



**outback**metals

OUTBACK METALS LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

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ACN 126 797 573

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Outback Metals Limited will be held at 33 Lascelles Avenue, Hove, South Australia on **Friday 29 November 2013** commencing at **11.00 am** (Adelaide time CST).

## NOTICE OF ANNUAL GENERAL MEETING

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### Ordinary Business

#### Financial Report

To receive and consider the Company's financial statements and independent audit report for the year ended 30 June 2013.

The 2013 Annual Report will be available to view online at [www.outbackmetals.com](http://www.outbackmetals.com) and despatched to those Shareholders who did not elect to receive the report electronically by 30<sup>th</sup> October 2013.

#### Resolution 1 - Adoption of the Remuneration Report for the year ended 30 June 2013

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

That, for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the period ended 30 June 2013 as set out in the Directors' Report in the 2013 Annual Report.

#### Voting Exclusion Statement

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

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

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

#### Resolution 2 – Spill Resolution (if required)

Note – this Resolution will only be voted on if the outcome of Resolution 1 of this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report.

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

That:

- (a) a general meeting of the Company (**spill meeting**) be held within 90 days of the 2013 AGM; and
- (b) all the Company's Directors who were Directors of the Company when the resolution to make the Directors' Report considered at the 2013 AGM was passed, cease to hold office immediately before the end of the spill meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting pursuant to paragraph (b) above must be put to the vote at the spill meeting.

#### Voting Exclusion Statement

The Company will disregard any votes cast (in any capacity) on Resolution 2 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel (as defined in the Corporations Act).

However, a person described above may cast a vote on Resolution 2 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or

- (b) the Chair of the meeting is appointed as proxy and the proxy form expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **Resolution 3 - Re-election of Ms Sharron Sylvester as a Director**

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

That Ms Sharron Sylvester, having retired as a Director in accordance with ASX Listing Rule 14.4 and rule 36.2 of the Company's Constitution and being eligible and having offered herself for re-election, is re-elected as a Director of the Company with immediate effect.

### **Resolution 4 - Re-election of Mr Benjamin Chrisp as a Director**

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

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

### **Resolution 5 – Section 611 7 Resolution**

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

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

- I. the Underwriting Agreement; and
- II. the Convertible Note; and
- III. the exercise of all Options.

In this resolution:

- a. the "Underwriting Agreement" refers to the Underwriting Agreement between South Cove Limited and the Company dated 23<sup>rd</sup> October 2013, a copy of which is provided to Shareholders with the Notice of Meeting;
- b. the "Convertible Note" refers to the Convertible Note, which is Schedule 3 to the Underwriting Agreement; and
- c. "Options" refers to the First Options and the Second Options defined in the Underwriting Agreement (in the definition of Options in the Underwriting Agreement).

#### Voting Exclusion Statement

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

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

## Special Business

### Resolution 6 - Approval of 10% Placement Facility

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

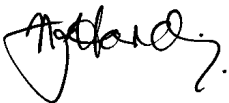
That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders authorise the Company to have the additional capacity to issue Equity Securities comprising up to 10% of the issued capital of the Company under Listing Rule 7.1A calculated in accordance with the formula prescribed in Listing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

#### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if:

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

By Order of the Board



N J Harding

Company Secretary

Dated this 25<sup>th</sup> Day of October 2013

## Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, made pursuant to Section 1074E(2)(g) of the Corporations Act 2001, the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the share register on Wednesday 27<sup>th</sup> November 2013 at 7pm (Sydney time).

## Proxies

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

The Proxy form accompanies this Notice of AGM. To be valid, online proxy voting or the completed Proxy Form must be submitted no later than 11.00am on Wednesday 27<sup>th</sup> November 2013 (CST) using one of the following methods:

- 1) **Vote Online** at [www.boardroomlimited.com.au/vote/oumagm2013](http://www.boardroomlimited.com.au/vote/oumagm2013)
- 2) **Deliver** the Proxy Form to the office of the Company's Share Registry, Boardroom Pty Ltd, Level 7, 207 Kent Street, Sydney, NSW 2000 or at the Company's registered office, 33 Lascelles Avenue, Hove, SA 5048
- 3) **Mail** the Proxy Form to Boardroom Pty Ltd, GPO Box 3393, Sydney, NSW 2001
- 4) **Fax** the Proxy Form to 1300 653 459 (within Australia) or +61 2 9290 9655 (outside Australia)

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

## Corporate Representative

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

## Explanatory Memorandum

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

## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared to assist Shareholders in consideration of resolutions proposed for the Annual General Meeting of the Company to be held at 33 Lascelles Avenue, Hove, South Australia on Friday 29 November 2013 commencing at 11.00 am (Adelaide time CST).

