumption is expected to gather pace; there seems to have been considerable destocking in recent years, with reduced exports of tin from Indonesia over the last year accelerating the process. Semiconductor sales point to recovery in demand – Semiconductor sales are a good barometer of the performance of the electronics industry -

¹ Page 4, Copper Ore Mining in Australia industry report, IBISWorld 2014

² Page 6, Ibid

³ Page 7, Ibid

with solder accounting for 50 percent of tin's use, this is an important industry for tin demand. Sales of semiconductors up to April 2014 had climbed on a year-on-year basis for 11 consecutive months. Forecasts are for sales to increase 6.5 percent in 2014 on 2013, an increase from 4.1 percent six months ago, according to World Semiconductor Trade Statistics ["WSTS"].

Exploration company trends

Chinese demand has spurred investment in the junior mining space in Australia since the beginning of the mining boom in 2005. This demand sheltered junior miners from capital investment shortages and was vital to progressing to production and operational phases during and in the wake of the GFC.⁴

The industry is transitioning from a period of capital investment into an operational phase. As such, the number of development stage projects in the pipeline is decreasing as major projects come online and meet demand of end-buyers⁵.

Mineral exploration projects are being affected by weaker capital investment and actual investment is expected to peak in 2014-2015.⁶

The junior space is centred on companies regularly raising capital to fund exploration projects and tenement development which is often achieved via the issuing of ordinary shares or options.⁷ As investor sentiment towards the space softens, the availability of capital decreases, alternative methods to fund projects must be obtained including strategic joint ventures, acquisitions or tenement sale and leaseback arrangements.

Capital restraints are likely to lead to a reduction in the number of marginal exploration projects.⁸

Despite the implications of a shift from exploration to production and the subsequent capital restraints that will be felt amongst junior miners and exploration companies, a combination of a depreciating Australian dollar ["AUD"] against the United States dollar ["USD"] combined with the high quality mineral content exhibited in Australian resources is anticipated to maintain Australia's competitiveness over the next 5 years.⁹

15. Approach

Valuation Methodology

Overview

Our method for determining whether each of the Proposed Transactions is fair is as follows:

Determine the value to OUM shareholders prior to the Proposed Transaction;

Determine the value of to OUM shareholders post the Proposed Transaction; and

If the value to OUM shareholders post-transaction is greater than the value pre-transaction, the transaction is fair.

⁴ The breakdown of the Australian junior mining markets – Reasons, Implications and Alternatives, Bert Koth, miningaustralia.com.au

⁵ Page 7, IBISworld Mining in Australia industry report

⁶ Page 7, IBISworld Mining in Australia industry report

⁷ The breakdown of the Australian junior mining markets – Reasons, Implications and Alternatives, Bert Koth, miningaustralia.com.au

⁸ Ibid

⁹ Page 7, ibid

As noted above, we have assessed the value per OUM share by reference to the recent rights issue price (adjusted for deterioration in the financial position of the company), share prices prior to the suspension of the company from trading on the ASX and the pro forma balance sheet supplied by OUM which reflects the directors' assessment of the market value of the company's principal asset.

We note that a specialist report as to the value of the company's exploration assets has not been provided by the directors. We have inferred the value of the exploration asset from the market capitalisation of OUM on the ASX and also had regard to the value placed on the exploration assets by the directors in undertaking the impairment review with respect to the preparation of the 30 June 2014 financial statements.

We have not attempted to use alternative approaches such as the Discounted Cash Flow approach because at this stage there are no indications the projects are economic. Set out in Appendix 3 is a summary description of the valuation methodologies we have considered.

Control Premium

We have considered the following in regard to control premium:

RG111 requires the fair value to be considered assuming 100% ownership of the asset. Listed shares trade on a minority basis. A premium to the observed market price is often paid for a controlling interest in a company. Research indicates that the range for control premia is very wide; from negative to over 100%. We have used a control premium of 20% based on resources sector-specific research:

- Dr Victor Rudenno, in the text Mining Valuation Handbook, estimated that the control premia in the resources sector range between 15% and 30%, with an average of 20% (Rudenno, Mining Valuation Handbook, 2nd Edition, 2007, page 219)
- Mergerstat market data on metal mining transactions in 2011 and 2012. When only companies that were predominantly junior explorers were included, the median market premium was circa 17%. If all metal mining transactions in the data set were included, the median rose to circa 27%. The range of all metal transactions was - 53.9% to 203%.

