

**QUANTUM RESOURCES LIMITED**  
**ACN 006 690 348**

**NOTICE OF GENERAL MEETING**

Notice is given that the General Meeting of Quantum Resources Limited ("**the Company**" or "**Quantum Resources**") will be held at Level 17, 500 Collins Street, Melbourne, Victoria, 3000 on 7 September 2016 at 11.00am (AEST).

Further details in respect of each of the resolutions proposed in this Notice of General Meeting are set out in the Explanatory Memorandum accompanying this Notice of General Meeting. The details of the resolutions contained in the Explanatory Memorandum should be read together with, and forms part of, this Notice of General Meeting.

**GENERAL BUSINESS**

**Resolution 1: Approval for issue of shares – Vendors of Manitoba Minerals**

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

*"THAT, for the purpose of ASX Listing Rule 7.1, shareholders approve the issue of 100,000,000 ordinary fully paid shares to the shareholders of Manitoba Minerals Pty Ltd ("**MMPL Vendors**") (or their nominees) on the terms set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting."*

**Voting Exclusion Statements:**

*The Company will disregard any votes cast on this Resolution 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 shares, if the resolution is passed; or*
- *any associates of those persons.*

*However, the Company need not disregard a vote on the Resolution if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 2: Ratification of prior issue of shares – BullRun Capital Inc**

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

*"THAT, for the purpose of ASX Listing Rule 7.4, shareholders ratify the prior issue of 5,000,000 ordinary fully paid shares to nominees of BullRun Capital Inc, a company registered under the Corporations Act 1970 of Canada, on the terms set out in the Explanatory Memorandum which accompanies and forms part of the Notice of General Meeting."*

**Voting Exclusion Statements:**

*The Company will disregard any votes cast on this Resolution by:*

- *persons who participated in the issue; or*
- *any associates of those persons.*

*However, the Company need not disregard a vote on the Resolution if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

### **Resolution 3: Ratification of prior issue of placement shares**

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

*“THAT, for the purpose of ASX Listing Rule 7.4, shareholders ratify the prior issue of 16,000,000 ordinary fully paid shares to participants in a placement to professional, sophisticated and other exempt investors at an issue price of \$0.018 (1.8 cents) each, on the terms set out in the Explanatory Memorandum which accompanies and forms part of the Notice of General Meeting.”*

#### **Voting Exclusion Statements:**

*The Company will disregard any votes cast on this Resolution by:*

- *persons who participated in the issue; or*
- *any associates of those persons.*

*However, the Company need not disregard a vote on the Resolution if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

### **Resolution 4: Ratification of prior issue of shares and options**

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

*“THAT, for the purpose of ASX Listing Rule 7.4, shareholders ratify the prior issue of 7,000,000 ordinary fully paid shares and 12,000,000 free-attaching options (each option exercisable at \$0.0325 and expiring on 17 November 2018) made to participants in a placement to professional, sophisticated and other exempt investors at an issue price of \$0.04 (4 cents) per share, on the terms set out in the Explanatory Memorandum which accompanies and forms part of the Notice of General Meeting.”*

#### **Voting Exclusion Statements:**

*The Company will disregard any votes cast on this Resolution by:*

- *persons who participated in the issue; or*
- *any associates of those persons.*

*However, the Company need not disregard a vote on the Resolution if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

### **Resolution 5: Approval for issue of shares – BullRun Capital Inc**

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

*“THAT, for the purpose of ASX Listing Rule 7.1, shareholders approve the issue of 12,500,000 ordinary fully paid shares to BullRun Capital Inc (or its nominee), a company registered under the Corporations Act 1970 of Canada, on the terms set out in the Explanatory Memorandum which accompanies and forms part of this Notice of General Meeting.”*

#### **Voting Exclusion Statements:**

*The Company will disregard any votes cast on this Resolution 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 shares, if the resolution is passed; or*
- *any associates of those persons.*

However, the Company need not disregard a vote on the Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 6: Approval for proposed issue of shares and options**

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

*“THAT, for the purposes of ASX Listing Rule 7.1 shareholders approve the issue of 20,000,000 fully paid ordinary shares to professional, sophisticated and other exempt investors at an issue price of \$0.02 (2 cents) each together with 20,000,000 free attaching options (each option having an exercise price of \$0.0325 and expiring on 17 November 2018), on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of General Meeting.”*

#### **Voting Exclusion Statements:**

*The Company will disregard any votes cast on this Resolution 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 shares, if the resolution is passed; or
- any associates of those persons.

However, the Company need not disregard a vote on the Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 7: Approval of adoption of employee share option plan**

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

*“THAT for the purposes of ASX Listing Rule 7.2 Exception 9 approval is given for the adoption of the Employee Share Option Plan on the terms set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”*

#### **Voting Exclusion Statements:**

*The Company will disregard any votes cast on this resolution by a Director of the Company or any associate of a Director of the Company. However, the Company need not disregard a vote on this resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting (**Chair**) as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*The Company will also disregard votes cast as a proxy by a member of the Company's key management personnel (including the Directors) or any of those persons' closely related parties (such as close family members and any controlled companies of those persons) (collectively referred to as a **“Restricted Voter”**). However, the Company need not disregard a vote cast on this resolution if it is cast by a person as proxy for a person who is entitled to vote and cast either in accordance with the directions on the Proxy Form or it is cast by the Chair pursuant to an authorisation on the Proxy Form to vote undirected proxies.*