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

### **Resolution 1 - Adoption of the Remuneration Report for the year ended 30 June 2013**

In accordance with Section 250R(2) of the Corporations Act, Shareholders are required to vote on the Company's Remuneration Report for the year ended 30 June 2013.

The Remuneration Report is contained in the Directors' Report in the 2013 Annual Report, which will be available to view online at the Company's website [www.outbackmetals.com.au](http://www.outbackmetals.com.au) and despatched to those Shareholders who did not elect to receive Company reports electronically.

The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and senior executives for the year ended 30 June 2013.

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

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

At the 2012 AGM, over 25% of the votes cast were against the adoption of the Company's Remuneration Report for the year ended 30 June 2012.

At the Company's upcoming 2013 AGM, if less than 25% of the votes cast are against the adoption of the Remuneration Report, Resolution 2 will not be required. If 25% or more of the votes cast are against the adoption of the Remuneration Report, Resolution 2 will be required to be put to the 2013 AGM.

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

#### Important information for Shareholders:

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

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

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

### **Resolution 2 – Spill Resolution (if required)**

**Note – this Resolution will only be voted on if the outcome of Resolution 1 of this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report.**

As set out above in the explanatory statement relating to Resolution 1, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report, the Company is required to put this Resolution to the 2013 AGM.

If more than 50% of votes that are cast are voted in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2013 AGM. All of the Directors who were in office when the 2013 Directors' Report was approved would cease to hold office and resolutions to appoint or re-appoint directors to the vacated offices would be put to the spill meeting. Following the spill meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company. If a Director is re-appointed at the spill meeting, the appointment continues as if the cessation and re-appointment had not happened.

The major shareholders, South Cove Limited and Territory Development Pty Ltd, together holding 67.49% of the shares in the Company, would vote at the spill meeting in favour of the re-election of the Directors whose office would be vacated.

The Corporations Act includes a mechanism to ensure that the Company will have at least 3 directors after the spill meeting, as is required for a public company. If at the spill meeting at least 2 non-executive directors are not appointed by ordinary resolution, those persons with the highest percentage of votes favouring their appointment will be taken to be appointed (even if less than half of the votes cast on the resolution were in favour of their appointment).

The Directors recommend that shareholders vote against Resolution 2.

### **Resolution 3 – Re-election of Ms Sharron Sylvester as a Director**

ASX Listing Rule 14.4 and rule 36.2 of the Constitution require that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next annual general meeting following his or her appointment, but is eligible for re-election at that annual general meeting.

Ms Sharron Sylvester has been appointed as an addition to the Board since the Company's Annual General Meeting and retires as a Director pursuant to ASX Listing Rule 14.4 and rule 36.2 of the Constitution. Ms Sharron Sylvester is eligible for, and has offered herself for, re-election.

The resume of Ms Sharron Sylvester is as follows:-

Sharron Sylvester is a geologist with 23 years experience in the mining industry, including 15 years in consulting, and eight years in a variety of operational roles. She has a bachelor of science degree with a major in geology from the University of Adelaide, and a postgraduate certificate in geostatistics. Ms Sylvester is a Registered Professional Geoscientist (RPGeo) with the Australian Institute of Geoscientists and a member of the Australian Institute of Company Directors and is currently the General Manager for the Adelaide office of AMC Consultants.

She has extensive experience in a variety of geological terrains and commodities, including precious metals, base metals, and construction materials and possesses technical skills in the assessment, modelling and resource estimation of mineral deposits, project management and due diligence and valuation.

An assessment of the performance of Ms Sharron Sylvester has been conducted in the context of her skills, experience, knowledge and understanding of the Company's business. The Directors (other than Ms Sharron Sylvester) recommend Shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

### **Resolution 4 – Re-election of Mr Benjamin Chrisp as a Director**

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

The Directors presently in office are Mr Graham Chrisp, Mr Peter Reynolds, Mr Jason Chrisp, Mr Benjamin Chrisp and Ms Sharron Sylvester.

Mr Benjamin Chrisp has been longest in office since his last re-appointment and will retire by rotation at the Annual General Meeting. Mr Benjamin Chrisp is eligible for, and has offered himself for, re-election.

