

## Avocet Resources Limited and Lion One Metals Merger Implementation Agreement

Avocet Resources Limited (ASX: AYE) ("**Avocet**") and Lion One Metals (TSX-V: LIO) ("**Lion One**") announced today that they have executed a Merger Implementation Agreement ("**MIA**") pursuant to which Lion One proposes to acquire all of the issued shares in Avocet by way of Scheme of Arrangement.

The complete MIA, which sets out the terms of the proposed merger and the obligations of the parties in relation to its implementation, is attached to this announcement.

Further information relating to Avocet and its various exploration projects can be found on the Company's website at [www.avocetresources.com.au](http://www.avocetresources.com.au).



**Stephen Mann**  
**Managing Director**

21 December 2012

# Merger Implementation Agreement

Lion One Metals Limited

and

Avocet Resources Limited

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Date:

2012

## Parties

**Lion One Metals Limited** of 311 West 1st Street, North Vancouver BC, V7M 1B5, Canada (**Lion One**)

**Avocet Resources Limited ACN 113 446 352** of Level 3, 33 Ord Street, West Perth, Western Australia, 6005 (**Avocet**)

## Background

- A. Avocet and Lion One have agreed to effect a transaction by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Avocet and Avocet Shareholders, pursuant to which Lion One will acquire all of the Scheme Shares and Avocet will become a wholly-owned subsidiary of Lion One, in accordance with this Agreement.
- B. Avocet intends to propose the Scheme to Avocet Shareholders and issue the Scheme Booklet.
- C. Avocet and Lion One have agreed in good faith to implement the Scheme on the terms and conditions of this Agreement.

## Agreement

### 1. Definitions and interpretation

#### 1.1 Definitions

In this Agreement, unless the context otherwise requires:

**Agreement** means this Merger Implementation Agreement.

**Alternative Proposal** means, in relation to Avocet:

- (a) any bona fide, funded proposal or offer by any person (other than Lion One) made in writing to Avocet to evaluate or enter into any transaction which is similar to the Transaction (whether a scheme of arrangement, a takeover bid or otherwise) or under which other than as required or contemplated by the Scheme:
  - (i) that person (together with its associates) may acquire a relevant interest in 10% or more of the Avocet Shares;
  - (ii) that person (together with its associates) may acquire a relevant interest in 10% or more of the Avocet Options;
  - (iii) that person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure, strategic alliance or otherwise), all or a substantial part of the Business or assets of Avocet; or

- (iv) that person may otherwise acquire control of or merge or amalgamate with Avocet;
- (b) any acquisition of, or agreement to acquire, a relevant interest in 10% of the Avocet Shares by any person (other than Lion One); or
- (c) any acquisition of, or agreement to acquire, a relevant interest in 10% of the Avocet Options by any person (other than Lion One).

**Announcement** means a press release, announcement or other public statement other than an explanatory statement or supplementary explanatory statement required by the Corporations Act.

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

**ASX** means ASX Limited ABN 98 008 624 691 or the stock market operated by it, as the context requires.

**Authorisation** means:

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it, from or by a Government Agency; and
- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

**Avocet Board** means the board of directors of Avocet.

**Avocet Due Diligence Material** means the information provided by Avocet to Lion One in response to a list provided by Lion One prior to the date of this Agreement.

**Avocet Group** means Avocet and its related bodies corporate.

**Avocet Material Transaction** means any of the following transactions concerning Avocet or the Avocet Group:

- (a) **(acquisition of an asset)** an acquisition, offer to acquire or agreement to acquire any asset or interest in an asset;
- (b) **(disposal of asset)** a disposal, offer to dispose or agreement to dispose of any asset or interest in an asset;
- (c) **(joint venture)** a joint venture, partnership or off-take agreement in respect of any asset or undertaking;
- (d) **(contractual or other commitment)** a new, renewed, or any variation of, any contractual or other commitment (including any undertaking to a Government Agency); or
- (e) **(exercise of a contractual right)** an exercise of a contractual right or other option to renew or extend an existing agreement (including under any lease),

that:

- (f) is not in the ordinary course of its Business; or
- (g) individually or when aggregated with related transactions has a value or involves a liability (whether actual, contingent or prospective) or expenditure, as the case may be, of \$250,000 or more,

but does not include any such truncation fairly disclosed in writing to Lion One prior to the date of this Agreement.

**Avocet Option** means an option to subscribe for an Avocet Share.

**Avocet Prescribed Event** means, except as required by this Agreement or the Share Scheme (or with the prior written consent of Lion One), the occurrence of any of the following:

- (a) **(convert shares)** Avocet converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduce share capital)** Avocet or a subsidiary of Avocet resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) **(buy-back)** Avocet or a subsidiary of Avocet:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(issue shares or options)** Avocet or a subsidiary of Avocet issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option or right to an Avocet Share, excluding:
  - (i) any issue or grant contemplated by the Share Scheme; and
  - (ii) any Avocet Shares issued by Avocet as a result of the exercise of existing Avocet Options;
- (e) **(change to terms of Avocet Options)** Avocet (or the Avocet Board) makes any amendment to the terms of issue of any Avocet Option, where, as a consequence, any one or more of the following occurs:
  - (i) the period for exercise of any Avocet Option is extended;
  - (ii) the number of Avocet Options that are exercisable at any time is increased;
  - (iii) the earliest date for exercise of any Avocet Option is brought forward;
  - (iv) the exercise price of any Avocet Option is reduced; or
  - (v) the number of Avocet Shares to be issued on exercise of any Avocet Option is increased;
- (f) **(issue convertible securities)** Avocet or a subsidiary of Avocet issues, or agrees to issue, securities or other instruments convertible into shares;



- (g) **(declare dividend)** other than any dividend paid, declared or announced by Avocet on or before the date of this Agreement in accordance with its ordinary dividend policy, Avocet declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;
- (h) **(Insolvency Event)** an Insolvency Event occurring in relation to Avocet;
- (i) **(change to constitution)** Avocet makes any change or amendment to its constitution;
- (j) **(change to accounting practice or policies)** Avocet making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the *Income Tax Assessment Act 1997* (Cth);
- (k) **(debentures)** Avocet or a Subsidiary of Avocet issues, agrees to issue or grants an option to subscribe for debentures (as defined in section 9 of the Corporations Act);
- (l) **(disposal)** Avocet or a Subsidiary of Avocet disposes, or agrees to dispose, of the whole, or a substantial part, of its Business or property;
- (m) **(security)** Avocet or a Subsidiary of Avocet charges, or agrees to charge, the whole or a substantial part, of its Business or property, or creates or alters, or agrees to create or alter, any mortgage, charge lien, security interest or other encumbrance over the whole or a substantial part of its Business or property;
- (n) **(share disposal)** Avocet or a Subsidiary of Avocet disposes, or agrees to dispose, of shares in a Subsidiary of that party;
- (o) **(litigation)** Avocet or a Subsidiary of Avocet becomes a party to any material litigation;
- (p) **(financial indebtedness)** Avocet or a Subsidiary of Avocet incurs any financial indebtedness or issues any debt securities of in aggregate more than \$250,000 other than advances under credit facilities in existence as at the date of this Agreement;
- (q) **(benefits to officers and employees)** other than in accordance with an existing contract in place at the date of this Agreement or with the consent of Lion One (such consent not to be unreasonably withheld), Avocet:
  - (i) increasing the remuneration of, or otherwise varying, the employment arrangements with any of its directors or employees;
  - (ii) accelerating the rights of any of its directors or employees to compensation or benefits of any kind (including under any executive or employee share plans); or
  - (iii) paying any of its directors or officers a termination or retention payment;

- (r) **(Material Contracts)** Avocet or a Subsidiary of Avocet:
- (i) changes the terms of any Material Contract to the material detriment of Avocet or a Subsidiary of Avocet;
  - (ii) terminates any Material Contract;
  - (iii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than in accordance with past practice and consistent with the contract terms; or
  - (iv) waives any material claims or rights under or waives the benefit of any provisions of any Material Contract;
- (s) **(commitments)** Avocet or a Subsidiary of Avocet enters into:
- (i) any onerous contract or commitment; or
  - (ii) any long term contract or commitment (including any joint venture or partnership agreement) except in the ordinary course of Business; or
- (t) **(renewing or extending agreements)** except in the ordinary course of its Business, Avocet or a Subsidiary of Avocet exercises any material contractual right or other option to renew or extend an existing agreement (including under any lease),

provided that (if otherwise caught by the terms of this definition) an acquisition of any business, assets (or interest in such assets), entity or undertaking by Avocet or a Subsidiary of Avocet, or a contract or commitment of the kind referred to in clause (s) above, will not be an Avocet Prescribed Event if the terms of that acquisition, or potential contract or commitment, as the case may be, have been fully and fairly disclosed either to the market generally or to Lion One in writing under this proviso immediately prior to the execution of this Agreement and the acquisition, contract or commitment as the case may be, proceeds substantially in accordance with those terms.

**Avocet Share** means each fully paid ordinary share in Avocet.

**Avocet Shareholder** means each person entered in the Register as a holder of Avocet Shares.

**Avocet Shareholder Approval** means a resolution in favour of the Share Scheme passed by the required majorities of Avocet Shareholders under section 411(4)(a)(ii) of the Corporations Act.

**Business** means:

- (a) in relation to Avocet and its Subsidiaries, the business presently carried on by Avocet and its Subsidiaries; and
- (b) in relation to Lion One and its Subsidiaries, the business presently carried on by Lion One and its Subsidiaries.

**Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

**Claim** means a claim, action, proceeding or demand made against the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

**Condition** means a condition precedent to completion of the Share Scheme in clause 2.2.

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

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

**Court** means the Federal Court of Australia or such other court of competent jurisdiction as agreed by Lion One and Avocet in writing.

**Effective** means the coming into effect, pursuant to section 411(10) of the Corporations Act of the order of the Court made under sections 411(4)(b) of the Corporations Act (and if applicable, section 411(6) of the Corporations Act) in relation to the Share Scheme.

**Effective Date** means the date on which the Share Scheme becomes Effective.

**Exclusivity Period** means the period between the date of this Agreement and the earlier of the Sunset Date or the Effective Date.

**First Court Date** means the first day of the hearing by the Court of an application for an order under section 411(1) of the Corporations Act convening the Scheme Meeting or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

**Government Agency** means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including ASIC, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX or TSX.

**GST** means the same as in the GST Law.

**GST Law** means the same as "GST law" means in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Implementation** means the implementation of the Share Scheme, on the Share Scheme becoming Effective.

**Implementation Date** means the fifth Business Day immediately following the Record Date.

**Independent Avocet Directors** means the directors of Avocet other than Mr Stephen Mann.

**Independent Expert** means an independent, reputable and qualified expert nominated by Avocet.

**Independent Expert's Report** means the report prepared by the Independent Expert stating whether or not, in its opinion the Share Scheme is in the best interests of the Avocet Shareholders, and setting out the reasons for that opinion.

**Ineligible Foreign Holder** means a Scheme Shareholder whose address in the register of Avocet Shareholders is in a jurisdiction outside Australia and its external territories, New Zealand and Canada, except where Lion One and Avocet are reasonably satisfied that the issue of New Lion One Shares in that jurisdiction under the Share Scheme would be neither prohibited by law nor unduly onerous.

**Insolvency Event** means, in relation to an entity:

- (a) the entity resolving to be wound up or liquidated;
- (b) the appointment of a liquidator, provisional liquidator or administrator of the entity;
- (c) the making of an order by a court for the winding up of the entity;
- (d) the entity executing a deed of company arrangement; or
- (e) the appointment of a receiver or a receiver and manager, in relation to the whole, or a substantial part, of the property of the entity.

**Lion One Due Diligence Material** means the information provided by Lion One to Avocet in response to a list provided by Avocet prior to the date of this Agreement.

**Lion One Material** means the information provided by Lion One to Avocet in accordance with clause 8(b) for inclusion in the Scheme Booklet, other than information:

- (a) relating to the financial or trading position of Lion One following Implementation to the extent that such information has been prepared by Lion One in reliance on information provided by Avocet; and
- (b) for which Lion One disclaims responsibility under clause 7(f)(ii).