*If you appoint the Chair as your proxy by marking the box on, and submitting, the Proxy Form you authorise the Chair to exercise the proxy even though this Resolution may be considered to be connected directly or indirectly with the remuneration of a member of the Company's key management personnel, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of this Resolution. If you have appointed the Chair as your proxy he can only cast your votes on this Resolution if you expressly authorise him to do so by marking the box on the Proxy Form or directing the Chair how to vote by marking either ‘for’, ‘against’ or ‘abstain’ for this Resolution.*

#### **Resolution 8A: Approval for issue of options to Avi Kimelman**

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

*“THAT, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 7,500,000 unlisted options to Avi Kimelman (or his nominee), with each option having an exercise price of \$0.0325 (3.25 cents) and expiring on 31 August 2020, on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”*

#### **Resolution 8B: Approval for issue of options to Ari Herszberg**

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

*“THAT, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 unlisted options to Ari Herszberg (or his nominee), with each option having an exercise price of \$0.0325 (3.25 cents) and expiring on 31 August 2020, on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”*

#### **Resolution 8C: Approval for issue of options to Eliahu Bernstein**

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

*“THAT, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 unlisted options to Eliahu Bernstein (or his nominee), with each option having an exercise price of \$0.0325 (3.25 cents) and expiring on 31 August 2020, on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”*

#### **Voting Exclusion Statements Resolutions 8A-8C**

The Company will disregard any votes cast on these Resolutions by:

- a person who is to receive securities under the proposed issue or any of their associates; or
- it is cast as a proxy by a person who is to receive securities under the proposed issue or any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form or with the express authorisation to exercise the undirected proxies even though the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company's consolidated group.

#### **Resolution 9A: Approval for issue of options to RM Corporate Finance Pty Ltd**

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

*“THAT, for the purpose of ASX Listing Rule 7.1 shareholders approve the issue of 7,500,000 unlisted options to RM Corporate Finance Pty Ltd (and/ or its nominee), with each option having an exercise price of \$0.0325 (3.25 cents) and expiring on 31 August 2020, as described in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.*

#### **Resolution 9B: Approval for issue of options to Vision Tech Nominees Pty Ltd**

*“THAT, for the purpose of ASX Listing Rule 7.1 shareholders approve the issue of 7,500,000 unlisted options to Vision Tech Nominees Pty Ltd (and/ or its nominee), with each option having an exercise price of \$0.02 (2 cents) and expiring on 31 August 2019, as described in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.*

**Voting Exclusion Statements Resolutions 9A and 9B:**

*The Company will disregard any votes cast on these Resolutions 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 shares, if the resolution is passed; or*
- *any associates of those persons.*

*However, the Company need not disregard a vote on these Resolutions if:*

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Dated: 4 August 2016

By the order of the Board



Adrien Wing  
Company Secretary

The accompanying Explanatory Memorandum and Proxy and Voting Instructions form part of this Notice of Meeting.

## PROXY AND VOTING INSTRUCTIONS

### PROXY INSTRUCTIONS

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A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the Company's registered office on (03) 9614 0550 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice of General Meeting.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

### CORPORATE REPRESENTATIVES

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Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

### VOTING ENTITLEMENT

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For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7.00pm on 5 September 2016 (AEST) are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

Subject to the restriction set out above, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

### HOW THE CHAIR WILL VOTE UNDIRECTED PROXIES

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Subject to the restrictions which apply to Resolutions 7 and 8A-8C (see below), the chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

### PROXIES THAT ARE UNDIRECTED ON RESOLUTIONS 7 and 8A-8C

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If you appoint the Chair of the meeting as your proxy, by marking the box on and submitting the proxy form, you authorise the Chair to exercise the proxy even though Resolutions 7 and 8A-8C may be considered to be connected directly or indirectly with the remuneration of a member of the Company's key management personnel, and you will be taken to have directed the Chair to vote in accordance with his stated intention to vote in favour of Resolutions 7 and 8A-8C.

**QUANTUM RESOURCES LIMITED**

**ACN 006 690 348**

**("the Company")**

**EXTRAORDINARY GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**PURPOSE OF INFORMATION**

This Explanatory Memorandum ("**this Memorandum**") accompanies and forms part of the Company's Notice of General Meeting to be held at Level 17/500 Collins Street, Melbourne, Victoria, 3000 on 7 September 2016 at 11.00 am (AEST). The Notice of General Meeting incorporates, and should be read together with, this Memorandum.

**BACKGROUND**

***Acquisition of Manitoba Minerals***

On 12 May 2016 the Company announced it had signed a Binding Terms Sheet ("**Terms Sheet**") to acquire 100% of Manitoba Minerals Pty Ltd ("**MMPL**"). The Terms Sheet was subject to a number of conditions precedent including the Company entering into a formal share sale agreement with the MMPL Vendors, completion of due diligence, shareholder and all regulatory and third party consents and approvals (including approvals under the ASX Listing Rules) being obtained and completion by the Company of a further capital raising of \$400,000 (before costs) ("**Further Capital Raising**").

The consideration payable to the MMPL Vendors for the acquisition of MMPL is 100,000,000 fully paid ordinary shares at a deemed issue price of \$0.02 per share.

MMPL is a private company that holds the rights to earn up to a 95% ownership interest in the Thompson Bros. Lithium Property in Wekusko Lake, Manitoba ("**the Project**") from Ashburton Ventures Inc. ("**ABR**") by financing ABR's commitments under an Option Agreement with the current holder of the Project, Strider Resources Limited ("**SRL**").