Market Capitalisation Valuation Approach

A market-based estimate of value based on the listed share price is an appropriate method to use when the market information is contemporaneous and there is evidence of market depth. However:

- OUM's shares have been suspended for over a month;
- there is significant and unexplained volatility in the share price trading up to suspension of the company's shares from trading;
- the recent rights issue was significantly undersubscribed at the issue price of A\$ 0.001; and
- there is continued deterioration in the company's financial position.

We therefore do not believe that it is appropriate to rely on OUM's share price history as a measure of value today.

16. Evaluation of the Proposed Transactions

Opinion 1: Whether incorporating the consulting fees of \$721,595.50 into the new Convertible Note No. 3 (which is a financial benefit to a related party) is fair and reasonable.

VAA has considered the wide range of possible amounts due and payable to SCL under the current arrangements. Taking into account the time value of money, the financial position of the company and the potential costs to the company should a receivership or liquidation arise, the amount that OUM may pay to SCL could occur over a wide range (from a small proportion of the face value in the event of liquidation to the full amount of the liability, including interest, in the event that sufficient capital is raised).

VAA has also considered the range of possible amounts which might be paid to SCL in the event that resolution 3 is passed. The two broad outcomes are that the debt would become due and payable by end April 2015 or SCL would elect to convert into shares. If the amount became payable it is likely that OUM would not be able to generate sufficient funds to pay out the debt to SCL in full.

The outcome from this scenario is likely to be the same as that under the current arrangement, i.e. a reduced amount that a receiver may be able to obtain from the sale of the principal asset.

VAA has also considered the potential outcomes consequent on the possible passage of resolution 6.

Our assessment of the probability weighted value of the amount payable to SCL and the convertible note (with and without the possible outcomes arising from the possible effect of resolution 6) are similar. Whilst certain specific scenarios may see a benefit to SCL from the transaction, there are also scenarios in which OUM benefits from the proposed arrangement.

The amount payable under CN#3 in relation to the Consulting fees is the same amount as the consulting fee liability payable by OUM, therefore including an amount equal to the liability of \$721,595.50 into CN#3 is fair.

The payment of CN#1 is now due. In current circumstances and in the absence of any of the proposed transactions, OUM would be unable to pay off CN#1. If this happened, the consulting fees would become due as a result of default on CN#1. Including the debt in CN#3 would allow OUM to benefit from a four (4) month extension in the terms of payment relating to the Consulting fees. VAA believes therefore that including the consulting fees in CN#3 is reasonable.

On balance, we are unable to conclude that there is a material financial benefit conferred on SCL as a result of resolution 3.

Consequently, VAA is of the opinion that the consequence of resolution 3 is fair and reasonable to non-associated OUM shareholders.

Opinion 2: Whether SCL acquiring shares in OUM as a result of conversion of CN#3 is fair and reasonable.

For the proposed Transaction with regards to CN#3 to be fair, the value of the consideration being paid by SCL must be equal to or greater than the value of the Convertible Note shares to be issued to SCL and its Associates.

VAA has considered the value per OUM share on the basis of a market approach.

Specifically, VAA has considered:

1. The price of the most recent capital raising.
2. The current pro forma net assets of OUM which reflects the directors' assessment of the market value of the major asset (exploration properties).

3. The limited trading in the company's shares prior to its suspension from the ASX.

Given the financial position of OUM continues to deteriorate whilst expenditure commitments are met and capital raisings are insufficient to cover the likely expected outgoings, the share market prices observed prior to suspension from the ASX and the rights issue pricing are both unlikely to reflect the current market view of the Company's shares.

To derive VAA's view as to the likely market view of the Company's value we have noted the deterioration in the net assets of OUM from the time of the latest rights issue up until the suspension of trading on the ASX. As the following table shows the net assets of OUM have declined from A\$ 15,474 as at the end of June 2014 to an estimated negative A\$ 142,707 as at the end of September 2014, a decline in the value of OUM by A\$ 158,181. Adjusting for this we derive an assessed likely market price of A\$ 0.0004.