**Lion One Option** means a stock option to subscribe for a Lion One Share.

**Lion One Prescribed Event** means, except as required by this Agreement or by the Share Scheme (or with the prior written consent of Avocet), the occurrence of any of the following:

- (a) **(convert shares)** Lion One or a Subsidiary of Lion One converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduce share capital)** Lion One or a Subsidiary of Lion One resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) **(buy-back)** Lion One or a Subsidiary of Lion One:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the repurchase of any of its issued capital;
- (d) **(issue shares or options)** Lion One or a subsidiary of Lion One issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option or right to a share, excluding any shares issued by Lion

One as a result of the exercise of existing options over unissued Lion One Shares;

- (e) **(change to terms of options)** Lion One (or the board of directors of Lion One) makes any amendment to the terms of issue of any option over unissued Lion One Shares, where, as a consequence, any one or more of the following occurs:
  - (i) the period for exercise of any such option is extended;
  - (ii) the number of such options that are exercisable at any time is increased;
  - (iii) the earliest date for exercise of any such option is brought forward;
  - (iv) the exercise price of any such option is reduced; or
  - (v) the number of shares in Lion One to be issued on exercise of any such option is increased;
- (f) **(issue convertible securities)** Lion One or a subsidiary of Lion One issues, or agrees to issue, securities or other instruments convertible into shares;
- (g) **(declare dividend)** other than any dividend paid, declared or announced by Lion One on or before the date of this Agreement in accordance with its ordinary dividend policy, Lion One declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;
- (h) **(Insolvency Event)** an Insolvency Event occurring in relation to Lion One;
- (i) **(change to constitution)** Lion One makes any material change or amendment to its constitution;
- (j) **(change to accounting practice or policies)** Lion One making any change to its accounting practices or policies, other than to comply with generally accepted International Financial Reporting Standards applicable in Canada and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the *Income Tax Act* (Canada);
- (k) **(debentures)** Lion One or a Subsidiary of Lion One issues, agrees to issue or grants an option to subscribe for debentures (as defined in section 9 of the Corporations Act);
- (l) **(disposal)** Lion One or a Subsidiary of Lion One disposes, or agrees to dispose, of the whole, or a substantial part, of its Business or property;
- (m) **(security)** Lion One or a Subsidiary of Lion One charges, or agrees to charge, the whole or a substantial part, of its Business or property, or creates or alters, or agrees to create or alter, any mortgage, charge lien, security interest or other encumbrance over the whole or a substantial part of its Business or property;
- (n) **(share disposal)** Lion One or a Subsidiary of Lion One disposes, or agrees to dispose, of shares in a Subsidiary of that party;

- (o) **(litigation)** Lion One or a Subsidiary of Lion One becomes a party to any material litigation;
- (p) **(financial indebtedness)** except in the ordinary course of Business, Lion One or a Subsidiary of Lion One incurs any financial indebtedness or issues any debt securities of in aggregate more than \$250,000 other than advances under credit facilities in existence as at the date of this Agreement and fully and fairly disclosed in the Lion One Material;
- (q) **(Material Contracts)** Lion One or a Subsidiary of Lion One:
  - (i) changes the terms of any Material Contract to the material detriment of Lion One or a Subsidiary of Lion One;
  - (ii) terminates any Material Contract;
  - (iii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than in accordance with past practice and consistent with the contract terms; or
  - (iv) waives any material claims or rights under or waives the benefit of any provisions of any Material Contract;
- (r) **(commitments)** Lion One or a Subsidiary of Lion One enters into:
  - (i) any onerous contract or commitment except in the ordinary course of Business; or
  - (ii) any long term contract or commitment (including any joint venture or partnership agreement) except in the ordinary course of Business; or
- (s) **(renewing or extending agreements)** except in the ordinary course of its Business, Lion One or a Subsidiary of Lion One exercises any material contractual right or other option to renew or extend an existing agreement (including under any lease),

provided that (if otherwise caught by the terms of this definition) an acquisition of any business, assets (or interest in such assets), entity or undertaking by Lion One or a Subsidiary of Lion One, or a contract or commitment of the kind referred to in clause (r) above, will not be a Lion One Prescribed Event if the terms of that acquisition, or potential contract or commitment, as the case may be, have been fully and fairly disclosed either to the market generally or to Avocet in writing under this proviso immediately prior to the execution of this Agreement and the acquisition, contract or commitment as the case may be, proceeds substantially in accordance with those terms.

**Lion One Share** means a common share in the capital of Lion One.

**Listing Rule** means a listing rule of ASX.

**Loss** means a damage, loss, cost, expense or liability incurred by the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

**Material Adverse Change** means any change, effect, event, occurrence, state of facts or developments that is materially adverse to the business, financial condition, results or operations, provided that:

- (a) any change in the market price or trading volume of shares after the date of this Agreement; and
- (b) any change as regards to one party (the first party) (which change is otherwise caught by the terms of this definition) that has been fully and fairly disclosed either to the market generally or otherwise to the other party (the second party) in writing under this proviso immediately prior to the execution of this Agreement and the change occurs as regards the first party substantially in accordance with those terms,

will not be taken into account in determining whether there has been a Material Adverse Change.

**Material Contract** means any contract which is or may reasonably be expected to be material to the assets, liabilities, financial position, profits, losses or operation of the entity which is party to it.

**Meeting Date** means 5.00pm on the date on which Avocet Shareholders vote on a resolution to approve the Share Scheme under section 411(4)(a) of the Corporations Act.

**New Lion One Shares** means those Lion One Shares to be issued to Scheme Shareholders in consideration for their Scheme Shares pursuant to the Share Scheme.

**Record Date** means the day which is 5 Business Days after the Effective Date, or any other date agreed by the parties in writing.

**Register** means:

- (a) in respect of the Avocet Shareholders, the register of members of Avocet; and
- (b) in respect of the Avocet Optionholders, the register of optionholders of Avocet.

**Regulatory Approvals** means the consents, approvals, clearances, decisions, determinations or other acts by a Government Agency necessary to effect Implementation (if any).

**Regulator's Draft** means the draft of the Scheme Booklet in a form which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

**Relevant Date** means, in relation to a Condition, the date or time specified in this Agreement for its fulfilment or, if no date or time is specified, 8.00am on the Second Court Date, subject, in either case, to extension under clause 2.6.

**Scheme or Share Scheme** means the scheme of arrangement under part 5.1 of the Corporations Act between Avocet and the Scheme Shareholders, the form of which is attached as Annexure 1, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Lion One and Avocet.

**Scheme Booklet** means the information memorandum in respect of the Share Scheme to be approved by the Court and despatched to Avocet Shareholders, and includes the Scheme, Share Scheme Deed Poll, an explanatory statement complying with the requirements of the Corporations Act and the Corporations Regulations, the Independent Expert's Report and the notice of meeting and proxy form.

**Scheme Meeting** means the meeting of Avocet Shareholders, to be convened by the Court, to consider the Share Scheme.

**Scheme Shareholders** means each Avocet Shareholder as at 5.00pm on the Record Date (taking into account registration of all registrable transfers and transmission applications received at Avocet's share registry by the Record Date).

**Scheme Share** means an Avocet Share on issue at 5.00pm on the Record Date.

**Second Court Date** means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Share Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Share Scheme Consideration** means the consideration to be provided by Lion One to each Scheme Shareholder for the transfer to Lion One of each Scheme Share, as determined in accordance with clause 3.2.

**Share Scheme Deed Poll** means a deed poll to be executed by Lion One in the form of Annexure 2 (or such other form as is agreed between Lion One and Avocet, including any alterations made with approval or at the discretion of the Court which are agreed by Lion One and Avocet (each acting reasonably)) under which Lion One covenants in favour of the Scheme Shareholders to perform its obligations under the Share Scheme.

**Subsidiary** of an entity means another entity which is a subsidiary of the first within the meaning of Part 1.2, Division 6 of the Corporations Act, or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.

**Sunset Date** means, subject to any extension under clause 2.6, 30 June 2013.

**Superior Proposal** means an Alternative Proposal in relation to Avocet that:

- (a) in the determination of the Avocet Board acting in good faith and supported by Avocet's legal advisers, is reasonably capable of being valued and completed, taking into account both the nature of the Alternative Proposal and the person or persons making it; and
- (b) in the determination of the Avocet Board acting in good faith and in order to satisfy what that board considers to be its fiduciary or statutory duties and supported by Avocet's legal advisers, would, if completed substantially in accordance with its terms, result in a transaction more favourable to Avocet Shareholders than the Transaction.

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Third Party Consent** means any consent, agreement, waiver, licence or approval from or by a party in respect of a contract involving Avocet or a Subsidiary or Avocet



or Lion One or a Subsidiary of Lion One, which the parties have agreed, or subsequently agree, in writing is required for Implementation of the Share Scheme.

**Transaction** means:

- (a) the proposed acquisition of all the issued Avocet Shares by Lion One; and
  - (b) the proposed cancellation or acquisition of all the issued Avocet Options,
- on the terms set out in this Agreement.

**TSX** means the TMX Group Inc. or, as the context requires, the financial market known as the Toronto Stock Exchange.

**TSXV** means the TSX Venture Exchange.

**Tuvatu Project** means the property and tenements owned by Lion One, or a Subsidiary of Lion One, on the main island of Viti Levu in Fiji.

## 1.2 Interpretation

In this Agreement:

- (a) headings are for convenience only and do not affect interpretation; and
- unless the context indicates otherwise:
- (b) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
  - (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
  - (d) a reference to:
    - (i) a clause or schedule is a reference to a clause or schedule of this Agreement;
    - (ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
    - (iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
    - (iv) a document (including this Agreement) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;
    - (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;

- (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (e) a reference to a day is to a period of time commencing at midnight and ending twenty four (24) hours later;
- (f) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
- (g) the word “**includes**” in any form is not a word of limitation;
- (h) the word “**applicable**” when used of a law is used to refer to any relevant law (including any subordinate or delegated legislation or statutory instrument of any kind) of a jurisdiction in or out of Australia, and also to any relevant judgment, order, policy, guideline, official directive or request (even if it does not have the force of law) of any Government Agency within or outside Australia;
- (i) a reference to “**information**” is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
- (j) the words “**associate**”, “**controller**”, “**entity**”, “**officer**”, “**related body corporate**”, “**relevant interest**” and “**subsidiary**” have the same meaning as in section 9 of the Corporations Act, and “**control**” has the same meaning as in section 50AA of the Corporations Act;
- (k) time is a reference to time in Perth, Western Australia;
- (l) a reference to “**\$**” or “**dollar**” is to Australian currency;
- (m) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
- (n) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
- (o) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
- (p) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.

## 2. Conditions

### 2.1 Obligations to complete Share Scheme not binding until Conditions satisfied

Subject to this clause 2, the Share Scheme will not become Effective unless each of the Conditions in clause 2.2 are satisfied or waived to the extent and in the manner set out in this clause 2.

## 2.2 Conditions to the Share Scheme

The Conditions to the Share Scheme are:

	<b>Condition</b>	<b>Party entitled to benefit</b>
(a)	<b>(Board recommendation)</b> between the date of this Agreement and the date on which the Share Scheme is approved by Avocet Shareholders, the Independent Avocet Directors do not change or withdraw their recommendation to Avocet Shareholders to vote in favour of the Share Scheme and all resolutions (if any) incidental to the Share Scheme;	Lion One
(b)	<b>(orders convening the Scheme Meeting)</b> the Court orders the convening of the Scheme Meeting;	Both
(c)	<b>(Independent Expert's Report)</b> the Independent Expert's Report concludes that the Share Scheme is in the best interests of Avocet Shareholders and, upon consideration of all available relevant information from time to time, the Independent Expert does not change that conclusion or withdraw its report prior to 8.00am on the Second Court Date;	Both
(d)	<b>(Avocet Shareholder approval)</b> a resolution in favour of the Share Scheme is passed by the required majorities of Avocet Shareholders under section 411(4)(a)(ii) of the Corporations Act is obtained;	Both
(e)	<b>(Court approval of the Share Scheme)</b> the Court makes orders under section 411(4)(b) of the Corporations Act approving the Share Scheme;	Both
(f)	<b>(orders lodged with ASIC)</b> an office copy of the Court orders approving the Share Scheme is lodged with ASIC under section 411(10) of the Corporations Act;	Both
(g)	<b>(orders and injunctions)</b> no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of Implementation is in effect at 8.00am on the Second Court Date;	Both

	<b>Condition</b>	<b>Party entitled to benefit</b>
(h)	<b>(Regulatory Approvals)</b> the Regulatory Approvals are obtained prior to 8.00am on the Second Court Date;	Both
(i)	<b>(Lion One due diligence)</b> provision of the Avocet Due Diligence Material to Lion One and a completion of review of those materials by Lion One between the date of this Agreement and 5.00pm on 28 February 2013, and such due diligence review not disclosing one or more changes, events, occurrences, facts or matters which is a Material Adverse Change in relation to Avocet;	Lion One
(j)	<b>(Avocet due diligence)</b> provision of the Lion One Due Diligence Material to Avocet and a completion of review of those materials by Avocet between the date of this Agreement and 5.00pm on 28 February 2013, and such due diligence review not disclosing one or more changes, events, occurrences, facts or matters which is a Material Adverse Change in relation to Lion One;	Avocet
(k)	<b>(no Material Adverse Change)</b> from the date of this Agreement until 8.00am on the Second Court Date, no Material Adverse Change occurs, is announced or otherwise is disclosed or becomes public;	Both
(l)	<b>(Avocet representations and warranties)</b> the representations and warranties of Avocet set out in clauses 13.1 and 13.2 being true and correct as at the date of this Agreement and as at 8.00am on the Second Court Date;	Lion One
(m)	<b>(no Avocet Prescribed Event)</b> from the date of this Agreement until 8.00am on the Second Court Date, no Avocet Prescribed Event occurs;	Lion One
(n)	<b>(Lion One representations and warranties)</b> the representations and warranties of Lion One set out in clauses 13.1 and 13.3 being true and correct as of the date of this Agreement and as at 8.00am on the Second Court Date;	Avocet
(o)	<b>(no Lion One Prescribed Event)</b> from the date of this Agreement until 8.00am on the Second Court Date, no Lion One Prescribed Event occurs;	Avocet

	<b>Condition</b>	<b>Party entitled to benefit</b>
(p)	<b>(Third Party Consents)</b> all Third Party Consents are granted or obtained in respect of Implementation and those consents, agreements, waivers, licences or approvals are not withdrawn, cancelled or revoked;	Both
(q)	<b>(TSXV quotation of the shares)</b> the New Lion One Shares to be issued as the Scheme Consideration pursuant to the terms of the Share Scheme are approved for listing by TSXV (conditional only on the issue of those shares in accordance with applicable TSXV requirements prior to 5.00pm on the day before the Second Court);	Both
(r)	<b>(no prohibitive action)</b> no Government Agency or judicial entity or authority taking any action or making any order or decree which action, order or decree restrains or prohibits the Implementation of the Share Scheme or any transaction contemplated by this Agreement;	Both
(s)	<b>(Avocet Options)</b> before 8.00am on the Second Court Date, binding agreements have been entered into for all outstanding Avocet Options in accordance with clause 5 or otherwise dealt with to Lion One's satisfaction, acting reasonably;	Lion One
(t)	<p><b>(FIRB approval)</b> if required, the Treasurer of the Commonwealth of Australia has either:</p> <p>(i) provided written notice which is unconditional or subject only to conditions reasonably acceptable to both Avocet and Lion One that there is no objection under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) or Australian foreign investment policy to the Scheme; or</p> <p>(ii) become precluded from exercising any power to make an order under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) in relation to the Scheme.</p>	Both

### 2.3 Waiver of a Condition

- (a) **(If only one party benefiting, that party only may waive)** If a Condition has been included for the benefit of one party only (as specified in relation to a Condition in the third column of the table in clause 2.2), only that party may, in its sole and absolute discretion, waive the breach or non fulfilment of the Condition.