The resume of Mr Benjamin Chrisp is as follows:-

Benjamin Chrisp possesses strong experiences in administration and project management. He is trained in IT, including CAD modelling and earthworks design, and has mineral exploration experience. He is also a private company director.

An assessment of the performance of Mr Benjamin Chrisp has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Mr Benjamin Chrisp) recommend Shareholders vote in favour of Resolution 4. The Chairman intends to vote undirected proxies in favour of Resolution 4.

## **Resolution 5 – Section 611 7 Resolution**

The following explanatory detail, which also includes the report of the Independent Directors, provides all information known to South Cove Limited (SCL), Territory Development Corporation Pty Limited (TDC), Graham Maxwell Chrisp (GMC) and the Company that is material to the decision on how to vote on the 611 7 resolution:

- a) the voting power in the Company of SCL and each of its associates, TDC and GMC prior to any acquisition, the subject of the section 611 7 resolution, is 67.49%;
- b) if the acquisition of a relevant interest in shares in the Company (Shares), the subject of the section 611 7 resolution is made, the identity of the person making the acquisition is SCL, the associates of which are TDC and GMC (and their relevant interest in Shares would increase to the same extent as SCL's increase in a relevant interest in Shares resulting from the acquisition);
- c) if all of the acquisitions, the subject of the 611 7 resolution are made, the maximum extent of the increase in SCL's voting power in the Company is 19.51% and the voting power that SCL would have as a result of all of those acquisitions is 87.00%;
- d) if all of the acquisitions, the subject of the 611 7 resolution are made, the maximum extent of the increase in the voting power of each of SCL's associates, namely TDC and GMC that would result from the acquisition is 19.51% and the voting power that SCL that each of SCL's associates would have as a result of all of those acquisitions is 87.00%;
- e) the reasons for the acquisitions, the subject of the section 611 7 resolution, are that the Company requires the funds proposed to be raised by the Rights Issue, the subject of the Underwriting Agreement. As it is vital to the Company's future that those funds be raised, SCL (together with its associate, TDC) the largest and controlling shareholder in the Company, has agreed (subject to conditions) to provide to the Company the funds it requires, to the full extent of any shortfall in subscriptions to the Rights Issue, either pursuant to the Underwriting Agreement, or, if less than 25,000,000 shares are subscribed in the Rights Issue, pursuant to the Convertible Note;
- f) the proposed acquisitions will occur:
  - i. on the subscription by SCL for Shares in the Company following the close of the Rights Issue, pursuant to and as provided in the Underwriting Agreement; or
  - ii. by SCL subscribing to the Convertible Note pursuant to, and as provided, in the Underwriting Agreement and the Convertible Note;
- g) the material terms of the proposed acquisitions are set out in the Underwriting Agreement and the Convertible Note;
- h) there is no relevant agreement between SCL and the Company, or any of their associates, or any other party, that is conditional on (or directly or indirectly depends on) the approval of the proposed acquisitions by the section 611 7 resolution;
- i) neither SCL, nor either of its associates (TDC and GMC), has any intention regarding the future of the Company dependent on or related to the proposed acquisitions and, in particular, regarding any of the following;
  - any change in the business of the Company;
  - the injection of further capital into the Company;
  - the future employment of present employees of the Company;
  - any transfer of assets between the Company and SCL or either of its associates (TDC and GMC);
  - any intention to otherwise redeploy the fixed assets of the Company; and
  - any change in the financial or dividend distribution of the Company;
- j) there is no person who is intended to become a director if shareholders approve the proposed acquisitions by the section 611 7 resolution;

### Report of Independent Directors

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



It is considered that the Independent Directors have sufficient expertise, experience and resources for the preparation of this report, which must be read with the other documents, referred to in the following paragraph “Information Provided to Shareholders”, that have been approved by the Independent Directors.

The approval of shareholders is being sought by the Company to enter into an Underwriting Agreement with SCL, together with its associate, TDC (the major shareholder in the Company), in respect of the Rights Issue being offered to all shareholders, or if the conditions of the Underwriting Agreement are not satisfied and other conditions satisfied, a Convertible Note.