On 19 July 2016, the Company announced that it had completed its due diligence enquires and had entered into a binding share sale agreement with the shareholders of MMPL ("**Share Sale Agreement**"). The Share Sale Agreement remains conditional upon:

- the parties obtaining various shareholder, regulatory and third party approvals;
- MMPL completing the formalisation of its rights to the Project (on terms satisfactory to the Company);
- the Company completing a subscription for shares in ABR to enable to satisfy the financing commitments under the terms of the Option Agreement between ABR and SRL (which were outlined in the Company's ASX announcement on 12 May 2016 and are further described below);
- completion by the Company of the Further Capital Raising (which is the subject of Resolution 6).

Each of the above conditions are required to be satisfied no later than 31 August 2016, although MMPL and QUR have agreed to act reasonably to extend this deadline if required. The Share Sale Agreement otherwise contains terms and conditions which are typical of agreements of a like nature including warranties and indemnities from the Company, MMPL and the MMPL shareholders and Director. It should also be noted that, whereas the Terms Sheet allowed MMPL to nominate a Director to the Company's Board, MMPL have elected to waive this right.

### **About the Thompson Bros. Lithium Project**

The Thompson Bros. Lithium Project is located 20 kilometres east of the mining community of Snow Lake, Manitoba, Canada. The main highway between Thompson and Flin Flon and rail connecting Winnipeg and the seaport of Churchill both pass 40 kilometres south of the Project.

The project consists of 18 contiguous claims covering 1829 hectares. Manitoba is consistently ranked one of the top mining jurisdictions in the world and electricity costs are amongst the lowest in North America.

### **Option Financing Commitment**

Assuming the acquisition completes, the Company (through its then wholly owned subsidiary MMPL) will have the right to earn up to a 95% ownership interest in the Project from ABR by satisfying the funding commitments relating to the option granted to ABR by SRL (the “**Option**”). The terms of the MMPL’s option financing arrangement with ABR provide for the following:

- MMPL to earn an 80% interest by funding the obligations which ABR must meet to enable it to exercise the Option, specifically:
  - i. making all cash payments due to SRL in relation to the Option, being up to CAD\$490,000 paid in tranches over 60 months;
  - ii. funding a work program for a minimum of CAD\$1,500,000 of expenditure, over 60 months; and
  - iii. a requirement to procure the issue of up to 3,000,000 ABR shares to SRL, issued in tranches over 60 months (500,000 of which have been issued and transferred to SRL).

To enable MMPL to satisfy its potential future obligation under (iii) above, upon settlement of the acquisition the Company will subscribe for (or procure that MMPL makes subscription for) 2,500,000 ABR shares at an issue price of CAD\$0.05 per share (total subscription sum of CAD\$125,000) (“**ABR Subscription**”). The Company (or MMPL) will hold the shares the subject of the ABR Subscription and transfer them in tranches to SRL as necessary to ensure the terms of the Option are met.

- MMPL will manage all activities relating to the work program for the Option on behalf of ABR.
- Subject to the following item, ABR will retain a free carried interest over their 20% holding in the Project up to completion of a Pre-Feasibility Study (the “**PFS**”). Following completion of a PFS, MMPL and ABR will enter into a joint venture agreement (the “**Joint Venture Agreement**”), with contributions reflective of each party’s ownership interest.
- The Company will also have the right to acquire a further fifteen per cent holding (15%) in the Project from ABR for cash consideration of CAD\$1,000,000, at any time following exercise of the Option and up to the entering of the Joint Venture Agreement. It should be noted that the terms of the Option provide for the grant a 2% net smelter royalty to SRL upon exercise of the Option which may be reduced by half (i.e. to 1%) in consideration of a payment of CAD\$1,000,000.
- Should MMPL fail to make any of the payments due by it to ABR under the option financing agreement, ABR will immediately notify MMPL of the breach. MMPL has 15 days from the date of notification to rectify the breach or ABR will have the right, at its discretion, to continue sole funding the Option payments. Upon this election MMPL has no further rights under the option financing agreement.



### **Finder's fee**

As part of the acquisition of MMPL, the Company has agreed to make certain payments to BullRun Capital Inc. (or its nominee) ("**BullRun**") in satisfaction of fees due to it by MMPL in connection with the introduction and implementation of the proposed acquisition ("**Finder's Fee**"). The Company has issued 5,000,000 fully paid ordinary shares to BullRun as part payment of the Finder's Fee.

The Company intends to satisfy the remainder of the Finder's Fee by issuing BullRun (or its nominee) a total of 12,500,000 fully paid ordinary shares in five tranches of 2,500,000 fully paid ordinary shares, to be issued on or before the annual anniversary of execution of the Option.

Under the terms of the arrangement with BullRun, if MMPL withdraws from the Project and elects not to pursue its earn in rights, its obligation to issue any unissued tranches of shares to BullRun shall be at an end. The issue of tranches of shares is therefore conditional upon the Company, through its fully owned subsidiary MMPL, not having withdrawn from the Project on the relevant anniversary.

### **Capital raising**

The Company has issued 16,000,000 fully paid ordinary shares in a placement to professional, sophisticated and other exempt investors at an issue price of \$0.018 (1.8 cents) per share, raising \$288,000 before costs of the issue. As a condition of the transaction, the Company anticipates raising a further \$400,000 through the issue of 20,000,000 fully paid ordinary shares at an issue price of \$0.02 (2 cents) per share together with 20,000,000 free attaching options, the issue of which is the subject of Resolution 6.