Outback Metals Limited Implied Share Price Value	Historical FY Jun-14	Forecast 1Q Sep-14	Change
Total Assets	1,213,278	1,289,001	75,723
Total Liabilities	1,197,804	1,431,708	233,904
NET ASSETS	15,474	(142,707)	(158,181)
No of shares outstanding			264,383,872
Net Assets per share			-0.0006
Share Price Value (prior to ASX Suspension)			0.0010
Implied Share Price			0.0004

Source: Bloomberg, Outback Metals, VAA Analysis.

Our assessed value range therefore spans the current estimated book net asset position of \$ nil per share at the low end (as the net assets per share cannot be negative 0.0006) and \$ 0.0004 per share at the high end (being the price at which the recent Rights Issue was undertaken and adjusting for an allowance for deterioration in the financial position of the Company since that time).

After allowing for a control premium of 20%, our assessed value range per OUM share is \$ nil to \$ 0.0005.

As the conversion price of A\$ 0.001 materially exceeds the assessed value range, on a controlling basis, from \$ nil to A\$ 0.0005 the price at which the convertible note may convert is fair and therefore reasonable.

OUM Value and Opinion	Last close A\$	Low A\$	High A\$
Pre-transaction			
Minority value per share	0.0020	-	0.0004
Control value per share (20% premium)	0.0024	-	0.0005
Shares currently on issue	264,383,872	264,383,872	264,383,872
Control valuation of OUM	634,521	-	126,904
Proceeds from conversion of CN #3	1,183,195	1,183,195	1,183,195
Post transaction value	1,817,716	1,183,195	1,310,099
Post transaction shares on issue	1,447,578,822	1,447,578,822	1,447,578,822
Value per share	0.0013	0.0008	0.0009
Minority discount	20%	20%	20%
Post-Transaction value per share	0.0010	0.0007	0.0008

Source: Bloomberg, Outback Metals, VAA Analysis.

In forming our opinion we have also considered the following relevant factors:

- The exercise price of the convertible note is equivalent to the offer price in the recent rights issue (which was heavily undersubscribed)
- The value per share based on the directors' assessment of the market value of the company's principal asset (exploration assets) is \$nil. The conversion price is materially in excess of the \$nil value
- The proposed conversion price of CN#3 of \$ 0.001 is at the same price as previously issued Convertible Notes by OUM and based on the same terms and conditions as offered to ordinary shares in the recent Rights Issue undertaken by OUM.

Opinion 3: Whether the transfer of all the assets of OUM to SCL (other than up to \$ 100,000 in cash) in exchange for all debt owing by OUM to SCL upon acceptance of the Letter Offer. (Listing Rule 10 and Chapter 2E), is fair and reasonable.

As set out in opinion two (2) our assessed value range therefore spans the current estimated book net asset position of \$ nil per share at the low end and \$ 0.0004 per share at the high end (being the price at which the recent rights issue was undertaken and adjusting for an allowance for deterioration in the financial position of the Company since that time).

After allowing for a control premium of 20%, our assessed value range per OUM share is \$ nil to \$ 0.0005.

Resolution 5 could see all assets save for up to A\$ 100,000 of cash-like assets transfer to SCL in exchange for extinguishing the SCL Loans and deferred consulting fees, plus all associated interest, due by the Company.

Given the current financial position of the Company, this outcome will result in a slight restoration of the financial position of the Company to an amount approximating \$ 0.004 per share.

It is difficult to anticipate the price at which OUM shares may trade (and unnecessary if resolution 5 passes).

VAA notes that the pro forma financial position after the potential sale and extinguishment of assets exceeds the current financial position and that outcome also lies within the range of assessed values per share.

On that basis VAA concludes that the transaction anticipated by Resolution 6 is fair and reasonable to the non-associate OUM shareholders.

Other considerations

OUM has extremely limited resources and its financial position is deteriorating rapidly. Despite significant and ongoing attempts by the directors to realise the value of company's assets through sale or equity injections the company's position is perilous. Whilst we have found each of the proposed transactions to be fair and reasonable for the non-associated OUM shareholders it is also the case there are no available alternatives for shareholders to consider. In those circumstances the proposed resolutions are a compelling but potentially temporary solution.