A copy of the Underwriting Agreement and of the Convertible Note are provided to shareholders with the Notice of Meeting. The attention of shareholders is drawn particularly to clauses 3, 9, and 10 of the Underwriting Agreement; these are not usual clauses for an underwriting agreement. Clause 3(b) provides, as a condition precedent to the Underwriter’s obligations under the Underwriting Agreement, and it is also a condition precedent to the alternative subscription for the Convertible Note, that less than 25% of the votes on a resolution at the Company’s 2013 Annual General Meeting that the remuneration report be adopted are against the resolution. The reason this condition is required by the Underwriter is that if there was a spill resolution it would be de-stabilizing and detrimental to the Company; it would be necessary for the Company to hold a spill meeting within 90 days after the spill resolution was passed; all of the directors of the Company when the resolution to make the 2013 director’s report was passed would cease to hold office and it would be necessary to hold elections for directors at a special meeting. As to the condition in clause 9(a)(i) of the Underwriting Agreement, SCL requires that there be a level of support from minority shareholders before it commits to take up Shares in the Rights Issue, rather than make a loan to OUM under the Convertible Note.

If effect is given to SCL’s underwriting obligation, SCL will be entitled to an underwriting fee of \$9,000, which is considered would be reasonable in the circumstances if the Company and SCL were dealing at arm’s length.

If, and to the extent, that SCL does acquire Shares and options (and Shares pursuant to the exercise of options) it is in respect of Shares and options offered to all shareholders in the Rights Issue, at the same price, on the same terms.

The Independent Directors are satisfied that the Company, having explored all reasonable alternatives for fundraising and underwriting of the Rights Issue, has no practically available alternative to enable it to survive than to proceed with the Rights Issue and the funding provided for under the Underwriting Agreement or, as a fall back, the Convertible Note.

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

#### No Change of Control

The passing of the section 611 7 resolution, on which the major associated shareholders in the Company, SCL and TDC, will not vote, does not itself have any effect on the control of the Company because SCL and TDC presently have the ability to control the Company with a combined holding of 67.49% of the ordinary shares in the Company. If all of the Shares subscribed, that is a maximum of 115,843,804 Shares, for which SCL subscribes under the Underwriting Agreement or pursuant to the exercise of the Conversion Option in the Convertible Note (if that is the means by which SCL provides the funding of the shortfall in the Rights Issue) and a maximum of 115,843,804 additional Shares if SCL exercises all of the First Options and a maximum of 115,843,804 additional Shares if SCL exercises all of the Second Options, SCL and TDC would have between them 87.00% of the voting Shares in the Company (if the Underwriting Agreement takes effect) or if the Convertible Note is subscribed and the Conversion Option is fully exercised.

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

#### Information Provided to Shareholders

Based on legal advice given to the Independent Directors, they believe that all information material to a decision on how to vote on the section 611 7 resolution is given to shareholders in this Explanatory Memorandum and the documents referred to in it. In addition, the Independent Directors recommend that shareholders carefully read the Offer Document in respect of the Rights Issue, the subject of the Underwriting Agreement. Those shareholders who have not requested the Company’s 2013 Annual Report may obtain a copy of it on [www.outbackmetals.com](http://www.outbackmetals.com), and it is recommended that they do so.

### Company's Need of Funds

The Company requires the funds proposed to be raised by the Rights Issue, the subject of the Underwriting Agreement for the purposes set out in the Offer Document for the Rights Issue and the Letter from the Chairman accompanying that Offer Document.

In recent times the Company has explored obtaining external finance and an external underwriting of a rights issue from six brokers or institutions. Prevailing market circumstances have not been favourable for a successful outcome to those enquiries.

SCL has supported the Company financially in a major way. SCL made a loan to the Company of \$500,000 in June 2011. That loan was repaid from proceeds from the sale of the Wingate tenement in April 2012 on the basis, considered by the Company's then independent directors to be in the best interests of the Company, that other liabilities of the Company to SCL be deferred, as referred to in Note 26 of the 2013 Annual report.

To the extent of any shortfall in the Rights Issue, the Company is therefore dependent on SCL providing the necessary funds to make up the shortfall, either pursuant to the Underwriting Agreement or the Convertible Note. Neither the Underwriting Agreement, nor the Convertible Note, may be entered into unless the approval provided for in the section 611 7 resolution is given by shareholders voting in favour of that resolution.

### Recommendation of the Independent Directors

The Independent Directors recommend that the shareholders in the Company (other than SCL and its two associates, TDC and GMC, who will not vote), should vote in favour of the section 611 7 resolution for the reasons set out in this report.