- (b) **(If both parties benefiting, both must waive)** If a Condition has been included for the benefit of both parties (as specified in relation to a Condition in the third column of the table in clause 2.2), the breach or non fulfilment of the Condition may be waived only by the consent of both parties.
- (c) **(Conditional waiver)** If a waiver by a party of a Condition is itself made subject to a condition and the other party accepts that condition, the terms of that condition apply accordingly. If the other party does not accept a conditional waiver of a Condition, that Condition has not been waived.
- (d) **(Waiver precludes litigation)** If a party waives the breach or non fulfilment of a Condition, that waiver precludes the party from suing another party for any breach of this Agreement that resulted in the breach or non fulfilment of the Condition.
- (e) **(Waiver restricted)** Unless specified in the waiver, a waiver of the breach or non-fulfilment of any Condition will not constitute:
  - (i) a waiver of breach or non-fulfilment of any other Condition resulting from events or circumstances giving rise to the breach or non-fulfilment of the first Condition; or
  - (ii) a waiver of breach or non-fulfilment of that Condition resulting from any other event or circumstance.
- (f) **(Waiver in writing)** Any waiver must be in writing.

## 2.4 Fulfilment of each Condition

Each party must:

- (a) **(procure satisfaction of Condition)** use its reasonable endeavours to procure that each Condition is satisfied as soon as practicable after the date of this Agreement, including providing all reasonable assistance to the other party as is necessary to satisfy each Condition; this obligation does not require any party to pay any money (other than nominal amounts) to or for a person from whom a Third Party Consent is sought to secure fulfilment of the Condition in clause 2.2(p);
- (b) **(not prevent satisfaction of Condition)** not take any action (except as required by law including, for the avoidance of doubt, an action taken to avoid a potential breach of directors' fiduciary duties or statutory obligations) which is designed or is likely to prevent the Conditions being satisfied, without the prior consent of the other party; and
- (c) **(promptly notify)** promptly notify the other party of the fulfilment or waiver of a Condition and must keep the other party informed of any material developments of which it becomes aware in relation to a Condition.

## 2.5 When a Condition is fulfilled

Each Condition is deemed to be fulfilled on the Relevant Date unless the party for whose benefit the Condition has been included (or, in the case of a Condition included for the benefit of all those parties, either party) gives notice to the other party on or before the Relevant Date of the non-fulfilment of the Condition.

## **2.6 If a Condition is not fulfilled or waived**

If a Condition to the Share Scheme has not been fulfilled or waived by the Relevant Date, or the Effective Date has not occurred or is incapable of occurring by the Sunset Date, the parties:

- (a) will consult in good faith to determine whether the Share Scheme may proceed by way of alternative means or methods; and
- (b) may agree to extend the Relevant Date or the Sunset Date, or both.

## **2.7 Certificate**

Avocet and Lion One must provide the Court at the hearing on the Second Court Date with a certificate confirming that all of the Conditions (other than clauses 2.2(e) and (f)) have been satisfied or waived in accordance with the terms of this Agreement.

## **3. Share Scheme**

### **3.1 Share Scheme**

Avocet agrees to propose the Share Scheme upon and subject to the terms of this Agreement, under which, subject to the Share Scheme becoming Effective:

- (a) all of the Scheme Shares held by the Scheme Shareholders will be transferred to Lion One; and
- (b) Scheme Shareholders will be entitled to receive the Share Scheme Consideration for each Scheme Share held on the Record Date.

### **3.2 Share Scheme Consideration**

- (a) Subject to clause 3.2(d), the parties will procure that each Scheme Shareholder receives one (1) New Lion One Share for every 9.5 Scheme Shares held as at 5.00pm on the Record Date in accordance with the terms of this Agreement.
- (b) Subject to clauses 3.2(c), 3.4 and 3.5, Lion One undertakes and warrants to Avocet that in consideration for the transfer to Lion One of each Scheme Share held by a Scheme Shareholder under the terms of the Share Scheme, on the Implementation Date, Lion One will provide to each Scheme Shareholder the Share Scheme Consideration in accordance with the terms of this Agreement and the Share Scheme.
- (c) The parties will procure that the New Lion One Shares to be issued as Share Scheme Consideration will be validly issued, fully paid, and rank equally with Lion One's other issued common shares from their date of issue and that application will be made to TSXV for quotation of the New Lion One Shares.
- (d) Any fractional entitlement of a Scheme Shareholder to New Lion One Shares will be rounded up or down to the nearest whole number with fractions of 0.5 rounded up to the nearest whole number of New Lion One Shares provided that if a Scheme Shareholder holds less than 9.5 Avocet Shares on he

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Record Date, Lion One will issue that Scheme Shareholder one New Lion One Share.

### **3.3 No amendments to Share Scheme without consent**

Avocet must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Share Scheme without the prior consent of Lion One, such consent not to be unreasonably withheld.

### **3.4 Ineligible Foreign Holders**

Where a Scheme Shareholder is an Ineligible Foreign Holder, the number of New Lion One Shares to which the Scheme Shareholder would otherwise be entitled, will be allotted to a nominee approved by Lion One, Avocet and (if necessary) ASIC (or other applicable regulatory authority in Canada), who will sell those New Lion One Shares as soon as practicable (at the risk of that Ineligible Foreign Holder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, and selling costs, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights under this Agreement to Share Scheme Consideration.

### **3.5 Small shareholders**

Scheme Shareholders who are entitled to receive 500 or less New Lion One Shares (or such other number as may be agreed between Lion One and Avocet in writing) under the Share Scheme will be given the option to have those New Lion One Shares allotted to a nominee approved by Lion One, Avocet and (if necessary) ASIC (or other applicable regulatory authority in Canada) who will sell those New Lion One Shares as soon as practicable (at the risk of the Scheme Shareholder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Scheme Shareholder in full satisfaction of that Scheme Shareholder's rights under this Agreement to Share Scheme Consideration.

## **4. Conduct of business**

### **4.1 Conduct of Avocet's business**

From the date of this Agreement up to and including the Implementation Date, Avocet must, and Avocet must ensure that each of its Subsidiaries, conduct the Business in the ordinary course, in substantially the same manner and at the same locations as previously conducted and, to the extent consistent, use reasonable efforts to:

- (a) preserve intact its current business organisation;
- (b) keep available the services of its current officers and employees;
- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it; and
- (d) maintain the Business and its assets and keep its assets in good working order, including maintaining at least its current level of insurance.



## 4.2 Conduct of Lion One's business

From the date of this Agreement up to and including the Implementation Date, Lion One must, and Lion One must ensure that each of its Subsidiaries, conduct the Business in the ordinary course, in substantially the same manner and at the same locations as previously conducted and, to the extent consistent, use reasonable efforts to:

- (a) preserve intact its current business organisation;
- (b) keep available the services of its current officers and employees;
- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it; and
- (d) maintain the Business and its assets and keep its assets in good working order, including maintaining at least its current level of insurance.

## 5. Avocet Options

### 5.1 Treatment of Avocet Options

The parties must discuss in good faith and cooperate with each other to ensure that all outstanding Avocet Options are either acquired by Lion One, vest and are converted into Avocet Shares or are otherwise dealt with to Lion One's satisfaction, before the Second Court Date.

### 5.2 Transfer or cancellation of Avocet Options

- (a) If the parties agree under clause 5.1 that Lion One will pay consideration for the Avocet Options to be transferred, cancelled, waived or allowed to lapse (**Transfer**), Avocet agrees to cooperate with Lion One to facilitate the Transfer (including, if required the Avocet Board making any necessary lawful amendment, consent or determination for the purposes of the relevant terms and conditions upon which the Avocet Option was issued).
- (b) If Lion One elects to pay consideration for Avocet Options to be transferred in accordance with clause 5.2(a), Lion One will offer the Avocet Optionholders consideration which generally accords with the value of the Scheme Consideration, with appropriate adjustment for certain factors, including relevant exercise prices and the time value of money.

### 5.3 ASX Waiver

If required, Avocet must use its reasonable endeavours to procure that ASX grants a waiver from Listing Rule 6.23 in respect of the cancellation of Avocet Options.

## 6. Obligations of both parties in relation to the Share Scheme

- (a) Each party must use its reasonable endeavours to give effect to the Share Scheme, subject to this Agreement and compliance with their respective obligations, powers and duties under this Agreement, their constituent documents and all applicable law and the proper performance by the directors of Avocet and Lion One of their fiduciary duties and statutory obligations.

- (b) Each party agrees to use its best endeavours to complete its obligations in this Agreement.

## 7. Avocet obligations

Avocet must:

- (a) **(commission Independent Expert's Reports)** appoint the Independent Expert and commission the preparation of the Independent Expert's Reports and provide all assistance and information reasonably requested by the Independent Expert to enable the preparation or updating of the Independent Expert's Reports;
- (b) **(prepare Scheme Booklet)** prepare a Scheme Booklet in accordance with all applicable law (including the Corporations Act and Corporations Regulations, the Listing Rules and applicable ASIC regulatory guides);
- (c) **(Scheme Booklet to contain statement)** ensure the Scheme Booklet includes a statement that:
- (i) subject to the Independent Expert concluding that the Scheme is in the best interests of Avocet Shareholders that:
    - A. the Independent Avocet Directors recommend the approval of the Share Scheme; and
    - B. the Independent Avocet Directors intend to vote or cause the voting of any Shares in which they have a relevant interest in favour of the Share Scheme,

in each case in the absence of a Superior Proposal.
- (d) **(apply for ASX and ASIC relief)** use its reasonable endeavours to obtain all waivers, exemptions and modifications from ASX and ASIC as may be required to facilitate Implementation of the Share Scheme;
- (e) **(Avocet information)** prepare and provide to Lion One such information as Lion One reasonably requires to prepare the Lion One Material for inclusion in the Scheme Booklet;
- (f) **(consult with Lion One on form of Scheme Booklet)** consult with Lion One in good faith in relation to the form and content of the Scheme Booklet, including taking into account its reasonable comments and incorporating the Lion One Material, if:
- (i) after a reasonable period of consultation, the parties are unable to agree on the form or content of the Scheme Booklet, Avocet must make the final determination as to the form and content of the Scheme Booklet; and
  - (ii) Lion One disagrees with the final form and content, Avocet must include a statement to that effect in the Scheme Booklet and, if it relates to the Lion One Material, Avocet must include a statement that Lion One takes no responsibility for the relevant form or content;

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- (g) **(lodge Regulator’s Draft)** as soon as practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, lodging a Regulator’s Draft with ASIC in accordance with section 411(2) of the Corporations Act;
  - (h) **(prepare Court documents)** prepare all documents necessary for the Court proceedings relating to the Share Scheme:
    - (i) in accordance with all applicable law; and
    - (ii) in consultation with Lion One as to the form and content of the Court documents;
  - (i) **(seek Court order to convene Scheme Meeting)** apply to the Court under section 411(1) of the Corporations Act for an order directing Avocet to convene the Scheme Meeting;
  - (j) **(convene Scheme Meeting)** convene the Scheme Meeting, in accordance with the orders made by the Court under section 411(1) of the Corporations Act;
  - (k) **(register explanatory statement)** take all reasonable measures necessary to cause ASIC to register the explanatory statement relating to the Share Scheme in accordance with section 412(6) of the Corporations Act;
  - (l) **(ASIC review)** keep Lion One informed at all times of any matters raised by ASIC in relation to the Scheme Booklet, and use all reasonable endeavours, in co-operation with Lion One, to resolve any such matters;
  - (m) **(despatch Scheme Booklet)** despatch a copy of the Scheme Booklet to each Avocet Shareholder and to all other persons entitled to receive notice of the Scheme Meeting in accordance with the orders made by the Court under section 411(1) of the Corporations Act;
  - (n) **(inform shareholders of relevant post-Scheme Booklet information)** if it becomes aware of any further or new information after the date of despatch of the Scheme Booklet which is material for disclosure to Avocet Shareholders in deciding whether to approve the Share Scheme, inform shareholders and optionholders of the information in an appropriate and timely manner, provided that Avocet must consult with Lion One and reasonably consider Lion One’s views on the form and content of any correspondence with Avocet Shareholders in relation to such matters;
  - (o) **(section 411(17)(b) statement)** if a resolution in favour of the Share Scheme is passed by the required majority of Avocet Shareholders under section 411(4)(a)(ii) of the Corporations Act is obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Share Scheme;
  - (p) **(apply for Court approval of Share Scheme)** subject to satisfaction or waiver of all Conditions in clause 2.2, apply to the Court for orders approving the Share Scheme under section 411(4) of the Corporations Act;
  - (q) **(Implementation of Share Scheme)** if the Court approves the Share Scheme:

- (i) immediately notify ASX of the Court order approving the Share Scheme;
  - (ii) promptly lodge an office copy of the Court order with ASIC in accordance with section 411(10) of the Corporations Act;
  - (iii) determine who are the Scheme Shareholders and their entitlements to the Scheme Consideration as at 5.00pm on the Record Date in accordance with the Share Scheme;
  - (iv) in accordance with section 672A of the Corporations Act, direct those of the Avocet Shareholders notified to Avocet by Lion One (acting reasonably) in writing to make the disclosures required by section 672B of the Corporations Act and provide the resulting information to Lion One within 5 days of its receipt; and
  - (v) register all transfers of Avocet Shares to Lion One on the Implementation Date;
- (r) **(Register information)** give to Lion One (or as it directs) details of the names, registered addresses and holdings of Avocet Shares of every Avocet Shareholder as shown in the Register as at 5.00pm on the Record Date and as at any other time reasonably requested by Lion One in such form as Lion One may reasonably require;
  - (s) **(communications with Avocet Shareholders)**: participate in, and ensure the Avocet Board participates in, all communications, presentations and other measures reasonably requested by Lion One to promote the merits of the Transaction; and
  - (t) **(post Implementation board)**: on the Effective Date, Avocet will use its best endeavours to ensure that all directors nominated by Lion One in writing to Avocet at least 5 Business Days prior to the Effective Date are appointed to the board of Avocet subject to such nominees providing written consents to act in a form reasonably satisfactory to Avocet.