### **Pro Forma Capital Structure**

The indicative capital structure of the Company at both settlement of the proposed acquisition and assuming MMPL exercises its earn-in rights in full and acquires an 80% interest in the Project is set out in the table below:

	Capital structure on settlement of proposed acquisition		Capital structure assuming QUR funds Project through to completion of the ABR Option (circa June 2021).	
Existing Shares	189,139,826	61.18%	189,139,826	58.80%
MMPL Consideration Shares (Resolution 1)	100,000,000	32.35%	100,000,000	31.09%
BRC Share Issue (Resolution 5)	-	-	12,500,000	3.89%
Further Capital Raising (Resolution 6)	20,000,000	6.47%	20,000,000	6.22%
<b>TOTALS:</b>	<b>309,139,826</b>	<b>100%</b>	<b>321,639,826</b>	<b>100%</b>

#### **Notes to table:**

- The indicative capital structure at completion of the earn-in assumes that no other QUR shares are issued between settlement of the acquisition and completion of MMPL earning a 95% interest in the Project (estimated to be in 2021).*
- In addition to the above, at completion of the acquisition of Manitoba Minerals Pty Ltd, the Company would have 52 million options (exercisable at \$0.0325 and expiring on 17 November 2018) on issue. The Company may also have additional options on issue if Resolution 8A-8C and/or 9A-9B are approved.*

Further details about each of the Resolutions to give effect to the above are set out below.

## **BUSINESS**

### **Resolution 1: Approval for issue of shares – Vendors of Manitoba Minerals**

Resolution 1 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 100,000,000 fully paid ordinary shares to the MMPL Vendors (or their nominees). The shares are to be issued as consideration due to the MMPL Vendors pursuant to the Share Sale Agreement announced to ASX by the Company on 19 July 2016.

If passed, the shares the subject of this resolution are intended to be issued to the MMPL Vendors at settlement of the acquisition of MMPL by the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period. One circumstance where an action or an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

ASX Listing Rule 7.3 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must include the following information:

- The maximum number of securities to be issued under the approval sought through this resolution is 100,000,000 ordinary fully paid shares.
- There is no issue price. The shares are to be issued as consideration due to the MMPL Vendors following settlement of the acquisition by the Company of MMPL as referred to above.
- The shares are fully paid ordinary shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary shares.
- The shares will be issued to the MMPL Vendors (or their nominees). There are 13 MMPL Vendors none of whom are related parties of the Company.
- No funds will be raised upon issue of the shares.
- A voting exclusion statement is contained in the Notice of General Meeting accompanying this Memorandum.

### **Resolution 2: Ratification of prior issue of shares – BullRun Capital Inc**

Resolution 2 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 5,000,000 ordinary shares to BullRun Capital Inc, a company registered under the Corporations Act 1970 of Canada. These shares were the subject of an Appendix 3B lodged 17 May 2016.

The shares the subject of Resolution 2 were issued without shareholder approval under ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The number of securities issued to which this Resolution applies was 5,000,000 fully paid ordinary shares.
- There was no issue price. The shares were issued as a portion of a Finder's Fee due to Bullrun by MMPL which the Company agreed to pay as part of the terms of the transaction. The shares have a deemed issue price of \$0.02 (2 cents) per share.
- The shares are fully paid ordinary shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary shares.
- The shares were issued to BullRun Capital Inc, a company registered under the Corporations Act 1970 of Canada.
- No funds were raised upon issue of the shares.
- A voting exclusion statement is contained in the Notice of General Meeting accompanying this Memorandum.

### **Resolution 3: Ratification of prior issue of placement shares**

Resolution 3 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 16,000,000 fully paid ordinary shares to unrelated professional, sophisticated and other exempt investors. Each share was issued at an issue price of \$0.018 (1.8 cents each). These shares were the subject of an Appendix 3B lodged 17 May 2016.

The shares the subject of Resolution 3 were issued without shareholder approval under ASX Listing Rule 7.1A. ASX Listing Rule 7.1A provides a placement capacity of up to 10% of an entities issued capital for certain entities who have obtained approval for the capacity at their annual general meeting. The Company obtained approval for the additional 10% placement capacity at its annual general meeting on 25 November 2015.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1A (provided that the previous issue of securities did not breach ASX Listing Rule 7.1A) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1A. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1A.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The total number of shares issued was 16,000,000 fully paid ordinary shares in the Company.
- The shares were issued for \$0.018 (1.8 cents) each, with the total received by the Company being \$288,000 prior to costs of the issue.
- The shares have the same terms and rights as, and will rank equally with, the Company's existing listed fully paid ordinary shares.
- The shares were issued to professional, sophisticated and other investors exempt from the disclosure requirements of Chapter 6D of the Corporations Act, all of whom are not related parties of the Company.
- Funds raised from the issue have (or will) be used to develop the Project as referred to above and develop the Company's existing projects and otherwise to meet the working capital and administrative costs of the Company.
- A voting exclusion statement is contained in the Notice of General Meeting accompanying this Memorandum.

#### **Resolution 4: Ratification of prior issue of shares and options**

Resolution 4 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 7,000,000 fully paid ordinary shares and 12,000,000 options (exercisable at \$0.0325 and expiring on 17 November 2016) to unrelated professional, sophisticated and other exempt investors. Each share was issued at an issue price of \$0.04 (4 cents each). These shares and options were the subject of an Appendix 3B lodged 17 November 2016, and comprised part of the \$480,000 placement completed by the Company on the same date.