## **Resolution 6 - Approval of 10% Placement Facility**

### Background to Resolution 6

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company's market capitalisation as at 25 October 2013 was \$0.7 million (231,687,609 issued shares at \$0.003 closing price per share). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of ASX Listing Rule 7.1A.

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

### Description of Listing Rule 7.1A

#### *a) Shareholder approval*

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

#### *b) Equity Securities*

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

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

#### *c) Formula for calculating 10% Placement Facility*

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

**(A x D) – E**

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

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

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

**D** is 10%

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

Listing Rule 7.1 and Listing Rule 7.1A

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

At the date of this Notice, the Company has on issue 231,687,609 Shares and therefore has a capacity to issue:

- 1) 34,753,141 Equity Securities under Listing Rule 7.1; and
- 2) subject to Shareholder approval being sought under Resolution 4, 23,168,760 Equity Securities under Listing Rule 7.1A.

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

Minimum Issue Price

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

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

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

10% Placement Period

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

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

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

Listing Rule 7.1A

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company’s placement capacity under Listing Rule 7.1.

Resolution 6 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

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

- a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company’s Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.
  
- b) if Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
  - 1) the market price for the Company’s Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting;
  - 2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company’s Equity Securities on the issue date; and
  - 3) the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

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

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

Variable ‘A’ in Listing Rule 7.1A.2		Dilution		
		\$0.002 50% decrease in issue price	\$0.003 Issue price	\$0.006 100% increase in issue price
Current Variable A 231,687,609 Shares	10% voting dilution	23,168,760 Shares	23,168,760 Shares	23,168,760 Shares
	Funds raised	\$46,338	\$69,506	\$139,013
50% increase in current Variable A 347,531,413 Shares	10% voting dilution	34,753,141 Shares	34,753,141 Shares	34,753,141 Shares
	Funds raised	\$69,506	\$104,259	\$208,519
100% increase in current Variable A 463,375,218 Shares	10% voting dilution	46,337,521 Shares	46,337,521 Shares	46,337,521 Shares
	Funds raised	\$92,675	\$139,013	\$278,025

The table has been prepared on the following assumptions:

- i. the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - ii. no Unlisted Options (including any Unlisted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
  - iii. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
  - iv. the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the meeting;
  - v. the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well;
  - vi. the issue of Equity Securities under the 10% Placement Facility consists only of Shares;
  - vii. the issue price is \$0.003, being the closing price of the Shares on ASX on 25 October 2013.
- c) the Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- d) the Company may seek to issue the Equity Securities for the following purposes:
- i. non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - ii. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisitions or investments), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

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

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

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

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

If Resolution 6 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Facility during the Placement Period as and when the circumstances of the Company require.

- f) the Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2012 Annual General Meeting. However the Company has not issued any Equity Securities in the 12 months preceding the date of the Annual General Meeting and so disclosure pursuant to Listing Rule 7.3A.6 is not applicable.
- g) a voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the notice of meeting, the Company has no plans to use the Placement Facility should it be approved. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 6. The Chairman intends to vote all undirected proxies in favour of Resolution 6.

## GLOSSARY

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

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

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

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

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

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

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

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

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

"**Equity Securities**" has the meaning given to that term in the Listing Rules.

"**Explanatory Memorandum**" means this explanatory memorandum.

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

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

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

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

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

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

"**Trading Day**" means a day determined by ASX to be a trading day in accordance with the Listing Rules.

"**VWAP**" means Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code OUM.

**All Correspondence to:**

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

Level 7, 207 Kent Street,  
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

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

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Adelaide Time CST) on Wednesday 27<sup>th</sup> November 2013.**

### 💻 TO VOTE ONLINE

**STEP 1: VISIT** [www.boardroomlimited.com.au/vote/oumagm2013](http://www.boardroomlimited.com.au/vote/oumagm2013)

**STEP 2: Enter your holding/investment type:**

**STEP 3: Enter your Reference Number:**

**STEP 4: Enter your Voting Access Code:**

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

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

#### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

(b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

#### Proxy which is a Body Corporate

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

#### STEP 3 SIGN THE FORM

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

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

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

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

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

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Adelaide Time CST) on Wednesday 27<sup>th</sup> November 2013.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

💻 **Online** [www.boardroomlimited.com.au/vote/oumagm2013](http://www.boardroomlimited.com.au/vote/oumagm2013)

📠 **By Fax** + 61 2 9290 9655

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

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

#### Attending the Meeting

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



# Outback Metals Limited

ACN 126 797 573

## Your Address

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

## PROXY FORM

### STEP 1 APPOINT A PROXY

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

Appoint the **Chairman of the Meeting (mark box)**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **33 Lascelles Avenue, HOVE, SA 5048 on Friday 29 November 2013 at 11:00am (CST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chairman authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1 & 2, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of these resolutions even though resolution 1 & 2 are connected with the remuneration of a member of key management personnel for Outback Metals Limited.