## 8. Lion One obligations

Lion One must:

- (a) **(assist preparation of Independent Expert's Reports)** as expeditiously as practicable, provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation or updating of the Independent Expert's Reports;
- (b) **(supply information for Scheme Booklet)** as expeditiously as practicable, supply to Avocet for inclusion in the Scheme Booklet such information regarding Lion One which is reasonably required under all applicable law, including all relevant ASIC regulatory guides, to be included in the Scheme Booklet;
- (c) **(supply any further information required)** as expeditiously as practicable, supply to Avocet any further information reasonably required by Avocet before the Meeting Date to ensure that the Lion One Material is not misleading or deceptive and contains no material omissions and to enable Avocet to inform

Avocet Shareholders of any further or new information after the date of despatch of the Scheme Booklet, which is material for disclosure to Avocet Shareholders in deciding whether to approve the Share Scheme;

- (d) **(verify Lion One Material)**: subject to clause 8(g), verify to Avocet the accuracy of the Lion One Material in the Scheme Booklet and consent to the inclusion of that information in the form and context in which it appears;
- (e) **(apply for TSX/TSX-V relief)** use its reasonable endeavours to obtain all waivers, exemptions and modifications from TSX or TSX-V as may be required to facilitate Implementation of the Share Scheme;
- (f) **(Deed poll)** before the First Court Date, enter into the Share Scheme Deed Poll;
- (g) **(representation)** ensure that, if requested by Avocet, Lion One is represented at Court hearings convened for the purpose of section 411(4)(b) of the Corporations Act, and, through counsel, undertakes, if requested by the Court, to do all things and take all steps within its power necessary to fulfil its obligations under this Agreement;
- (h) **(not act inconsistently)** not act in a manner inconsistent with obtaining Court approval for the Share Scheme;
- (i) **(maintain TSXV listing)** take all reasonable and appropriate steps to maintain Lion One's listing on TSXV, notwithstanding any suspension of the quotation of Lion One Shares, up to and including the Effective Date; and
- (j) **(communications with Avocet Shareholders)**: participate in, and ensure the appropriate members of Lion One senior management participate in, all communications, presentations and other measures reasonably requested by Avocet to promote the merits of the Transaction.

## 9. Exclusivity

### 9.1 No other existing discussions

- (a) Subject to clause 9.1(b), Avocet represents and warrants that it is not, as at the date of this Agreement, in negotiations or discussions in respect of any Alternative Proposal with any other person.
- (b) To the extent that Avocet is in negotiations or discussions in respect of any Alternative Proposal as at the date of this Agreement, Avocet undertakes to terminate those negotiations and discussions within two (2) Business Days following its entry into this Agreement.

### 9.2 No-shop restriction

During the Exclusivity Period, Avocet must ensure that neither it nor its directors, officers or employees or (to the extent that it is reasonably able to influence them) its associates, agents or advisers directly or indirectly solicit, invite, facilitate, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to an Alternative Proposal.

### 9.3 No-talk restriction

Subject to clause 9.4, during the Exclusivity Period, Avocet must ensure that neither it nor any of its directors, officers or employees or (to the extent that it is reasonably able to influence them) its associates, agents or advisers negotiates or enters into, continues or participates in negotiations or discussions with any other person regarding an Alternative Proposal, even if:

- (a) the Alternative Proposal was not directly or indirectly solicited, initiated or encouraged by Avocet; or
- (b) the other person has publicly announced its Alternative Proposal.

### 9.4 Exception to no-talk

The restrictions in clause 9.3 do not apply to the extent that they restrict Avocet from taking or refusing to take any action with respect to a bona fide proposal in relation to an Alternative Proposal (which was not encouraged, solicited or invited, facilitated or initiated in contravention of clause 9.2) provided that the Avocet Board has determined, after receiving written legal advice from its external legal advisers, that failing to respond would in Avocet's reasonable opinion (acting in good faith) be likely to constitute a breach of Avocet's directors fiduciary or statutory duties or could reasonably lead to a contravention of the law.

### 9.5 Disclosure of Alternative Proposal

During the Exclusivity Period, Avocet must promptly notify Lion One in writing of:

- (a) any approach, inquiry or proposal made to, and any attempt to initiate negotiations or discussions with Avocet or any of its representatives with respect to any bona fide Alternative Proposal (whether unsolicited or otherwise);
- (b) any request for information relating to Avocet or any of their businesses or operations or any request for access to Avocet's books or records, which Avocet has reasonable grounds to suspect may relate to a current or future Alternative Proposal,

which notice must include reasonable details of the applicable matter (including reasonable details of the Alternative Proposal made by the person making the approach (including the identity of that person and all material terms of the Alternative Proposal)).

### 9.6 Fiduciary obligations in relation to clause 9.5

Avocet is not required to comply with its obligations under clause 9.5 in any particular case to the extent that compliance with clause 9.5 would, or would be reasonably likely to, constitute, in the opinion of the Avocet Board, based on written legal advice from its external legal advisers, a breach of any of the legal and fiduciary obligations of the directors of Avocet.

### 9.7 Matching right

If, at any time during the Exclusivity Period, Avocet receives a proposal in relation to a bona fide Superior Proposal, the following provisions apply:

- (a) Avocet must immediately give Lion One notice in writing of that fact and that notice must provide all details of the Superior Proposal, including details of the proposed bidder or acquirer;
- (b) if Avocet gives Lion One a notice under clause 9.7(a), Avocet agrees that it will not, until the end of the day which is five (5) Business Days following the receipt of that notice by Lion One, enter into any legally binding agreement with respect to the Superior Proposal;
- (c) if Avocet gives Lion One a notice under clause 9.7(a), Lion One agrees that the notice and its contents are to be kept confidential;
- (d) if Avocet gives Lion One a notice under clause 9.7(a), Lion One will have the right, but not the obligation, at any time until the end of the day which is five (5) Business Days following receipt of the notice to:
  - (i) offer to amend the terms of the Transaction; or
  - (ii) propose any other transaction,

(each a **Counterproposal**), and if Lion One does so, the Avocet Board must review the Counterproposal in good faith and in what the Avocet Board considers is required to comply with its fiduciary and statutory duties, to determine whether the Counterproposal is more favourable to Avocet Shareholders than the Superior Proposal;
- (e) if the Avocet Board determines, in good faith and in order to satisfy what the Avocet Board considers to be its fiduciary and statutory duties, that the Counterproposal is more favourable to Avocet Shareholders than the Superior Proposal, then:
  - (i) if the Counterproposal contemplates an amendment to the Transaction, the parties must enter into a document amending this Agreement in relation to the Transaction and reflecting the Counterproposal; and
  - (ii) Avocet must make an announcement as soon as reasonably practicable recommending the Counterproposal, in the absence of a more favourable proposal, and the parties must pursue implementation of the Counterproposal in good faith; and
- (f) for the purposes of this clause 9.7, each material successive modification of any Alternative Proposal in relation to a Superior Proposal will be deemed to constitute a new proposal and the provisions of this clause will apply to each such new proposal except that in such circumstances any references to “5 Business Days” will be construed as “3 Business Days”.

## 9.8 Announcement of a Superior Proposal

Subject to Avocet complying with clause 9.7, nothing in this clause prevents or restricts Avocet making any Announcement in respect of any Superior Proposal.

## 10. Undertaking

### 10.1 Rationale

The parties acknowledge and agree, for the purposes of this clause 10, as follows:

- (a) the parties have required the inclusion of this clause 10, in the absence of which they would not have entered into this Agreement or otherwise agreed to implement the Transaction;
- (b) the parties and their respective boards believe that the Transaction will provide significant benefits to their respective members and that it is reasonable and appropriate that each party agrees to the inclusion of this clause 10, in order to secure the other party's execution of this Agreement and agreement to implement the Transaction; and
- (c) the amount payable by Avocet pursuant to clause 10.2 is an amount to compensate the other party for the costs and expenses incurred, directly or indirectly, by the other party as a result of the Transaction not being implemented in accordance with this Agreement and all costs and expenses incurred by the other party in connection with the investigation and assessment of the other party, and the investigation, assessment, negotiation, documentation and pursuit of approval and implementation of the Transaction, and the performance of the other party's obligations and the enforcement of its rights under this Agreement, including the following:
  - (i) all advisory costs (including costs of its legal, financial and other expert advisers and agents other than success fees);
  - (ii) costs of management time;
  - (iii) all out of pocket expenses; and
  - (iv) all commitment fees and other financing costs (whether associated with debt or equity finance).

### 10.2 Undertaking to reimburse fees, costs, losses and expenses – Avocet

Subject to this Agreement and to the extent permitted by law, Avocet undertakes to Lion One that it will pay to Lion One a fee of \$150,000 as compensation for costs and expenses incurred by Lion One in relation to the Share Scheme and performing its obligations under this Agreement, if any of the following events occurs:

- (a) an Avocet Prescribed Event or an Avocet Material Transaction;
- (b) a majority of the Independent Avocet Directors fail to recommend the Share Scheme or make a public statement that they no longer support the Share Scheme or the Transaction, or a majority of the Independent Avocet Directors withdraw a recommendation that they had previously made, in each case other than because of a Material Adverse Change in relation to Lion One or because the Independent Expert has concluded that the Share Scheme or the Transaction is not in the best interests of Avocet Shareholders;
- (c) a member of the Avocet Board disposes of any interest in any Avocet Share, or disposes of any interest in or exercises any Avocet Option (other than Avocet Options that are due to expire before the Effective Date), which he



owns or controls other than in circumstances disclosed in writing to Lion One on or prior to the date of this Agreement;

- (d) Lion One terminates this Agreement in accordance with clause 12.1(d)(i); or
- (e) the Effective Date for the Share Scheme has not occurred prior to the Sunset Date as a consequence of a material non-compliance by Avocet with any of its obligations under this Agreement.

### 10.3 Undertaking to reimburse fees, costs, losses and expenses – Lion One

Subject to this Agreement and to the extent permitted by law, Lion One undertakes to Avocet that it will pay to Avocet a fee of \$150,000 as compensation for costs and expenses incurred by Avocet in relation to the Share Scheme and performing its obligations under this Agreement, if either of the following events occurs:

- (a) a Lion One Prescribed Event;
- (b) Avocet terminates this Agreement in accordance with clause 12.1(d)(ii); or
- (c) the Effective Date for the Share Scheme has not occurred prior to the Sunset Date as a consequence of a material non-compliance by Lion One with any of its obligations under this Agreement.

### 10.4 Limits on compensation

- (a) No amount is payable under clause 10.2 or clause 10.3, and any amount paid under clause 10.2 or clause 10.3 is immediately repayable by the payee, if the Share Scheme becomes Effective or Lion One proceeds with the Transaction the subject of the Share Scheme by alternative means or methods and through those alternative means or methods:
  - (i) Lion One acquires more than 50% of the Avocet Shares; and
  - (ii) more than 50% of the Avocet Options are either cancelled or acquired by Lion One,

despite the occurrence of any event referred to in clause 10.2 or clause 10.3.

- (b) No amount is payable under clause 10.2, and any amount paid under clause 10.2 is immediately repayable by Lion One, if the Independent Expert (on the request of either party) concludes, or changes its original conclusion to conclude, that the Share Scheme is not in the best interests of Avocet Shareholders, because of a Material Adverse Change in relation to Lion One.

### 10.5 Compliance with law

If it is found that the undertakings of Avocet or Lion One under clause 10.2 or clause 10.3, or any payment made in accordance with those clauses, or all or any part of any such payment (**Impugned Amount**):

- (a) is or was or would be unlawful;
- (b) involves or involved or would involve a breach of the duties of the directors of the company making the payment (**Payer**); or

- (c) constitutes, constituted or would constitute "Unacceptable Circumstances" as that term is defined in the Corporations Act,

then:

- (d) the undertaking shall not apply to the extent of the Impugned Amount;
- (e) the Payer shall have a good defence to any claim for the Impugned Amount; and
- (f) if the other party has been paid the Impugned Amount, the payee must immediately refund the Impugned Amount to the Payer.