The shares and options the subject of Resolution 4 were issued without shareholder approval under ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The total number of shares issued was 7,000,000 fully paid ordinary shares in the Company and 12,000,000 options.
- The shares were issued for \$0.04 (4 cents) each, the options were free-attaching options and has a nil issue price. The shares and options were issued as part of the \$480,000 placement completed on 17 November 2015.
- The shares have the same terms and rights as, and will rank equally with, the Company's existing listed fully paid ordinary shares. The options have an exercise price of \$0.0325 per option and an expiry date of 17 November 2018.
- The shares and options were issued to professional, sophisticated and other investors exempt from the disclosure requirements of Chapter 6D of the Corporations Act, all of whom are not related parties of the Company.
- Funds raised from the issue have (or will) be used to develop the Company's existing projects and otherwise to meet the working capital and administrative costs of the Company.
- A voting exclusion statement is contained in the Notice of General Meeting accompanying this Memorandum.

#### **Resolution 5: Approval for issue of shares – BullRun Capital Inc**

Resolution 5 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 12,500,000 fully paid ordinary shares BullRun Capital Inc, (or its nominee) a company registered under the Corporations Act 1970 of Canada. The shares are to be issued as deferred payment of the Finder's Fee payable as referred to above.

The Company has applied for and obtained a waiver of ASX Listing Rule 7.3.2 to permit the issue of the shares the subject of Resolution 5 to be issued more than 3 months after the date of the meeting. The Company anticipates issuing shares on the anniversary of execution of the Option as set out in the following table:

<b>Time following execution of the Option Agreement</b>	<b>Number of shares</b>
12 months (being 26 April 2017)	2,500,000
24 months (being 26 April 2018)	2,500,000

36 months (being 26 April 2019)	2,500,000
48 months (being 26 April 2020)	2,500,000
60 months (being 26 April 2021)	2,500,000
<b>Total</b>	<b>12,500,000</b>

In the event MMPL withdraws from the Project and elects not to pursue its earn in rights, its obligation to issue any unissued tranches of shares to BullRun shall be at an end.

Accordingly, issue of the shares set out above is conditional upon the Company, through its then wholly owned subsidiary MMPL, not having withdrawn from the Project prior to the relevant anniversary. This means that the Company may not issue all of the shares set out in the table above.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period. One circumstance where an issue of securities is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- The maximum number of securities that will be issued are 12,500,000 fully paid ordinary shares;
- As noted above, the Company has applied for and obtained a waiver of ASX Listing Rule 7.3.2 which would otherwise require the shares to be issued within 3 months of the date of the Meeting. The terms of the waiver permit the Company to issue the shares the subject of Resolution 5 at the times and in accordance with the table above.
- The shares will not have an issue price. The shares are deferred payment of the Finder's Fee referred to above and will have a deemed issue price of \$0.02 (2 cents) per share.
- The shares to be issued are fully paid ordinary shares in the Company having the same terms and rights as, and will rank equally with, the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares to quotation on ASX.
- The shares will be issued to BullRun Capital Inc (or its nominee), a company registered under the Corporations Act 1970 of Canada.
- No funds will be raised from the issue of shares.
- A voting exclusion statement is contained in the Notice of General Meeting accompanying this Memorandum.

#### **Resolution 6: Approval for proposed issue of shares and options**

Resolution 6 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 20,000,000 fully paid ordinary shares to unrelated professional, sophisticated and other exempt investors. Resolution 6 also seeks approval for the issue of 20,000,000 free-attaching options (exercisable at \$0.0325 per option and expiring on 17 November 2018) to be issued on the basis of one free-attaching option for each share issued under this Resolution 6.

The share and options are, subject to shareholder approval, proposed to be issued in repayment of the \$400,000 in loan funding (refer to ASX announcement dated 19 July 2016).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period. One circumstance where an issue of securities is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- The maximum number of securities that will be issued are 20,000,000 fully paid ordinary shares and 20,000,000 options (each option exercisable at \$0.0325 per option and expiring on 17 November 2018);
- The shares are expected to be issued approximately 5 business days after the meeting, but in any event no later than three (3) months after the date of the meeting (unless permitted to be issued at a later date by an ASX waiver of the Listing Rules, the Corporations Act 2001 and/or the Australian Securities and Investments Commission).
- The issue price of the shares will be \$0.02 (2 cents) each. The options will be issued as free-attaching options and will, therefore, have a nil issue price.
- The shares to be issued are fully paid ordinary shares in the Company having the same terms and rights as, and will rank equally with, the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares to quotation on ASX. The options will have an exercise price of \$0.0325 per option and an expiry date of 17 November 2018.
- The shares and options will be issued to professional, sophisticated and other investors exempt from the disclosure requirements of Chapter 6D of the Corporations Act, all of whom are not related parties of the Company, in consideration of repayment of existing loans the subject of the Company's announcement on 19 July 2016
- As noted above, the shares and options will (subject to shareholder approval) be issued in repayment of existing loans. The loan funding will be used to develop the Project as referred to above and develop the Company's existing projects and otherwise to meet the working capital and administrative costs of the Company.
- A voting exclusion statement is contained in the Notice of General Meeting accompanying this Memorandum.

#### **Resolution 7: Approval for adoption of employee share option plan**

Resolution 7 seeks shareholder approval in accordance with the ASX Listing Rule 7.2 for the establishment of an Employee Share Option Plan (**ESOP**) and the issue of options pursuant to terms of the ESOP.

The Directors of the Company are not eligible to participate in the ESOP without further shareholder approval.

The two main purposes of the ESOP are to give an incentive to the eligible participants to seek to encourage dedicated and ongoing commitment and effort to the Company and to provide a mechanism for the Company to reward eligible participants for their efforts. The ESOP contemplates the issue to eligible participants of options to subscribe for ordinary fully paid shares.