17. General advice only

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of the shareholders of OUM. The decision to accept or reject the Proposed Transaction is a matter for individual shareholders. Shareholders of OUM should consider the advice in the context of their own circumstances and preferences. Shareholders of OUM who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

VAA has prepared a Financial Services Guide in accordance with the Corporations Act, 2001. This is included in Appendix 1 to this report.

Our opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Appendix 1 – Financial Services Guide

Issue Date: March 2014

Value Adviser Associates Pty Ltd ABN 54 131 852 607 ("Value Adviser Associates" or "we" or "us" or "our" as appropriate) provides general advice in relation securities to retail clients as an authorised representative of Capital Value Securities Pty Ltd ABN 46 123 674 886 ("CVS" or "licensee") AFSL No 311705.

Financial Service Guide

In the above circumstances we are required to issue you, as a retail client, with a Financial Services Guide [FSG]. This FSG is designed to help retail clients make a decision as to their use of our general security advice.

This FSG includes information about:

1. Who we are and how we and the licensee can be contacted
2. The services we are authorised to provide under the licensee's Australian Financial Services Licence
3. Remuneration that we, the licensee and any associates receive in connection with our general advice
4. The licensee's complaints handling procedures and how you may access them.

The licensee has authorised this FSG.

Financial services we are authorised to provide

We hold Authorised Representative number 342572 authorising us to provide general security advice on behalf of the licensee.

General advice

We provide general advice, not personal 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 fees for providing general advice. These fees will be agreed with, and paid by, the person who engages us. Fees will be agreed on either a fixed fee or time cost basis. Clients may request particulars within a reasonable time after receiving this Guide (and before any financial service is given).

Except for the fees referred to above, neither Value Adviser Associates, CVS nor any of their directors, employees or related entities receive any pecuniary benefit or other benefit directly or indirectly for or in connection with the provision of financial product advice.

Referrals

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

Associations and relationships

CVS is ultimately controlled and operates as part of Value Adviser Associates professional advisory practice. Our Directors may be executive directors of CVS.

From time to time, we may provide professional services to financial product issuers in the ordinary course of our business.

Complaints resolution

Internal complaints resolution process

As a holder of an Australian Financial Services Licence, CVS is required to have a system for handling complaints from retail clients to whom it and its representatives provide financial product advice. All complaints must be in writing, addressed to: The Complaints Officer, Capital Value Securities Pty Ltd, Level 2, 65 Southbank Boulevard, Southbank, Vic 3006.

When CVS receives a written complaint it will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practicable and not more than 45 days after receiving the written complaint, it will advise the complainant in writing of its determination.

Referral to External Dispute Resolution Proposed Scheme

A complainant not satisfied with the outcome of the above process, or the licensee's determination, has the right to refer the matter to the Financial Ombudsman Service Ltd ["FOS"]. FOS is an independent company 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 FOS are available from the FOS website www.fos.org.au or by contacting them directly at: Financial Ombudsman Service Ltd. GPO Box 3, Melbourne Victoria 3001 or Toll free 1300 78 08 08 or by facsimile (03) 9613 6399.

Professional Indemnity insurance

Value Adviser Associates has Professional Indemnity insurance in place that covers claims in respect of current and former employees and representatives for services provided on behalf of Value Adviser Associates. This insurance satisfies the requirements under the Corporations Act relating to compensation arrangements.

Contact details

You may contact CVS at level 2, 65 Southbank Boulevard, Southbank Vic, 3006 or by phone (03) 9626 4300 or by facsimile (03) 9626 4301.

Appendix 2 – Statement of Qualifications and Declarations

Value Adviser Associates is qualified to provide this report. It is the corporate authorised representative of Capital Value Securities (a wholly-owned subsidiary of VAA), which holds an Australian Financial Services Licence under the Act. The VAA personnel responsible for this report have not provided financial advice to OUM in relation to this Proposed Transaction.

Prior to accepting this engagement, VAA considered its independence with respect to OUM with reference to ASIC Regulatory Guide 112: *Independence of experts*. In our opinion, we are independent of OUM.

This report has been prepared specifically for the shareholders of OUM. Neither VAA nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of OUM, in respect of this report, including any errors or omissions howsoever caused.