## **10.6 Fee as sole remedy**

Notwithstanding any other provision of this Agreement, if a party makes any payment in full and in accordance with clause 10.2 or clause 10.3, the parties agree that such payment will be the sole remedy of the payee in respect of each and every breach of this Agreement and the payee will not be entitled to commence proceedings seeking any other remedy including, without limitation, for an injunction or damages.

## **10.7 Demand**

A party must make any payment in full and in accordance with clause 10.2 or clause 10.3 within 5 Business Days of receipt of a demand for payment from the other party and such demand may only be made after:

- (a) the Share Scheme fails to become Effective by the Sunset Date; or
- (b) this Agreement is terminated in accordance with its terms.

## **11. Announcement**

### **11.1 Announcement of Share Scheme**

Immediately after the execution of this Agreement, Avocet and Lion One must issue either a joint or separate public announcements in agreed terms, including a statement by the Independent Avocet Directors that, subject to the Independent Expert concluding that the Share Scheme is in the best interests of Avocet Shareholders, they intend to recommend that Avocet Shareholders vote in favour of the Share Scheme subject to no Superior Proposal being made for all Avocet Shares.

### **11.2 No Announcement**

Neither party may make an Announcement relating to the subject matter of this Agreement or its termination or make public this Agreement (or any of its terms) unless the Announcement or publication:

- (a) is required by clause 11.1 or any other provision of this Agreement;
- (b) has the prior approval of the other party, such approval not to be unreasonably withheld; or
- (c) is required to be made by any applicable law.

### 11.3 Notice of Announcement

If a party is required to make an Announcement under clause 11.2(c), it must, to the extent practicable without that party breaching any applicable law, give to the other party:

- (a) such notice as is reasonable in the circumstances of its intention to make the Announcement; and
- (b) a draft of the Announcement and an opportunity, which is reasonable in the circumstances, to comment on the contents of the draft Announcement.

## 12. Termination

### 12.1 When a party may terminate

Without limiting clause 2, this Agreement may be terminated:

- (a) **(before Relevant Date if Condition cannot be satisfied)** by either party, if, before the Relevant Date, a Condition solely or jointly for its benefit cannot be satisfied and is not waived by the time required in this Agreement for it to be satisfied or waived;
- (b) **(after Relevant Date if Condition has not been satisfied)** by either party, if, after the Relevant Date applicable to a Condition solely or jointly for its benefit, that Condition has not been satisfied or waived at that time;
- (c) **(after Sunset Date)** subject to clause 2.6, by either party, if the Effective Date has not occurred by the Sunset Date;
- (d) **(termination for breach)** before the Second Court Date:
  - (i) by Lion One – if Avocet is in breach of this Agreement (including a breach of a representation or warranty under clause 13) and that breach is material and is not remedied by Avocet within 5 Business Days (or such shorter period ending on the Second Court Date) of Avocet receiving notice from Lion One of the details of the breach and its intention to terminate; and
  - (ii) by Avocet – if Lion One is in breach of this Agreement (including a representation or warranty under clause 13) and that breach is material and is not remedied by Lion One within 5 Business Days (or such shorter period ending on the Second Court Date) of Lion One receiving notice from Avocet of the details of the breach and its intention to terminate,

by giving notice in writing to the other party.

### 12.2 Obligations on termination

- (a) If a party terminates this Agreement, all obligations of the parties under this Agreement, other than under this clause 12, clause 11 (**Announcement**), clause 13 (**Representations and Warranties**), clause 14 (**Indemnities**), clause 15 (**Release**), clause 16 (**GST**), clause 17 (**Notices**), clause 18

(**Amendment and Assignment**) and clause 19 (**General**), immediately cease to be of further force or effect.

- (b) The termination of this Agreement does not affect any Claim arising before this Agreement is terminated, that a party may have against another party.

### 13. Representation and warranties

#### 13.1 Mutual representations and warranties

Each party represents and warrants to the other party that:

- (a) (**status**) it is a company limited by shares and is validly existing under relevant law;
- (b) (**power**) it has full legal capacity and power to:
  - (i) own its property and to carry on its business; and
  - (ii) enter into this Agreement and to carry out the transactions that this Agreement contemplates;
- (c) (**corporate authority**) it has taken all corporate action that is necessary or desirable to authorise its entry into this Agreement and its carrying out the transactions that this Agreement contemplates;
- (d) (**Authorisations**) subject to obtaining those Authorisations contemplated under clauses 2.2(e), 2.2(h) and 2.2(q), it holds each Authorisation that is necessary or desirable to:
  - (i) enable it to execute this Agreement properly and to carry out the transactions that this Agreement contemplates;
  - (ii) ensure that this Agreement is legal, valid, binding and admissible in evidence; and
  - (iii) enable it to carry on its business properly,

and it is complying in all material respects with any conditions to which any Authorisation is subject;
- (e) (**Agreement effective**) this Agreement constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (f) (**no contravention**) neither its execution of this Agreement nor the carrying out by it of the transactions that this Agreement contemplates, does or will contravene:
  - (i) any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
  - (ii) any material Authorisation;
  - (iii) any undertaking or instrument binding on it or any of its property; or

- (iv) its constitution;
- (g) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could have a material adverse effect on it;
- (h) **(no Insolvency Event)** it is not affected by an Insolvency Event; and
- (i) **(not representative)** it is not entering into this Agreement in a representative capacity.

### 13.2 Avocet representations and warranties

Avocet represents and warrants to Lion One that:

- (a) **(exchanged information not false or misleading)** the information relating to the Business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Avocet, provided by Avocet to Lion One prior to the date of this Agreement in connection with this Transaction, is true and accurate in all material respects as at the date at which it was provided to Lion One, and Avocet has not knowingly or recklessly:
  - (i) omitted to disclose information to Lion One, the disclosure of which might reasonably be expected to have resulted in Lion One not entering into this Agreement, or entering into it on materially different terms;
  - (ii) omitted anything such as to make any part of the information provided to Lion One materially false or misleading;
  - (iii) included anything materially false or misleading; or
  - (iv) denied access to requested information with the intention of misleading Lion One;
- (b) **(Avocet Due Diligence Material)** Avocet has:
  - (i) collated and prepared all of the Avocet Due Diligence Material in good faith for the purposes of a confirmatory due diligence exercise (but which exercise does not include diligence on information of commercial or competitive sensitivity) and in this context, as far as Avocet is aware, such material has been collated with all reasonable care and skill; and
  - (ii) not intentionally withheld from the Avocet Due Diligence Material given before the date of this Agreement any written information that is known to Avocet to be material to Lion One as a purchaser of the Avocet Group as a whole, provided that for the purposes of this paragraph (ii), all disclosure documents of Avocet publicly filed with ASX prior to 31 January 2013 will be deemed to have been provided to Lion One.
- (c) **(Scheme Booklet not false or misleading)** as at the date of despatch of the Scheme Booklet, the Scheme Booklet (other than the Lion One Material) will

not contain any material statement which is false or misleading (including because of any material omission);

- (d) **(complied with applicable law)** Avocet has complied with all applicable laws, to the extent that any instance of non-compliance, individually or in aggregate, could not reasonably be expected to be a Material Adverse Change in relation to Avocet;
- (e) **(Avocet projects)** the title to the tenements held by Avocet or a Subsidiary of Avocet in Australia and South America are legally and beneficially owned by Avocet or a Subsidiary of Avocet, free from encumbrances and are in good standing;
- (f) **(continuous disclosure)** Avocet has complied in all material respects with the continuous disclosure obligations under the Listing Rules and is not withholding any information pursuant to an exception in Listing Rule 3.1A (save in respect of the Share Scheme);
- (g) **(no other approvals necessary)** it is not aware of any consents, approvals or other acts by a Government Agency that are necessary to effect Implementation;
- (h) **(no default)** Avocet is not in default under any document or agreement binding on it or its assets and nothing has occurred which is, or would, with the giving of notice or lapse of time or both, constitute, an event of default, prepayment event or similar event under any such document or agreement, which individually or in aggregate could reasonably be expected to be a Material Adverse Change in relation to Avocet;
- (i) **(termination events)** Avocet is not a party to a material contract under which any of the other parties may take a step unfavourable to Avocet (such as to terminate or suspend the agreement or arrangement or to require a payment or the adoption of less favourable terms) because of any change in the control of Avocet, any transaction contemplated by this Agreement or compliance with any provision of this Agreement;
- (j) **(Third Party Consents)** so far as the Avocet Board is aware, having made all reasonable enquiry, no Third Party Consents are required in order to implement the Share Scheme; and
- (k) **(Schedule 1 accurately details Avocet capital)** Schedule 1 accurately records the total number and details of Avocet Shares.

### 13.3 Lion One representations and warranties

Lion One represents and warrants to Avocet that:

- (a) **(exchanged information not false or misleading)** the information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Lion One, provided by Lion One to Avocet prior to the date of this Agreement in connection with this Transaction, is true and accurate in all material respects as at the date at which it was provided to Avocet, and Lion One has not knowingly or recklessly:

- (i) omitted to disclose information to Avocet, the disclosure of which might reasonably be expected to have resulted in Avocet not entering into this Agreement, or entering into it on materially different terms;
  - (ii) omitted anything such as to make any part of the information provided to Avocet materially false or misleading;
  - (iii) included anything materially false or misleading; or
  - (iv) denied access to requested information with the intention of misleading Avocet;
- (b) **(Lion One Due Diligence Material)** Lion One has:
- (i) collated and prepared all of the Lion One Due Diligence Material in good faith for the purposes of a confirmatory due diligence exercise (but which exercise does not include diligence on information of commercial or competitive sensitivity) and in this context, as far as Lion One is aware, such material has been collated with all reasonable care and skill; and
  - (ii) not intentionally withheld from the Lion One Due Diligence Material given before the date of this Agreement any written information that is known to Lion One to be material to Avocet in light of the Transaction, provided that for the purposes of this paragraph (ii), all disclosure documents of Avocet publicly filed on SEDAR prior to 31 January 2013 will be deemed to have been provided to Avocet.
- (c) **(Lion One Material not false or misleading)** the Lion One Material as at the date of despatch of the Scheme Booklet will not contain any material statement which is false or misleading (including because of any material omission);
- (d) **(complied with applicable law)** Lion One has complied with all applicable laws to the extent that any instance of non-compliance individually or in aggregate, could not reasonably be expected to be a Material Adverse Change in relation to Lion One;
- (e) **(Tuvatu Project)** the title to the tenements of the Tuvatu Project are legally and beneficially owned by Lion One or a Subsidiary of Lion One, free from encumbrances and are in good standing;
- (f) **(continuous disclosure)** Lion One has complied in all material respects with the continuous disclosure obligations under Canadian securities laws, in particular, National Instrument 51-102 and is not withholding any information pursuant to an exception to those obligations (save in respect of the Share Scheme);
- (g) **(no other approvals necessary)** it is not aware of any consents, approvals or other acts by a Government Agency that are necessary to effect Implementation;
- (h) **(no default)** Lion One is not in default under any document or agreement binding on it or its assets and nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement,

which individually or in aggregate could reasonably be expected to be a Material Adverse Change in relation to Lion One;

- (i) **(termination events)** Lion One is not a party to a material contract under which any of the other parties may take a step unfavourable to Lion One (such as to terminate or suspend the agreement or arrangement or to require a payment or the adoption of less favourable terms) because of any change in the control of Lion One, any transaction contemplated by this Agreement or compliance with any provision of this Agreement;
- (j) **(Third Party Consents)** so far as the Lion One Board is aware, having made all reasonable enquiry, no Third Party Consents are required in order to implement the Share Scheme; and
- (k) **(Schedule 2 accurately details Lion One capital)** Schedule 2 accurately records the total number and details of Lion One Shares and Lion One Options.

#### **13.4 No representations made on economic or future matters**

Neither Avocet nor Lion One makes any representation or warranty in relation to the achievability of:

- (a) any economic, fiscal or other interpretations or evaluations by Avocet or Lion One; or
- (b) future matters, including future or forecast costs, prices, revenues or profits.

#### **13.5 Reliance on representations and warranties**

Each party acknowledges that the other party has executed this Agreement and agreed to take part in the transactions that this Agreement contemplates in reliance on the representations and warranties that are made in clauses 13.1, 13.2 and 13.3.

#### **13.6 When warranties are given**

Each representation and warranty given or made under clauses 13.1, 13.2 and 13.3 is given:

- (a) as at the date of this Agreement; and
- (b) as at 8.00am on the Second Court Date; and
- (c) at any other date at which the representation or warranty is expressed to be given.

### **14. Indemnities**

#### **14.1 Indemnity by Avocet**

Avocet indemnifies Lion One, its directors, officers and employees against any Loss or Claim arising from or in connection with a breach of the representations and warranties given by Avocet in clauses 13.1 and 13.2.



## 14.2 Indemnity by Lion One

Lion One indemnifies Avocet, its directors, officers and employees against any Loss or Claim arising from or in connection with a breach of the representations and warranties given by Lion One in clause 13.1 and 13.3.

## 14.3 Survival

Each representation, warranty and indemnity in clause 13 and this clause 14:

- (a) is severable; and
- (b) will survive termination of this Agreement.

## 15. Release

- (a) **(Officers not liable)** Subject to section 199A of the Corporations Act and clause 15(b), no officer or employee of a party is liable for anything done or purported to be done in connection with implementation of this Agreement, the Share Scheme or any one of them.
- (b) **(Except wilful misconduct)** Clause 15(a) does not exclude an officer or employee from any liability which may arise from wilful misconduct or a grossly negligent act or omission on the part of the person.
- (c) **(Benefit held for officers and employees)** Each party receives and holds the benefit of this release, to the extent that it relates to its officers and employees as agent for them.