ASX Listing Rule 7.1 places restrictions on the number of equity securities, including options, which a listed company may issue in any 12 months. However, certain issues are exempt from ASX Listing Rule 7.1 and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Pursuant to ASX Listing Rule 7.2 Exception 9, issues exempt from ASX Listing Rule 7.1 include an issue of securities to persons participating in an employee option scheme where shareholders have approved the issue of securities under the terms of that scheme.

In order to take advantage of the exemption from ASX Listing Rule 7.1 and allow the Company greater flexibility to issue securities, shareholders are requested to approve the ESOP as an exemption from ASX Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date of the passing by shareholders of Resolution 9. For the purpose of ASX Listing Rule 7.2 Exception 9 the terms of the ESOP are outlined in Annexure One.

The Company does not otherwise currently have an employee share option scheme.

A voting exclusion statement applies to Resolution 7.

### **Resolutions 8A-8C: Approval of issue of options to Directors**

Resolutions 8A-8C are proposed to seek shareholder approval to issue a total of 9,500,000 unlisted options to Mr Avi Kimelman, Mr Ari Herszberg and Mr Eliahu Bernstein, Directors of the Company, (or their nominees).

ASX Listing Rule 10.11 requires a company to obtain shareholder approval by ordinary resolution prior to the issue of equity securities to a related part of the Company. For the purposes of Listing Rule 10.11, a related part includes a Director of the Company.

ASX Listing Rule 7.2 states that approval pursuant to ASX Listing Rule 7.1 is not required if approval is being obtained pursuant to ASX Listing Rule 10.11. Accordingly, as shareholder approval is being sought under ASX Listing Rule 10.11, a further approval is not required under ASX Listing Rule 7.1.

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to the section apply or shareholder have in a general meeting approved the giving of that financial benefit to the related party.

Section 211 of the Corporations Act provides that one of the exceptions to the requirements to obtain shareholder approval for giving a financial benefit to a related part is where the benefit is given as remuneration to the related part as an officer of the Company and to give the remuneration would be reasonable given:

- the circumstances of the Company; and
- the related party's circumstances (including the responsibilities involved in the office or employment).

The Directors current (direct and indirect) relevant interests in shares and options are as follows:

	Existing Shares	Existing Options (including key terms)
<b>Avi Kimelman</b>	12,496,154	NIL
<b>Ari Herszberg</b>	8,000,000	NIL
<b>Eliahu Bernstein</b>	NIL	NIL

The Company considers the proposed issues are reasonable remuneration and, as such, falls within the exception set out in section 211 of the Corporations Act. In reaching this view, the Company has considered the positions and responsibilities of the relevant Directors and their overall remuneration packages having regard to remuneration packages offered by similar ASX-listed companies. The Company has also considered the need to the Company to effectively incentivise the Director while aligning the incentive with increasing shareholder value, and the desirability of preserving cash resources within the Company.

### **Resolution 8A: Approval for issue of options to Avi Kimelman**

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- Avi Kimelman (or his nominee/s) will receive the options the subject of Resolution 8A.

- The number of securities to be issued will be 7,500,000 unlisted options with each option having an exercise price of \$0.0325 (3.25 cents) and expiring on 31 August 2020.
- The Company will issue options the subject of Resolution 8A within one (1) month of the date of the meeting.
- Avi Kimelman is a Director of the Company and therefore a related party for the purpose of ASX Listing Rule 10.11.
- The principal terms of the options are set out above. Shares issued upon exercise of the options will rank equally with the Company's existing fully paid ordinary shares.
- No funds will be raised through the issue of the options.
- A voting exclusion statement applies to Resolution 8A on the terms set out in the Notice.

#### **Resolution 8B: Approval for issue of options to Ari Herszberg**

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- Ari Herszberg (or his nominee/s) will receive the options the subject of Resolution 8B.
- The number of securities to be issued will be 1,000,000 unlisted options with each option having an exercise price of \$0.0325 (3.25 cents) and expiring on 31 August 2020.
- The Company will issue options the subject of Resolution 8B within one (1) month of the date of the meeting.
- Ari Herszberg is a Director of the Company and therefore a related party for the purpose of ASX Listing Rule 10.11.
- The principal terms of the options are set out above. Shares issued upon exercise of the options will rank equally with the Company's existing fully paid ordinary shares.
- No funds will be raised through the issue of the options.
- A voting exclusion statement applies to Resolution 8B on the terms set out in the Notice.

#### **Resolution 8C: Approval for issue of options to Eliahu Bernstein**

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- Eliahu Bernstein (or his nominee/s) will receive the options the subject of Resolution 8C.
- The number of securities to be issued will be 1,000,000 unlisted options with each option having an exercise price of \$0.0325 (3.25 cents) and expiring on 31 August 2020.
- The Company will issue options the subject of Resolution 8C within one (1) month of the date of the meeting.
- Eliahu Bernstein is a Director of the Company and therefore a related party for the purpose of ASX Listing Rule 10.11.
- The principal terms of the options are set out above. Shares issued upon exercise of the options will rank equally with the Company's existing fully paid ordinary shares.
- No funds will be raised through the issue of the options.
- A voting exclusion statement applies to Resolution 8C on the terms set out in the Notice.