The Chairman of the Meeting intends to vote undirected proxies in favour of resolutions 1, 3, 4, 5 & 6 and against resolution 2. If you wish to appoint the Chairman of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Spill Resolution (if required)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Ms Sharron Sylvester as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Mr Benjamin Chrisp as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Section 611 7 Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of 10% Placement Facility (special resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SHAREHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2013

# **UNDERWRITING AGREEMENT**

**SOUTH COVE LIMITED**

**and**

**OUTBACK METALS LIMITED**

## Underwriting Agreement

Date: 23<sup>rd</sup> October 2013

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

And: **OUTBACK METALS LIMITED** of 33 Lascelles Avenue, Hove, South Australia ( Company)

### Background

- A. On or about 30<sup>th</sup> October 2013, the Company announced to ASX that it would make the Rights Issue.
- B. If the Conditions Precedent are satisfied, the Underwriter agrees:
  - (i) If the condition in clause 9(a)(i) is satisfied, to underwrite the Rights Issue on the terms of this agreement; or
  - (ii) if the condition in clause 9(a)(i) is not satisfied, to subscribe for the Convertible Note.

### 1. Definitions

**Allotment Date** means 2<sup>nd</sup> December 2013 or a later date agreed between the Underwriter and the Company.

**Announcement Date** means 30<sup>th</sup> October 2013 or a later date agreed between the Underwriter and the Company.

**Application** means a valid application, including payment in full, for Offer Shares.

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

**ASX** means ASX Limited.

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

**Closing Date** means 26<sup>th</sup> November 2013 or a later date agreed between the Underwriter and the Company.

**Company** means Outback Metals Limited ACN 126 797 573.

**Convertible Note** means the convertible note in the form of Schedule 3.

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

**Completion** means the completion of the Rights Issue by the issue of all of the Offer Shares following receipt by the Company of all of the Subscription Money (less the underwriting fee if it is payable and is deducted under clause 5(b)).

**Conditions Precedent** means the conditions set out in clause 3.

**Group** means the Company and its subsidiaries.

**GST** has the meaning given by the GST Law.

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

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

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

**Offer Shares** means 115,843,804 ordinary shares in the Company, each with a free First Option, to be offered at \$0.004 cents each and issued as fully paid pursuant to the Rights Issue.

**Option** means an option to subscribe for one new Share that is issued free to a subscriber for Offer Shares on the basis of one option for each Offer Share subscribed (**First Option**) and a further option (**Second Option**) that is issued free with each Share that is issued on the exercise of a First Option. Each Option has an exercise price of \$0.004 per Share and an expiry date of 31<sup>st</sup> December 2014 and each Second Option has an exercise price of \$0.006 cents per Share and an expiry date of 31 December 2017.

**Record Date** means 7<sup>th</sup> November 2013 or a later date agreed between the Underwriter and the Company.

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

**Rights Issue** means the pro rata non renounceable rights issue to Shareholders offering one new Share and a free First Option at \$0.004 per Share for each two Shares held on the Record Date, announced by the Company to ASX on or about 30<sup>th</sup> October 2013 comprising the issue of up to 115,843,804 Offer Shares.

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

**Shareholder** means a holder of shares in the Company to whom an offer under the Rights Issue is made.

**Shortfall** means the number of Offer Shares for which Applications have not been received by the close of the Rights Issue, as certified by the Company to the Underwriter.

**Shortfall Notice** means a notice from the Company to the Underwriter specifying the Shortfall.

**Shortfall Notification Date** means 28<sup>th</sup> November 2013 or a later date agreed between the Underwriter and the Company.

**Subscription Money** means \$463,375.

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

**Underwriter** means South Cove Limited.

## 2.1 Corporations Act References

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

## 2.2 Interpretation

Headings are for convenience only and do not affect interpretation.