## 16. GST

### 16.1 GST interpretation

In this Agreement:

- (a) any reference in this clause 15 to a term defined or used in the GST Law is, unless the context indicates otherwise, a reference to that term as defined or used in that Act;
- (b) if a person is a member of a GST group, references to GST for which the person is liable and to input tax credits to which the person is entitled include GST for which the representative member of the GST group is liable and input tax credits to which the representative member is entitled; and
- (c) references to GST extend to any notional liability of any person for GST and to any amount which is treated as GST under the GST Law, and references to an input tax credit extend to any notional input tax credit to which any person is entitled.

### 16.2 GST payable in addition to consideration for taxable supplies

A recipient of a taxable supply made under or in connection with this Agreement must:

- (a) pay to the supplier, in addition to the consideration for the taxable supply, an amount equal to any GST paid or payable by the supplier in respect of the taxable supply, without deduction or set-off of any other amount; and
- (b) make the payment either when the consideration for the taxable supply is payable, or upon demand.

### 16.3 Tax invoice

The supplier must issue a tax invoice to the recipient for any supply for which the supplier may recover GST from the recipient under or in connection with this Agreement.

### 16.4 Consideration exclusive of GST

Any consideration or payment obligation in this Agreement is exclusive of GST unless stated otherwise.

## 17. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Agreement:

- (a) must be in writing;
- (b) must be addressed to the address notified by the recipient to the other party from time to time. As at the date of this Agreement, the parties' respective addresses are the addresses as set out at page 1 of this Agreement;
- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that party;
- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, of the addressee in accordance with clause (c); and
- (e) is taken to be received by the addressee:
  - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
  - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
  - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending; and
  - (iv) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (i) to (iv), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

## **18. Amendment and assignment**

### **18.1 Amendment**

This Agreement can only be amended, supplemented, replaced or novated by another document signed by the parties.

### **18.2 Assignment**

A party cannot:

- (a) assign, novate or otherwise deal with any of its rights or obligations under this Agreement; or
- (b) dispose of, declare a trust over or otherwise create an interest in its rights under this Agreement,

without the prior written consent of the other party.

## **19. General**

### **19.1 Governing law**

This Agreement is governed by and must be construed according to the law applying in Western Australia.

### **19.2 Jurisdiction**

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Western Australia, and any courts competent to determine appeals from any of those courts, with respect to any proceedings that may be brought at any time relating to or in connection with this Agreement; and
- (b) waives any objection that it may now or in the future have to the venue of any proceedings, and any claim that it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 19.2(a).

### **19.3 Liability for expenses**

- (a) Lion One must pay for all stamp duty payable on this Agreement or any instrument or transaction contemplated in or necessary to give effect to this Agreement.
- (b) Each party must pay its own expenses incurred in negotiating, preparing, executing and performing this Agreement and the proposed, attempted or actual implementation of this Agreement, the Share Scheme, the Scheme Booklet and this Agreement.

### **19.4 Further acts and documents**

Each party must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law

or reasonably requested by the other party to give full effect to this Agreement and the transactions contemplated by this Agreement.

### **19.5 Continuing obligations**

Any provision of this Agreement remaining to be performed or observed by the parties or having effect after the termination, completion or expiration of this Agreement remains in full force and effect and is binding on the parties and their personal representatives.

### **19.6 Waiver of rights**

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Agreement by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Agreement.
- (b) A waiver or consent given by a party under this Agreement is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Agreement operates as a waiver of another breach of that term or of a breach of any other term of this Agreement.

### **19.7 No partnership or agency**

Nothing in this Agreement is to be treated as creating a partnership and, except as specifically provided in this Agreement, no party may act as agent of or in any way bind another party to any obligation.

### **19.8 Indemnities**

- (a) Each indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this Agreement.
- (b) It is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred by this Agreement.
- (c) A party must pay on demand any amount it must pay under an indemnity in this Agreement.

### **19.9 Consents**

Where this Agreement contemplates that a party may agree or consent to something (however it is described), the party may:

- (a) agree or consent, or not agree or consent, in its sole and absolute discretion; and
- (b) agree or consent subject to conditions,

unless this Agreement expressly contemplates otherwise.

**19.10 Severance and enforceability**

Any provision, or the application of any provision, of this Agreement that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Agreement in that or any other jurisdiction.

**19.11 No merger**

The rights and obligations of the parties under this Agreement do not merge on completion of any transaction under this Agreement, and survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction under this Agreement.

**19.12 Entire agreement**

To the extent permitted by law, in relation to its subject matter this Agreement:

- (a) embodies the entire understanding of the parties, and constitutes the entire terms agreed by the parties; and
- (b) supersedes any prior written or other agreement of the parties.

**19.13 Counterparts**

This Agreement may be executed in any number of counterparts and by the parties on separate counterparts, including by facsimile. Each counterpart constitutes an original of this Agreement and all together constitute one agreement.

**19.14 Attorneys**

Each person who executes this Agreement on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

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## Schedule 1 – Avocet’s capital

### 1. Shares

Avocet has 105,513,653 fully paid ordinary shares on issue.

### 2. Options

Avocet has on issue the following options to subscribe for fully paid shares:

<b>Tranche</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Balance</b>
1.	13 April 2013	\$0.21	50,000
2.	18 November 2013	\$0.25	500,000
<b>Total</b>			<b>550,000</b>

## Schedule 2 – Lion One’s capital

### 1. Common Shares

Lion One has 48,868,827 common shares on issue.


### 2. Stock Options

Lion One has on issue the following stock options to subscribe for common shares:


Tranche	Expiry Date	Exercise Price	Balance
1.	11 October 2012	\$0.70	875,000
2	6 February 2013	\$0.50	200,000
3.	9 February 2014	\$0.35	140,000
4.	1 March 2014	\$0.35	375,000
5.	1 March 2015	\$0.35	680,000
6.	25 October 2015	\$1.00	608,667
7.	25 May 2016	\$1.40	685,000
8.	20 July 2016	\$1.40	200,000
9.	2 November 2016	\$1.40	25,000
<b>Total</b>			<b>3,788,667</b>

Executed by the parties as an agreement.

Executed by Lion One Metals Limited )  
by its duly authorised signatories )

  
\_\_\_\_\_  
Director

George S. Young  
\_\_\_\_\_  
Full name (please print)


  
\_\_\_\_\_  
Director

Hamish Greig  
\_\_\_\_\_  
Full name (please print)

Executed by Avocet Resources Limited )  
ACN 113 446 352 )  
pursuant to Section 127 )  
of the Corporations Act )

  
\_\_\_\_\_  
Director

S. A. MACDONALD  
\_\_\_\_\_  
Full name (please print)

  
\_\_\_\_\_  
Director/~~Secretary~~

STEPHEN MANN  
\_\_\_\_\_  
Full name (please print)



## Annexure 1 – Share Scheme of Arrangement

# Share Scheme of Arrangement

pursuant to Section 411 of the Corporations Act

Between

Avocet Resources Limited

ACN 113 446 352

Avocet

and

Each Scheme Shareholder

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Date:

## Parties

**Avocet Resources Limited ACN 009 260 306** of Level 3, 33 Ord Street, West Perth, Western Australia, 6005 (**Avocet**)

### Each Scheme Shareholder

## 1. Definitions and Interpretation

### 1.1 Definitions

In this Scheme, unless the context otherwise requires:

<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.
<b>ASX Operating Rules</b>	means the operating rules of ASX Settlement.
<b>ASX Settlement</b>	means ASX Settlement Pty Ltd ACN 008 504 532.
<b>Avocet</b>	means Avocet Resources Limited ACN 113 446 352.
<b>Avocet Option</b>	means an option to subscribe for an Avocet Share.
<b>Avocet Share</b>	means a fully paid ordinary share in Avocet.
<b>Business Day</b>	means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.
<b>CHESS</b>	means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Court</b>	means the Federal Court of Australia.
<b>Deed Poll</b>	means the deed poll executed by Lion One on or about <date> in favour of each Scheme Shareholder as set out in Annexure A.
<b>Effective</b>	means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

<b>Effective Date</b>	means the date on which the Scheme becomes Effective.
<b>Implementation Date</b>	means the fifth Business Day after the Record Date.
<b>Ineligible Foreign Holder</b>	means a Scheme Shareholder whose address in the Share Register is in a jurisdiction outside Australia and its external territories, New Zealand and Canada, except where Lion One and Avocet are reasonably satisfied that the issue of New Lion One Shares in that jurisdiction under the Scheme would be neither prohibited by law nor unduly onerous.
<b>Lion One</b>	means Lion One Metals Limited of 311 West 1st Street, North Vancouver BC, V7M 1B5, Canada.
<b>Lion One Option</b>	means a stock option to subscribe for a Lion One Share.
<b>Lion One Register</b>	means the register of members of Lion One maintained by Computershare Limited and Lion One Registry has a corresponding meaning.
<b>Lion One Share</b>	means a common share in the capital of Lion One.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Merger Implementation Agreement</b>	means the merger implementation agreement dated <date> between Avocet and Lion One.
<b>New Lion One Shares</b>	means those Lion One Shares to be issued (as Scheme Consideration) to (or in respect of) Scheme Shareholders as consideration for their Scheme Shares.
<b>Record Date</b>	means 5.00pm on the fifth Business Day after the Effective Date, or any other date agreed by Avocet and Lion One.
<b>Registered Address</b>	means, in relation to a Scheme Shareholder, the address of the Scheme Shareholder shown in the Share Register.
<b>Sale Agent</b>	means the person chosen by Avocet and Lion One and (if necessary) approved by ASIC (or other applicable regulatory authority in Canada) to sell the New Lion One Shares that are attributable to Ineligible Foreign Holders and Small Shareholders under the terms of this Scheme (or any nominee of such person).
<b>Scheme or Scheme of Arrangement</b>	means the scheme of arrangement under Part 5.1 of the Corporations Act recorded in this document subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act.
<b>Scheme Consideration</b>	means the consideration to be provided by Lion One to Scheme Shareholders for the transfer of their Scheme Shares under the terms of the Scheme, being 1 New Lion One Share for every 9.5 Scheme Shares.

<b>Scheme Meeting</b>	means the meeting of Shareholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Scheme.
<b>Scheme Shares</b>	means the Avocet Shares on issue as at the Record Date.
<b>Scheme Shareholder</b>	means each person who is registered in the Share Register as a holder of Scheme Shares as at the Record Date.
<b>Second Court Date</b>	means the first day of the Second Court Hearing, or if the application at such hearing is adjourned or subject to an appeal for any reason, the first day on which the adjourned or appealed application is heard.
<b>Second Court Hearing</b>	means the hearing of the Court of the application for an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme.
<b>Shareholder</b>	means a holder of a Avocet Share.
<b>Share Register</b>	means the register of Avocet members maintained by Security Transfer Registrars Pty Ltd and Share Registry has a corresponding meaning.
<b>Small Shareholder</b>	means a Scheme Shareholder who holds 4,750 Avocet Shares or less as at 5.00pm on the Record Date.
<b>Subsidiary of an entity</b>	means another entity which is a subsidiary of the first within the meaning of Division 6 of Part 1.2 of the Corporations Act or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.
<b>Sunset Date</b>	means 30 June 2013.
<b>TSX</b>	means the TMX Group Inc. or, as the context requires, the financial market known as the Toronto Stock Exchange.
<b>TSXV</b>	TSX Venture Exchange.

## 1.2 Interpretation

In this Scheme:

- (a) headings are for convenience only and do not affect interpretation; and
- unless the context indicates otherwise:
- (b) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
- (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) a reference to:

- (i) a clause or schedule is a reference to a clause or schedule of this Scheme;
  - (ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
  - (iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
  - (iv) a document (including this Scheme) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;
  - (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
  - (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (e) a reference to a day is to a period of time commencing at midnight and ending twenty four (24) hours later;
  - (f) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
  - (g) the word "**includes**" in any form is not a word of limitation;
  - (h) a reference to "**information**" is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
  - (i) the words "**entity**" and "**officer**" have the same meaning as in section 9 of the Corporations Act, and "**control**" has the same meaning as in section 50AA of the Corporations Act;
  - (j) time is a reference to time in Perth, Western Australia;
  - (k) a reference to "**\$**" or "**dollar**" is to Australian currency;
  - (l) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
  - (m) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
  - (n) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and



- (o) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.

## **2. Preliminary**

### **2.1 Avocet**

- (a) Avocet is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document:
- (i) 105,513,653 Avocet Shares were on issue; and
  - (ii) 550,000 Avocet Options were on issue.
- (c) Avocet has been admitted to the official list of ASX and its shares have been granted official quotation.

### **2.2 Lion One**

- (a) Lion One is a public company limited by shares, incorporated in Canada and registered in British Columbia.
- (b) As at the date of this document:
- (i) 48,868,827 Lion One Shares were on issue; and
  - (ii) 3,788,667 Lion One Options were on issue.
- (c) Lion One is listed on the TSXV and its shares are quoted.

### **2.3 Scheme summary**

If this Scheme becomes Effective, then:

- (a) in consideration for the transfer of each Scheme Share to Lion One, Lion One will be obliged to provide the Scheme Consideration to each Scheme Shareholder (other than Ineligible Foreign Holders who will be dealt with in accordance with clause 4.9);
- (b) each Scheme Shareholder will be bound to transfer their Scheme Shares, and all rights and obligations attaching to them as at the Implementation Date, to Lion One and Avocet will enter Lion One's name and registered address in the Share Register as the holder of all Scheme Shares; and
- (c) on the transfer of all Scheme Shares to Lion One, Avocet will become a wholly owned Subsidiary of Lion One.