The statements and opinions given in this report are given in good faith and the belief that such statements and opinions are not false or misleading. In the preparation of this report VAA has relied upon and considered information believed after due inquiry to be reliable and accurate. VAA has no reason to believe that any information supplied to it was false or that any material information has been withheld from it. VAA has evaluated the information provided to it by OUM, its advisors, as well as other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base this report. VAA does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its inquiries could have verified any matter which a more extensive examination might disclose. The information we have had regard to in the preparation of this report is set out in Appendix 4 – Sources of Information.

The information provided to VAA has been evaluated through analysis, enquiry and review to the extent it considered necessary for the purposes of forming an opinion. VAA does not warrant that its enquiries have identified or verified all the matters that a formal audit or due diligence may disclose. Accordingly, this report and the opinions contained in it should be considered more in the nature of a commercial and financial review rather than a comprehensive audit or due diligence.

OUM has provided an indemnity to VAA for any claims arising out of any mis-statement or omission in any material or information provided to it in the preparation of this report.

This report should be read in its entirety to ensure that no isolated statements, analyses or other factors are construed out of context. The preparation of an opinion is a complex process and subject to professional judgement. The overall opinion is not to partial analysis or summary.

VAA provided draft copies of this report to the independent directors and management of OUM for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of VAA alone. Changes made to this report as a result of this review by the independent directors and management of OUM have not changed the methodology or conclusions reached by VAA.

VAA will receive a professional fee based on time spent in the preparation of this report, estimated at \$15,000 (exclusive of GST). This fee is not contingent on the outcome of the Proposed Transaction. VAA will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the making of this report.

Mr Michael Churchill, CEO of VAA, has assumed overall responsibility for this report. He has over 25 years' experience in providing financial advice and valuation advice and has professional qualifications appropriate to the advice being offered. Michael holds a Bachelor of Administration, post graduate Diploma in Financial Analysis and Investment and is a Fellow

of CPA Australia, a Senior Fellow of Finsia, a member of the Tax Institute and of the Institute of Company Directors.

Andrew Long, is CEO of Value Adviser Associates (Hong Kong) – an associate of VAA, and has over 20 years' experience as an equity research analyst with broad experience across all key market industries including the mining industry both in Australia and as well as throughout Asia. He has Bachelor of Administration (Accounting) and is a member of key resource industry associations in Asia.

In the preparation of this report VAA has had regard to relevant Regulatory Guides issued by ASIC. It is not intended that the report should be used for any other purpose than to be sent to the Shareholders of OUM. In particular, it is not intended that this report should be used for any other purpose other than as an expression of its opinion as to whether or not the Offer is fair and reasonable for the Shareholders.

This report conforms to the requirements of APES 225 "Valuation Services".

The financial forecasts considered in the preparation of this report reflect the judgement of directors and management of OUM based on present circumstances, as to both the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecast and such differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of those forecasts.

VAA consents to the issue of this report in the form and context in which it accompanies the Notice of General Meeting to be sent to the shareholders of OUM.

Appendix 3 – Valuation Methodologies

There are a number of valuation methodologies available with which to value a project, a business or the shares in a company. The principal methodologies used are:

- capitalisation of earnings;
- discounted cash flow;
- net realisable asset value;
- market based assessments; and
- recent offers.

Each of these methodologies is appropriate in certain circumstances. The decision as to which methodology to utilise generally depends upon the methodology most commonly adopted in valuing the asset in question and the availability of appropriate information.

Capitalisation of Earnings

The capitalisation of earnings methodology involves capitalising the earnings of a project, a business or a company at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects.

This methodology requires consideration of the following factors:

- estimation of future maintainable earnings having regard to historical and forecast operating results, abnormal or non-recurring items of income and expenditure and other factors. Future maintainable earnings is generally based on net profit after tax, EBIT, EBITA or EBITDA;
- determination of an appropriate earnings multiple reflecting the risks inherent in the business, growth prospects and other factors;
- earnings multiples applied to net profit after tax are known as price earnings multiples and are commonly used in relation to listed public companies. Earnings multiples applied to EBIT, EBITA or EBITDA are known, respectively, as EBIT, EBITA or EBITDA multiples, and are commonly used in respect of companies comprising a number of businesses where debt cannot be precisely allocated or in acquisition scenarios where the purchaser is likely to control gearing;
- an adjustment for financial debt, in the event maintainable earnings are based on EBIT, EBITA or EBITDA; and
- an assessment of any surplus assets and liabilities, being those which are not essential to the generation of the future maintainable earnings.