#### **Resolution 9A: Approval for issue of options to RM Corporate Finance**

Resolutions 9A seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 7,500,000 unlisted options to RM Corporate Finance Pty Ltd (or its nominee).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exemptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of the twelve (12) month period. One



circumstance where an issue of securities is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- RM Corporate Finance Pty Ltd (and/ or its nominees) will receive the options the subject of Resolution 9A.
- The number of securities to be issued will be 7,500,000 unlisted options with each option having an exercise price of \$0.0325 (3.25 cents) and expiring on 31 August 2020 and are to be issued as consideration for consulting services provided to the Company.
- The Company will issue options the subject of Resolution 9A within three (3) months of the date of the meeting.
- The principal terms of the options are set out above. Shares issued upon exercise of the options will rank equally with the Company's existing fully paid ordinary shares.
- No funds will be raised through the issue of the options.
- A voting exclusion statement applies to Resolution 9A on the terms set out in the Notice.

#### **Resolution 9B: Approval for issue of options to Vision Tech Nominees Pty Ltd**

Resolutions 9B seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 7,500,000 unlisted options to Vision Tech Nominees Pty Ltd (or its nominee).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exemptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of the twelve (12) month period. One circumstance where an issue of securities is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- Vision Tech Nominees Pty Ltd (and/ or its nominees) will receive the options the subject of Resolution 9B.
- The number of securities to be issued will be 7,500,000 unlisted options with each option having an exercise price of \$0.02 (2 cents) and expiring on 31 August 2019 and are to be issued as consideration for consulting services provided to the Company.
- The Company will issue options the subject of Resolution 9B within three (3) months of the date of the meeting.
- The principal terms of the options are set out above. Shares issued upon exercise of the options will rank equally with the Company's existing fully paid ordinary shares.
- No funds will be raised through the issue of the options.
- A voting exclusion statement applies to Resolution 9B on the terms set out in the Notice.

NOTE: Unless otherwise specified, all monetary amounts are expressed in Australian dollars.

## **Annexure One – ESOP Terms and Conditions**

The Directors are empowered to operate the ESOP in accordance with the Listing Rules and on the following terms and conditions:

- (a) Subject to paragraph (d), the Directors may offer to issue Options to Eligible Employees in accordance with ASIC Class Order 14/1000 (including any update, amendment or replacement thereof) including other such persons that the Directors see fit under this ESOP in such manner and on such terms and conditions as they in their absolute discretion determine.
- (b) If the Company has offered you Options, to accept the offer you must complete the Acceptance Form or accept in such other form as the Directors may in their absolute discretion approve from time to time.
- (c) The Eligible Employees entitled to participate in the ESOP shall be determined by the Directors in their absolute discretion taking into account a person's skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances.
- (d) Subject to compliance with the '5% issue limit' set out in ASIC Class Order 14/1000 (and specifically paragraph 19 thereof) Options may be offered under this ESOP without the issue of a disclosure document in accordance with Chapter 6D of the Corporations Act. The Company may also issue Options (whether under this ESOP or otherwise) without the issue of a disclosure document in reliance on other exceptions to the disclosure requirement of the Corporations Act 2001 (Cth) including issues that did not need disclosure to investors because of section 708 of the Corporations Act.
- (e) Options will be issued free of charge to eligible employees. The exercise price of the Options shall be as the Directors in their absolute discretion determine, subject to compliance with any applicable laws.
- (f) The Directors may limit the total number of Options which may be exercised under the Scheme in any year.
- (g) The Directors, in their absolute discretion, having regard to participant's skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances, shall determine criteria to establish the periods during which the Options may be exercised or will vest.
- (h) Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
  - (i) the expiry of the exercise date;
  - (ii) the expiry of 60 days after the Option holder ceases to be an Eligible Employee by reason of dismissal, resignation or termination of employment, office or services for any reason;
  - (iii) the expiry of 60 days after the Option holder ceases to be an Eligible Employee by reason of retirement; or
  - (iv) a determination by the Directors acting reasonably that the Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or an Associated Body Corporate;
- (i) If an Eligible Employee accepts an offer from the Company to participate in the Scheme then the Company will evidence the issue of an Option to an eligible employee by issuing that eligible employee a Certificate for that Option.
- (j) Each Option entitles the holder to subscribe for and be issued with one Share.

- (k) Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue.
- (l) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced (or such shorter time as permitted under the ASX Listing Rules). This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) The Options will not be quoted on the ASX. However, application will be made to the ASX for official quotation of the Shares issued on the exercise of the Options if the Shares are listed on the ASX at that time.
- (n) An application to be issued Options may be made by eligible employees invited to participate in the Scheme in such form and on such terms and conditions as the Directors in their absolute discretion determine.
- (o) If at any time the issued capital of the Company is reconstructed, all rights of Option holders are to be changed in a manner consistent with the Listing Rules.
- (p) At the absolute discretion of the Directors, the terms upon which Options will be issued may incorporate performance related factors.
- (q) Notwithstanding the Terms and Conditions, upon the occurrence of a Trigger Event the Directors may determine:
  - (i) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event provided that the Directors will forthwith advise in writing each holder of such determination (thereafter, the Options shall lapse to the extent they have not been exercised); or
  - (ii) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.
- (r) An Option may not be transferred or assigned except that a legal personal representative of a holder of an Option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.
- (s) An Option is exercisable by the holder lodging with the Company a Notice of Exercise of Option together with a cheque for the exercise price of each Option to be exercised and the relevant Option Certificate. If not all of the holder's Options are being exercised, a holder must exercise Options in multiples of 10,000.
- (t) Neither participation in the Scheme by the Company or an Associated Body Corporate or any Eligible Employees or Option holders or anything contained in these Terms and Conditions shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any Eligible Employees or Option holder or to vary the terms of employment of any Eligible Employees or Option holder. Nor shall participation or the rights or benefits of an Eligible Employees or Option holder under the Terms and Conditions be relevant to or be used as grounds for granting or increasing damages in any action brought by an Eligible Employee or Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.