### **2.4 Implementation**

- (a) Lion One has entered into the Deed Poll pursuant to which it has, among other things, covenanted to carry out its obligations (including its obligation to provide the Scheme Consideration, subject to clause 4.9 of this Scheme, to Scheme Shareholders) as contemplated by this Scheme.

- (b) Avocet and Lion One have also entered into the Merger Implementation Agreement, which sets out the terms on which Avocet and Lion One have agreed to implement the Scheme.

### 3. Conditions precedent and effectiveness

#### 3.1 Conditions precedent

The conditions precedent to this Scheme becoming Effective are:

- (a) **(Scheme approval)** this Scheme being approved, in accordance with section 411(4)(a) of the Corporations Act, at the Scheme Meeting;
- (b) **(Conditions precedent to Merger Implementation Agreement)** all of the conditions set out in clause 2.2 of the Merger Implementation Agreement being satisfied or waived in accordance with the terms of the Merger Implementation Agreement by the times indicated in the Merger Implementation Agreement;
- (c) **(No termination)** the Merger Implementation Agreement or Deed Poll not being terminated prior to 8.00am on the Second Court Date;
- (d) **(Court approval)** the approval by the Court of this Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given; and
- (e) **(Court conditions)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Lion One and Avocet being satisfied.

The satisfaction of each of paragraphs (a) to (e) of this clause 3.1 is a condition precedent to the operation of this Scheme and this Scheme will be of no effect unless the conditions precedent in this clause 3.1 are satisfied.

#### 3.2 Certificate

Lion One and Avocet will provide to the Court at the Second Court Hearing a certificate confirming whether or not all of the conditions in clause 2.2 of the Merger Implementation Agreement (other than those set out in clauses 2.2(e) and (f) of the Merger Implementation Agreement) have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement.

#### 3.3 Merger Implementation Agreement

If the Merger Implementation Agreement is terminated in accordance with its terms prior to 8.00am on the Second Court Date, Lion One and Avocet are each immediately released from any further obligation to take steps to implement the Scheme.

#### 3.4 Sunset Date

This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date.

## **4. Implementation of the Scheme**

### **4.1 Court order**

This Scheme will become binding on Avocet and each Scheme Shareholder if and only if the Court makes an order under section 411(4)(b) of the Corporations Act approving this Scheme and that order becomes effective under section 411(10) of the Corporations Act.

### **4.2 Lodgement with ASIC**

Avocet will lodge with ASIC an office copy of the order of the Court made under section 411(4)(b) of the Corporations Act approving this Scheme as soon as practicable and, in any event, by 5.00pm on the first Business Day after:

- (a) the Court approves the Scheme; or
- (b) the date of satisfaction of the conditions precedent referred to in clause 3.1 of this Scheme,

whichever is the later.

### **4.3 Transfer of Scheme Shares**

Subject to clause 4.4, all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to Lion One on the Implementation Date (without the need for any further act by a Scheme Shareholder other than acts performed by Avocet pursuant to the authority in clause 4.10) by Avocet effecting a valid transfer or transfers under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Avocet executing and delivering to Lion One, pursuant to the authority in clause 4.10, a valid share transfer form or forms (which may be a master transfer) to transfer all of the Scheme Shares to Lion One;
- (b) Lion One executing and delivering that share transfer form or those forms to Avocet; and
- (c) Avocet, immediately upon receipt of the executed share transfer form or forms, entering the name and address of Lion One in the Share Register as the holder of all Scheme Shares.

### **4.4 Consideration under this Scheme**

Subject to and in accordance with the other terms and conditions of this Scheme (including clauses 4.6, 4.7, 4.9 and 4.10), in consideration for the transfer of each Scheme Share to Lion One, Lion One will on the Implementation Date issue to each Scheme Shareholder the number of New Lion One Shares as are due to that Scheme Shareholder as Scheme Consideration.

### **4.5 Joint holders**

In the case of Scheme Shares held in joint names, any certificates or uncertificated holding statements] for New Lion One Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the Share Register on the Record Date.

#### 4.6 Fractional entitlements

Where the calculation of the total number of New Lion One Shares to be issued to (or in respect of) a particular Scheme Shareholder would result in a fractional entitlement to a New Lion One Share, then, any such fractional entitlement:

- (a) if to less than 0.5 of a New Lion One Share, will be rounded down to the nearest whole number of New Lion One Shares; and
- (b) if to 0.5 or more of a New Lion One Share, will be rounded up to the nearest whole number of New Lion One Shares,

provided that if a Scheme Shareholder holds less than 9.5 Avocet Shares on the Record Date, Lion One will issue that Scheme Shareholder one New Lion One Share.

#### 4.7 Shareholding splitting or division

If Lion One is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6 or each of whom holds less than or equal to the number of Scheme Shares required to classify as a Small Shareholder) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Lion One may give notice to those Scheme Shareholders:

- (a) setting out their names and Registered Addresses;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of the other provisions of this Scheme, be taken to hold no Scheme Shares. Lion One, in complying with the other provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

#### 4.8 Scheme Shareholders bound

Each Scheme Shareholder who is to receive New Lion One Shares under this Scheme agrees (for all purposes including section 231 of the Corporations Act) to:

- (a) become a member of Lion One and to accept the New Lion One Shares issued to them under this Scheme subject to, and to be bound by, Lion One's constitution and other constituent documents; and
- (b) have their name and address entered into the Lion One Register.

#### 4.9 Ineligible Foreign Holders

- (a) Lion One will be under no obligation under this Scheme to issue, and will not issue, any New Lion One Shares to Ineligible Foreign Holders, and instead:
- (i) all the New Lion One Shares which would otherwise be required to be issued to any Ineligible Foreign Holder under the Scheme, if they were eligible to receive them, will be issued to the Sale Agent;
  - (ii) Lion One will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells on TSXV all of the New Lion One Shares issued to the Sale Agent pursuant to clause 4.9(a)(i) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Foreign Holders), and remits to Lion One the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**); and
  - (iii) Lion One will pay to each Ineligible Foreign Holder such fraction of the Proceeds as is equal to the number of New Lion One Shares which would have been issued to that Ineligible Foreign Holder (if they were eligible to receive New Lion One Shares) divided by the total number of New Lion One Shares issued to the Sale Agent under clause 4.9(a)(i), promptly after the last sale of New Lion One Shares by the Sale Agent,
- in full satisfaction of Lion One's obligations to those Ineligible Foreign Holders under the Scheme in respect of the Scheme Consideration.
- (b) Lion One will pay the relevant fraction of the Proceeds to each Ineligible Foreign Holder by either:
- (i) dispatching, or procuring the dispatch, to that Ineligible Foreign Holder by prepaid post to that Ineligible Foreign Holder's Registered Address (at the Record Date), a cheque in the name of that Ineligible Foreign Holder; or
  - (ii) making a deposit in an account with any ADI (as defined in the *Banking Act 1959* (Cth)) in Australia notified by that Ineligible Foreign Holder to Avocet (or the Share Registry) and recorded in or for the purposes of the Share Register at the Record Date,
- for the relevant amount, with that amount being denominated in Australian dollars.
- (c) Each Ineligible Foreign Holder appoints Avocet as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Holders under the Corporations Act.

#### 4.10 Small Shareholders

Each Small Shareholder may elect to either:

- (a) be allotted its entitlement to Lion One Shares in accordance with clause 4.4; or

- (b) have the New Lion One Shares to which it is entitled issued to the Sale Agent, in which case:
- (i) Lion One will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells on TSXV all of the New Lion One Shares issued to the Sale Agent pursuant to this clause 4.10(b) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Small Shareholder), and remits to Lion One the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**);
  - (ii) Lion One will pay to each Small Shareholder such fraction of the Proceeds as is equal to the number of New Lion One Shares which would have been issued to that Small Shareholder divided by the total number of New Lion One Shares issued to the Sale Agent under clause 4.10(b)(i), promptly after the last sale of New Lion One Shares by the Sale Agent, in full satisfaction of Lion One's obligations to those Small Shareholders under the Scheme in respect of the Scheme Consideration;
  - (iii) Lion One will pay the relevant fraction of the Proceeds to each Small Shareholder by either:
    - A. dispatching, or procuring the dispatch, to that Small Shareholder by prepaid post to that Small Shareholder's Registered Address (at the Record Date), a cheque in the name of that Small Shareholder; or
    - B. making a deposit in an account with any ADI (as defined in the Banking Act 1959 (Cth)) in Australia notified by that Small Shareholder to Avocet (or the Share Registry) and recorded in or for the purposes of the Share Register at the Record Date,

for the relevant amount, with that amount being denominated in Canadian dollars; and
  - (c) for the purposes of clause 4.10(b), each Small Shareholder appoints Avocet as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Small Shareholders under the Corporations Act.

#### 4.11 Authority given to Avocet

Each Scheme Shareholder will be deemed (without the need for any further act) to have irrevocably authorised Avocet (and each of its directors and officers, jointly and severally) as agent and attorney to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement and give full effect to this Scheme and the transactions contemplated by it, including (without limitation):

- (a) executing a proper instrument of transfer (including for the purposes of section 1071B of the Corporations Act) of their Scheme Shares in favour of Lion One, which may be a master transfer of some or all Scheme Shares; and
- (b) where Scheme Shares are held in a CHESS holding, causing a message to be transmitted to ASX Settlement in accordance with the ASX Operating

Rules to transfer the Scheme Shares held by the Scheme Shareholder from the CHESS sub-register to the issuer sponsored sub-register operated by Avocet and subsequently completing a proper instrument of transfer under paragraph (a) above.

#### **4.12 Appointment of sole proxy**

Upon the Scheme Consideration being issued by Lion One pursuant to this clause 4 and until Avocet registers Lion One as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Lion One as attorney and agent (and directed Lion One in such capacity) to appoint the chairman of Lion One as its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.12(a)); and
- (b) must take all other actions in the capacity of a registered holder of Scheme Shares as Lion One reasonably directs.

### **5. Lion One's obligations and ancillary matters**

#### **5.1 Avocet notice and Scheme Shareholder consent**

- (a) As soon as practicable after the Record Date, and in any event at least 2 Business Days before the Implementation Date, Avocet will give to Lion One (or procure that Lion One be given) details of the names and addresses shown in the Share Register of all Scheme Shareholders and the number of Scheme Shares held by each of them at the Record Date (in such form as may be reasonably requested by Lion One).
- (b) Scheme Shareholders agree that any information referred to in clause 5.1(a) may be disclosed to Lion One, Lion One's advisors, Avocet's advisors and other service providers (including the Lion One Registry) to the extent necessary to effect the Scheme.

#### **5.2 Provision of Scheme Consideration**

Subject to clauses 4.6, 4.7 and 4.9, Lion One will provide to each Scheme Shareholder the Scheme Consideration to which that Scheme Shareholder is entitled by:

- (a) on the Implementation Date, issuing to that Scheme Shareholder 1 New Lion One Share for every 9.5 Scheme Shares registered in the name of that Scheme Shareholder in the Share Register at the Record Date, which obligation will be satisfied by causing the name and Registered Address (at the Record Date) of that Scheme Shareholder to be entered into the Lion One Register as the holder of the New Lion One Shares issued to that Scheme Shareholder; and
- (b) within 5 Business Days after the Implementation Date, procuring the dispatch to that Scheme Shareholder of a certificate or uncertificated holding statement

in the name of that Scheme Shareholder relating to the number of New Lion One Shares issued to that Scheme Shareholder.

### **5.3 Status of New Lion One Shares**

The New Lion One Shares to be issued in accordance with this Scheme will:

- (a) be validly issued;
- (b) be fully paid; and
- (c) rank equally in all respects with all other Lion One Shares then on issue (other than in respect of any dividend already declared and not yet paid by Lion One, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

### **5.4 Deferred settlement trading**

Lion One will use its best endeavours to ensure that the New Lion One Shares are quoted on TSXV as soon as practicable after the Effective Date, initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

### **5.5 Appointment of Lion One as attorney and agent**

Each Scheme Shareholder, without need for any further act, irrevocably appoints Lion One and each of its directors and officers, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any form of application required for New Lion One Shares to be issued to that Scheme Shareholder under the Scheme.

## **6. Dealings in Avocet Shares**

### **6.1 No allotment or issue**

No Avocet Shares will be allotted or issued by Avocet after the Effective Date and before the Implementation Date.

### **6.2 No dealings after Record Date**

Where this Scheme becomes binding as provided by clause 4.1, for the purposes of determining who are Scheme Shareholders, dealings in Avocet Shares will only be recognised if:

- (a) in the case of dealings of a type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the Avocet Shares by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Share Registry by the Record Date.

Avocet will register registrable transfers or transmission applications of the kind referred to in clause 6.2(b) on or before the Record Date.



### **6.3 No registration of transfers**

Avocet will not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of Scheme Shares received after the Record Date, other than a transfer to Lion One in accordance with this Scheme.

### **6.4 Statements of holding**

All statements of holdings (or certificates) for Scheme Shares will cease to have any effect from the Record Date as documents of title in respect of such Scheme Shares. As from the Record Date, each entry current at that date on the Share Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration.

### **6.5 Maintenance of Share Register**

In order to determine entitlements to the Scheme Consideration, Avocet will maintain, or procure the maintenance of, the Share Register in accordance with this clause 6 until the Scheme Consideration has been provided to Scheme Shareholders, and the Share Register in this form will solely determine entitlements to the Scheme Consideration.