The following rules apply in interpreting this agreement:

- (a) unless inconsistent with the context, a reference to:
  - (i) a clause, schedule or annexure is a reference to a clause of or schedule or annexure to this agreement and a reference to this agreement includes any schedules and annexures;
  - (ii) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iii) “party” is to a party to this agreement;

- (iv) a person includes any type of entity or body of persons, whether or not incorporated or with a separate legal status, and any executor, administrator or successor in law of the person.
- (b) All monetary amounts are in Australian dollars unless otherwise specified.
- (c) A singular word includes the plural, and vice versa.
- (d) A word that suggests one gender includes the other genders.
- (e) If a word is defined, another part of speech has a corresponding meaning.
- (f) If an example is given of any thing, such as by saying it includes something else, the example does not limit the scope of that thing.

### **3. Conditions Precedent**

This agreement comes into effect as a legally binding agreement if, and only if:

- (a) a resolution approving the acquisition by SCL and consequently, as a matter of law, by Territory Development Corporation Pty Limited and Graham Maxwell Chrisp of a relevant interest (within the meaning of the Corporations Act) in all Shares pursuant to this agreement and pursuant to each of: the Convertible Note, an exercise of the Conversion Option in the Convertible Note, an exercise of First Options and an exercise of Second Options, is passed at a general meeting of OUM as provided in section 611 7 of the Corporations Act; and
- (b) less than 25% of the votes on the resolution at the Company's 2013 Annual General Meeting that the remuneration report be adopted are against adoption of that report.

### **4. Appointment**

The Company appoints the Underwriter to underwrite the Rights Issue on the terms of this Agreement and the Underwriter accepts that appointment.

### **5. Underwriting fee**

If the condition in clause 9(a)(i) is satisfied and if clause 6(b) and clause 6(c) are complied with, the Company must pay to the Underwriter an underwriting fee of \$9,000 upon Completion. The Underwriter has the right, at its discretion, to convert the Underwriting Fee, or any part of it, into Shares on the same basis as subscription for the Offer Shares under the Rights Issue, including the right to receive Options.

### **6. Underwriting**

- (a) If the Conditions Precedent have been satisfied and if the conditions in clause 9(a) are satisfied, clause 6(b) and clause 6(c) take effect.
- (b) The Company must give the Underwriter notice of the Shortfall by 5.00pm on the Business Day following the Shortfall Notification Date.
- (c) The Underwriter must lodge with the Company an Application or Applications by the Underwriter or by an entity nominated by the Underwriter for the total number of Offer Shares comprising the Shortfall and make payment for those Offer Shares at the rate of \$0.004 each (with the right to deduct the underwriting fee from that payment), by electronic funds transfer to the Rights Issue Bank Account by 5.00pm within 14 days after the Notice required by clause 6(b) is given.

## **7. Allotment to Underwriter**

- (a) Following compliance by the Underwriter with its obligation under clause 6(c), the Company must issue Offer Shares and Options on the Allotment Date in accordance with the Application or Applications lodged by the Underwriter.
- (b) The Company agrees and represents that there is, and will be, no restriction on any dealing with Offer Shares or Options issued under clause 7(a).

## **8. Undertakings by the Company**

The Company:

- (a) must ensure that the Rights Issue complies in all respects with the Corporations Act, the ASX Listing Rules and any other applicable law or regulation.
- (b) must not during the Offer Period contravene any one or more of:
  - i. the *Corporations Act 2001* (Cth);
  - ii. any other applicable law or regulation;
  - iii. the ASX Listing Rules;
  - iv. its constitution;
  - v. any legally binding requirement of ASIC or ASX,
- (c) must not incur any debt other than in the ordinary course of its business.
- (d) must not issue any debt security or amend its existing debt facilities.
- (e) must not during the Offer Period become insolvent and must procure that no member of the Group becomes insolvent during the Offer Period.

## **9. Condition of Underwriter's Obligations**

- (a) It is a condition of the liability of the Underwriter under this agreement and, accordingly, of its obligation under clause 6(c) that:
  - i. Applications for not less than 25,000,000 Offer Shares are received on or before the Closing Date from Shareholders other than the Underwriter, Territory Development Corporation Pty Limited or any Shareholder who is an associate within the meaning of section 11, section 12 or section 15 (as qualified by section 16) of the Corporations Act, of either of them; and
  - ii. there is no Termination Event before the Shortfall Notification Date.
- (b) The Company must give notice to the Underwriter of full particulars of each subscription for Offer Shares, including the identity of the subscribing Shareholder, with the Notice of the Shortfall required by clause 6(b).
- (c) The Company must give Notice to the Underwriter forthwith on becoming aware that a Termination Event has occurred.
- (d) On the occurrence of a Termination Event, the Underwriter may give notice to the Company terminating its obligations under this Agreement.
- (e) Upon the giving of a notice under clause 9(c), all obligations of the Underwriter under or in respect of this Agreement are terminated and the Company has no claim or right against the Underwriter under or in respect of this agreement.