- (u) At all times during which Eligible Employees may subscribe for or purchase Shares upon exercise of an Option issued pursuant to the ESOP, the Company shall provide, within a reasonable period of a request by Eligible Employees, the current market price of the Shares. Participants should contact the Company Secretary to obtain this information.
- (v) The ESOP shall be administered by the Directors who shall have power to:
  - (i) determine appropriate procedures for administration of the ESOP consistent with these Terms and Conditions;
  - (ii) resolve conclusively all questions of fact or interpretation or dispute in connection with the ESOP and settle, as the Directors in their absolute discretion determine expedient any difficulties or anomalies howsoever arising with or by reason of the operation of the ESOP; and
  - (iii) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of the Directors' powers or discretions arising under the ESOP.

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## **Definitions - ESOP**

In this Schedule the following terms shall bear the following meanings:

**"Acceptance Form"** means the Acceptance Form which will accompany the invitation to the Eligible Employee to participate in the Scheme.

**"Associated Body Corporate"** means:

- (iv) a related body corporate (as defined in the Corporations Act) of the Company;
- (v) a body corporate which has an entitlement to not less than 20% of the voting shares of the Company; and
- (vi) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**"ASX"** means the Australian Securities Exchange Limited.

**"Business Day"** means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

**"Certificate"** means a certificate for any Option issued to Eligible Employees which will include all of the terms and conditions of the Option and the Notice of Exercise of Option or such other evidence of ownership that the Directors may in their absolute discretion determine from time to time.

**"Company"** means Quantum Resources Limited ACN 006 690 348.

**"Company Group"** means the Company and its Associated Bodies Corporate.

**"Corporations Act"** means the Corporations Act 2001 (Commonwealth).

**"Directors"** mean the directors from time to time of the Company.

**"Eligible Employees"** means any full or part time employees, consultants of the Company or its Associated Bodies Corporate, or other such persons that the Directors see fit, excluding Directors (unless separate shareholder approval is obtained).

**"Listing Rules"** means the official listing rules of ASX as amended from time to time.

**"Notice of Exercise of Option"** means the Notice of Exercise of Option which will accompany the invitation to the Eligible Employee to participate in the Scheme.

**"Offer Period"** means the period referred to in the definition of that expression in Section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of an off-market bidder's statement on the Company in relation to that takeover bid the Offer Period shall be deemed to have commenced at the time of that announcement.

**"Option"** means an option to acquire a Share issued in accordance with the Scheme.

**"Scheme"** means the Quantum Resources Employee Option Scheme in which Eligible Employees may be invited to participate in accordance with the Terms and Conditions.

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

**"Terms and Conditions"** means the terms and conditions as amended from time to time.

**"Trigger Event"** means:

- (i) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (ii) the service of a bidder's statement or a like document on the Company; or
- (iii) the date upon which a person or a group of associated person becomes entitled, subsequent to the date of issue of the Option, to sufficient Shares to give it or them the ability, in general meeting to replace all, or allow a majority, of Directors in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

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## PROXY FORM

### QUANTUM RESOURCES LIMITED ACN 006 690 348

I/We

of:

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

Name:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 17/500 Collins Street, Melbourne, Victoria, 3000 on 7 September 2016 at 11.00am (AEST), and at any adjournment thereof.

This proxy is authorized to exercise ..... votes/ ..... % of my/our total voting rights.

☐

If the Chair of the meeting is appointed as your proxy, or may be appointed by default, and you do **not** direct your proxy how to vote, by marking this box you acknowledge that:

- the Chair may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest;
- the Chair may exercise your undirected proxy even through the resolution may be connected directly or indirectly with the remuneration of a member of the Company's key management personnel.

The Chair intends voting undirected proxies in favour of the resolutions in which he is permitted to vote.

#### VOTING DIRECTIONS FOR YOUR PROXY

To instruct your proxy how to vote, insert 'X' in the appropriate column against each resolution set out below. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting.

I/We direct my/our proxy to vote as indicated below:

		FOR	AGAINST	ABSTAIN
Resolution 1	Approval for issue of shares – Vendors of Manitoba Minerals			
Resolution 2	Ratification of prior issue of shares – BullRun Capital Inc			
Resolution 3	Ratification of prior issue of placement shares			
Resolution 4	Ratification of prior issue of shares and options			
Resolution 5	Approval for issue of shares – BullRun Capital Inc			
Resolution 6	Approval for proposed issue of shares and options			
Resolution 7	Approval of adoption of employee share option plan			
Resolution 8A	Approval for issue of options to Avi Kimelman			
Resolution 8B	Approval for issue of options to Ari Herszberg			
Resolution 8C	Approval for issue of options to Eliahu Bernstein			
Resolution 9A	Approval for issue of options to RM Corporate Finance Pty Ltd			
Resolution 9B	Approval for issue of options to Vision Tech Nominees Pty Ltd			

<b>If a person:</b>  _____ (Signature)  _____ Name (print)  Date: ____/____/____	<b>If a company:</b> EXECUTED by: _____ Name of company (print) in accordance with the Corporations Act  _____ (Signature)      _____ (Signature)  Date: ____/____/____
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This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at:

- lodged at the registered office of the Company; or
- by facsimile on +61 3 9614 0550 by 11.00 am (AEST) on 5 September 2016, being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be.