## **7. Quotation of Avocet Shares**

### **7.1 Suspension of trading**

Avocet will apply to ASX for suspension of trading of Avocet Shares on ASX after the close of trading on ASX on the Effective Date. It is expected that suspension of trading in Avocet Shares will occur from the commencement of the Business Day following the day on which Avocet notifies ASX of this Scheme becoming Effective.

### **7.2 Termination of quotation**

After the Implementation Date, Avocet will apply for termination of the official quotation of Avocet Shares and to have itself removed from the official list of ASX.

## **8. General**

### **8.1 Scheme binding**

Each Scheme Shareholder will transfer their Scheme Shares to Lion One (together with all rights and entitlements attaching to those Scheme Shares) in accordance with the terms of this Scheme and this Scheme binds Avocet and all Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting, or vote against this Scheme at the Scheme Meeting).

### **8.2 Enforcement of Deed Poll**

- (a) Each Scheme Shareholder appoints Avocet as its agent and attorney to enforce the Deed Poll against Lion One.
- (b) Avocet undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against Lion One on behalf of, and as agent and attorney for, the Scheme Shareholders.

### **8.3 Modifications and amendments**

Avocet may by its counsel or solicitors (but only with the prior consent of Lion One, which consent may not be unreasonably withheld or delayed) consent on behalf of all persons concerned (including the Scheme Shareholders) to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of this Scheme.

### **8.4 Accidental omissions and non-receipt of notice**

The accidental omission to give notice of the Scheme Meeting to any holder of Avocet Shares or the non-receipt of such a notice by any holder of Avocet Shares will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings at the Scheme Meeting.

### **8.5 Status of Scheme Shares**

- (a) Each Scheme Shareholder is deemed to have warranted to Avocet, in its own right and for the benefit of Lion One, that all of their Scheme Shares which are transferred to Lion One under the Scheme will, at the date of transfer of them to Lion One, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares to Lion One.
- (b) Lion One will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Avocet of the name and registered address of Lion One in the Share Register as the holder of the Scheme Shares.

### **8.6 Binding instruction or notification**

Except for a Scheme Shareholder's tax file number, any binding instruction or notification from a Scheme Shareholder to Avocet relating to Scheme Shares at the Record Date (including any instructions relating to the payment of dividends or communications) will, from the Record Date, be deemed (except to the extent inconsistent with the other provisions of this Scheme or as determined otherwise by Lion One in its sole discretion) to be a similarly binding instruction or notification to Lion One in respect of the New Lion One Shares issued to the Scheme Shareholder until such time as it is revoked or amended in writing addressed to Lion One at the Lion One Registry.

### **8.7 Notices**

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post:

- (a) to Avocet, it will not be deemed to be received in the ordinary course of post or on a day other than the date (if any) on which it was actually received at Avocet's registered office or the Share Registry; and
- (b) to a Scheme Shareholder, it will be sent by ordinary pre-paid post (or by airmail in the case of Scheme Shareholders with overseas Registered Addresses) or courier to the Registered Address of the relevant Scheme Shareholder at the Record Date, or delivered to that address by any other means at no cost to the recipient.

**8.8 Further obligations**

Avocet and Lion One must each execute all deeds and other documents (including transfers) and do all acts and things as may be necessary or expedient on its part to implement and give full effect to this Scheme in accordance with its terms.

**8.9 No liability**

Neither Avocet nor Lion One, nor any of their respective officers, is liable to Scheme Shareholders for anything done or for anything omitted to be done in performance of this Scheme in good faith.

**8.10 Costs and stamp duty**

Avocet will pay the costs of the Scheme other than duty. All duty (if any) payable and any related fines, interest and penalties in connection with the transfer of the Scheme Shares to Lion One will be payable by Lion One.

**8.11 Governing law**

- (a) The Scheme is governed by the laws of Western Australia.
- (b) Avocet, Scheme Shareholders and Lion One each submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

## Annexure A – Deed Poll

## Annexure 2 – Share Scheme Deed Poll

# Share Scheme Deed Poll

Lion One Metals Limited  
Lion One

Date:

## Parties

**Lion One Metals Limited** of 311 West 1st Street, North Vancouver BC, V7M 1B5, Canada  
(**Lion One**)

In favour of each holder of fully paid ordinary shares in the capital of Avocet Resources Limited ACN 113 446 352 (**Avocet**) on issue as at 5.00pm on the Record Date (each a **Scheme Shareholder**)

## Recitals

- A. Lion One and Avocet have entered into the Merger Implementation Agreement.
- B. Avocet has agreed in the Merger Implementation Agreement to propose the Share Scheme.
- C. Under the Share Scheme, all Avocet Shares held by Scheme Shareholders will be transferred to Lion One for the Share Scheme Consideration.
- D. In accordance with the Merger Implementation Agreement, Lion One is entering into this Deed to covenant in favour of the Scheme Shareholders to perform its obligations under the Share Scheme.

## Operative Provisions

### 1. Definitions and interpretation

#### 1.1 Definitions

In this Deed, unless the context requires otherwise:

**Deed** means this Share Scheme Deed Poll.

**Merger Implementation Agreement** means the merger implementation agreement between Avocet and Lion One dated <date>.

**Scheme** means the scheme of arrangement under section 411 of the Corporations Act between Avocet and the Scheme Shareholders, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and approved in writing by Avocet and Lion One.

Terms that are not defined in this Deed and that are defined in the Merger Implementation Agreement or the Scheme have the same meaning in this Deed as given to the term in the Merger Implementation Agreement, unless the context makes it clear that a definition is not intended to apply.

#### 1.2 Interpretation

The rules specified in clause 1.2 of the Merger Implementation Agreement apply in interpreting this Deed, unless the context makes it clear that a rule is not intended to apply.

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### 1.3 Nature of Deed Poll

Lion One acknowledges that:

- (a) this Deed may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Avocet and any of Avocet's directors as its agent and attorney, inter alia, to enforce this Deed against Lion One.

## 2. Condition precedent and termination

### 2.1 Condition

Lion One's obligations under clause 3 are subject to the Share Scheme becoming Effective.

### 2.2 Termination

If the Share Scheme does not become Effective on or before the Sunset Date, or the Merger Implementation Agreement is terminated, Lion One's obligations under this Deed will automatically terminate and the terms of this Deed will be of no further force or effect, unless Lion One and Avocet otherwise agree in writing.

### 2.3 Consequences of termination

If this Deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Lion One is released from its obligations to further perform this Deed except those obligations contained in clause 8.3; and
- (b) each Scheme Participant retains any rights, power or remedies it has against Lion One in respect of any breach of this Deed by Lion One which occurred before termination of this Deed.

## 3. Payment of Scheme Consideration

### 3.1 Undertaking to pay Scheme Consideration

Subject to clauses 2 and 3.3 and 3.4, in consideration of the transfer of each Avocet Share to Lion One, Lion One must:

- (a) acquire all Avocet Shares on issue at the Record Date from Scheme Shareholders, in accordance with the provisions of the Share Scheme;
- (b) issue and allot the Scheme Consideration to each Scheme Shareholder (other than to Ineligible Foreign Holders who will be dealt with in accordance with clause 3.3 and those Small Shareholders who elect to receive cash proceeds instead of New Lion One Shares in accordance with clause 3.4); and
- (c) otherwise do all things necessary or expedient on its part to implement the Share Scheme.



### 3.2 Satisfaction of obligation to provide Scheme Consideration

The obligation of Lion One to provide the Scheme Consideration referred to in clause 3.1(b) will be satisfied by Lion One:

- (a) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue the New Lion One Shares comprising the Scheme Consideration due to that Scheme Shareholder (other than an Ineligible Foreign Holder and Small Shareholders who elect to receive cash proceeds instead of New Lion One Shares) and entering in the register of members of Lion One the name and registered address of each Scheme Shareholder, in relation to all the New Lion One Shares issued to each Scheme Shareholder as Scheme Consideration in accordance with the Share Scheme;
- (b) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue to the Sale Agent all the New Lion One Shares required to be issued to the Sale Agent under the Scheme rather than to an Ineligible Foreign Holder or a Small Shareholder who elects to receive cash proceeds instead of New Lion One Shares, and entering the name and registered address of the Sale Agent in the register of members of Lion One as the holder of those New Lion One Shares;
- (c) within 5 Business Days after the Implementation Date, dispatching to each Scheme Shareholder, by pre-paid post to his or her address as recorded in Avocet's share register at the Record Date or to the Sale Agent (as the case may be), a certificate or uncertificated holding statement in the name of that Scheme Shareholder representing the number of New Lion One Shares issued to that Scheme Shareholder;
- (d) on the Implementation Date, if required by Avocet, executing a valid share transfer form or forms (which may be a master transfer) as contemplated by clause 4.3 of the Scheme effecting the transfer of the Scheme Shares from the Scheme Shareholders to Lion One and must deliver such executed share transfer form or forms to Avocet for registration; and
- (e) procuring, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date) that the Sale Agent sell any New Lion One Shares issued to it and remit the proceeds to the relevant Ineligible Foreign Holders and Small Shareholders, in accordance with the Scheme.

### 3.3 Ineligible Foreign Holders

Lion One will be under no obligation under the Share Scheme to issue, and will not issue, any New Lion One Shares to an Ineligible Foreign Holder, and instead where a Scheme Shareholder is an Ineligible Foreign Holder, the number of New Lion One Shares to which the Scheme Shareholder would otherwise be entitled, will be allotted to a nominee approved by Avocet and ASIC who will sell those New Lion One Shares as soon as practicable (at the risk of that Ineligible Foreign Holder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights under the Share Scheme to Scheme Consideration.

### 3.4 Small Shareholders

Scheme Shareholders who are entitled to receive 500 or less New Lion One Shares (or such other number as may be agreed between Lion One and Avocet in writing) under the Share Scheme will be given the option to have those New Lion One Shares allotted to a nominee approved by Lion One, Avocet and (if necessary) ASIC (or other applicable regulatory authority in Canada) who will sell those New Lion One Shares as soon as practicable (at the risk of the Scheme Shareholder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Scheme Shareholder in full satisfaction of that Scheme Shareholder's rights under this Agreement to Share Scheme Consideration.

### 3.5 Joint holders

In the case of Avocet Shares held by Scheme Shareholders in joint names:

- (a) any entry in the register of members of Lion One required to be made must record the names and registered addresses of the joint holders; and
- (b) any certificates or uncertificated holding statement for New Lion One Shares must be issued to Scheme Shareholders in the names of the joint holders and must be forwarded to the holder whose name first appears in Avocet's share register at the Record Date.

## 4. Representations and warranties

Lion One represents and warrants that:

- (a) **(status)** it is a company limited by shares and validly existing;
- (b) **(power)** it has full legal capacity and power to enter into this Deed and to carry out the transactions that this Deed contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed and its carrying out the transactions this Deed contemplates; and
- (d) **(Deed effective)** this Deed constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping;
- (e) **(Rank equally)** the New Lion One Shares to be issued pursuant to the Scheme will be validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest and will rank equally in all respects with all other Lion One Shares then on issue (other than in respect of any dividend already declared and not yet paid by Lion One, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

## 5. Continuing obligations

This Deed is irrevocable and, subject to clause 2, remains in full force and effect until Lion One has completely performed its obligations under this Deed or the earlier termination of this Deed under clause 2.

## 6. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Deed:

- (a) must be in writing;
- (b) must be addressed to the address notified by the recipient to the sender from time to time. As at the date of this Deed, Lion One's address is the address as set out at the start of this Deed;
- (c) must be signed by the sender or (on that sender's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that sender;
- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, of the addressee in accordance with clause (c); and
- (e) is taken to be received by the addressee:
  - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
  - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
  - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending; and
  - (iv) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (i) to (iv), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

## 7. Amendment and assignment

### 7.1 Amendment

This Deed may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Avocet; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Avocet and is approved by the Court,

and, in which case, Lion One will enter into a further deed poll in favour of Scheme Shareholders giving effect to that amendment.

### 7.2 Assignment

The rights and obligations of a person under this Deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with, and no person shall attempt or purport to do so.

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## **8. General**

### **8.1 Governing law**

This Deed is governed by and must be construed according to the law applying in Western Australia.

### **8.2 Jurisdiction**

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Western Australia, and any courts competent to determine appeals from any of those courts, with respect to any proceedings that may be brought at any time relating to or in connection with this Deed; and
- (b) waives any objection that it may now or in the future have to the venue of any proceedings, and any claim that it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 8.2(a).

### **8.3 Liability for expenses**

Lion One is solely responsible for, and must indemnify each Scheme Shareholder against, and must pay each Scheme Shareholder on demand the amount of, any duty that is payable and any related fines, interest and penalties in respect of or in connection with this Deed, the performance of this Deed and each transaction effected by or made or any instrument executed under this Deed or the Scheme, including the transfer of Scheme Shares under the Scheme.

### **8.4 Waiver of rights**

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Deed.
- (b) A waiver or consent given by a party under this Deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

### **8.5 Consent**

Lion One consents to Avocet producing this Deed to the Court.

### **8.6 Further acts and documents**

Lion One must promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to Avocet) required by law or reasonably requested by Avocet to give full effect to this Deed and the transactions contemplated by this Deed.

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**8.7 Severance and enforceability**

Any provision, or the application of any provision, of this Deed that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed in that or any other jurisdiction.

Executed as a deed poll by )  
Lion One Metals Limited )  
)

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Full name (please print)

\_\_\_\_\_  
Full name (please print)