This methodology is appropriate where a company, project or business is expected to generate a relatively stable record of earnings.

Discounted Cash flow

The discounted cash flow methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a discount rate that reflects the time value of money and the risk inherent in cash flows.

This methodology is particularly appropriate in valuing projects, businesses and companies that are in a start-up phase and are expecting considerable volatility and/or growth in earnings during the growth phase, as well as businesses with a finite life. The utilisation of this methodology generally requires management to be able to provide long term cash flows for the subject company, asset or business.

Net realisable value of assets

The net realisable value of assets methodology involves the determination of the net realisable value of the assets of a business or company, assuming an orderly realisation of

those assets. This value may include a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their market value.

This methodology is appropriate where a project, a business or company is not making an adequate return on its assets or where there are surplus non-operational assets or in the case of a start-up where returns are not certain.

Market-based assessments

Market based assessments relate to the valuation of companies or assets that are publicly traded.

For private companies, if a recent genuine offer has been made for a company, business unit or asset, that offer may be used as a basis for valuation of the company, business unit or asset.

Appendix 4 – Sources of Information

In preparing this report, we have had regard to the following sources of information:

TABLE 5 INFORMATION PROVIDED BY OUM CORPORATION

OUM Limited – Convertible Note (November 2014)
OUM Limited – Financing Agreement (South Cove Ltd and Outback Metals Ltd) (November 2014)
OUM Limited – Letter Offer (South Cove Ltd) (November 2014)
OUM Limited – OUM Directors Report (October 2014)
OUM Limited – Various management financial forecasts out to February 2015
OUM Limited – G Chrisp Director Fees Agreement
OUM Limited – Financing withdrawn
OUM Limited – Sale of Wingates
OUM Limited – Reorganisation of Finances
OUM Limited – Various Exploration updates
OUM Limited – Various Quarterly Activities Reports
OUM Limited – October 2014 Top 20 Shareholders

TABLE 6 INFORMATION SOURCED BY VAA

OUM Limited Annual Report 2013
OUM Limited October 31 Activities Report
OUM Limited October 31 Cash Flow Report
OUM Limited Prospectus 2008
OUM Limited Prospectus July 2014
ASIC Regulatory Guide 111 Content of Expert Reports, March 2011
ASIC Regulatory Guide 112 Independence of Experts, March 2011
ASIC Regulatory Guide 60 Schemes of Arrangement, December 2009
Bloomberg
Mergerstat Control Premium Study, Metal Mining, Q1 2012 and Q4 2012
Rudenno, Victor, the Mining Valuation Handbook, 2 nd Edit, 2007

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am ACDT on Saturday 20 December 2014.**

🖨 TO VOTE ONLINE

STEP 1: VISIT www.votingonline.com.au/outbackagm2014

STEP 2: Enter your holding/investment type:

STEP 3: Enter your Reference Number:

STEP 4: Enter your VAC:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am ACDT on Saturday, 20 December 2014.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.votingonline.com.au/outbackagm2014

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Outback Metals Limited

ACN 126 797 573

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Outback Metals Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **33 Lascelles Avenue, Hove, South Australia on Monday, 22 December, 2014 at 11:00am ACDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for Outback Metals Limited.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Ordinary Resolutions

Resolution 1 Adoption of the Remuneration Report for the year ended 30 June 2014

For Against Abstain*

☐☐☐

Resolution 2 Re-election of Mr Graham Chrisp as a Director

☐☐☐

Special Business

Resolution 3 Approval of Financial Benefit to South Cove Limited

☐☐☐

Resolution 4 Section 611 7 Approval

☐☐☐

Resolution 5 South Cove Letter Offer – Disposal of Main Undertaking

☐☐☐

Resolution 6 Delisting from the ASX

☐☐☐

Resolution 7 Approval of 10% Placement Facility

☐☐☐

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014