## **10. Convertible Note**

If the Conditions Precedent are satisfied and if the condition in clause 9(a)(i) is not satisfied and the condition in clause 9(a)(ii) is satisfied, the Underwriter must lend to the Company the amount of the Shortfall on the terms of the Convertible Note within fourteen Business Days after the Company executes and delivers to the Underwriter the Convertible Note, completed as to the amount of the Shortfall.

## **11. Representations and Warranties**

- (a) Validity of Agreement

Each party represents and warrants to each other party that each of the matters set out in part 1 of Schedule 2 is true, accurate and not misleading.

- (b) The Company

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

- (c) The Underwriter



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

(d) Independent

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

(e) Reliance

Each party acknowledges that the other party is entering into this agreement in reliance on the representations, warranties and undertakings in clause 11.

(f) Notice of Breach

- i. The Company undertakes to the Underwriter that it will notify the Underwriter as soon as practicable after it becomes aware of a breach of any representation or warranty under clause 11.
- ii. The Underwriter undertakes to the Company that it will notify the Company as soon as practicable after it becomes aware of a breach of any representation or warranty under clause 11.

(g) Repetition

Each representation and warranty given by a party under clause 11 is repeated by that party on each day before Completion and on Completion with respect to the facts and circumstances existing at the time of the repetition.

(h) Survival

The representations, warranties and undertakings given by a party under clause 11 do not merge on Completion.

(i) Acknowledgement

The Company acknowledges that each allottee of shares issued under clause 6(a) has the right to sell those shares without restriction.

## 12. GST

- (a) Any reference in clause 12 to terms defined or used in the GST Act is, unless the context indicates otherwise, a reference to that term as defined or used in the GST Act.
- (b) Any amount referred to in this agreement which is, or which is relevant in determining, a payment to be made by one of the parties to the other is exclusive of any GST unless indicated otherwise.

- (c) If GST is imposed on a supply made under or in connection with this agreement then the consideration provided for that supply is increased by the rate at which that GST is imposed. The additional consideration is payable together with the consideration to which it relates at the time of settlement or such other time as the parties agree.
- (d) The supplier must issue a tax invoice to the recipient of the supply at settlement or such other time as the parties agree.
- (e) If a party is entitled to be reimbursed for an expense or outgoing incurred in connection with this agreement, then the amount of the reimbursement will be net of any input tax credits which may be claimed by the party being reimbursed in relation to that expense or outgoing.
- (f) The amount of any payment under an indemnity in this agreement must be increased by the amount of any GST payable in respect of that payment and must be paid by the party making the payment under the indemnity at the same time and in the same manner as the payment.

### **13. Entire Agreement**

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

### **14. Further assurance**

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

### **15. No waiver**

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

### **16. No variation**

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

### **17. Costs**

Each party must pay its own legal costs of and incidental to the preparation and completion of this agreement.

**18. Service of Notices**

A Notice must be in writing and served, in the case of a Notice to the Company, as provided in section 109X of the Corporations Act and, in the case of a Notice to the Underwriter, by email to [chrispco@extra.co.nz](mailto:chrispco@extra.co.nz).

**19. Governing law and jurisdiction**

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

**20. Counterparts**

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

**Schedule 1**  
**TERMINATION EVENTS**

**Part 1**

- (a) If unconditional approval (or conditional approval, if the condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success of the Rights Issue) by the ASX for quotation of the Offer Shares is refused, or is withdrawn on or before the first day for trading the Offer Shares on ASX, or ASX makes a statement to any person, or indicates to the Company or the Underwriter, that quotation of any of the Offer Shares will not be granted.
- (b) At any time after the Announcement Date a circumstance arises or an event occurs that is, or in the reasonable opinion of the Underwriter, is likely to be, materially adverse to subscribers for Offer Shares
- (c) The Company ceases to be admitted to the official list of ASX or the ordinary shares in the Company are suspended from trading, other than at the request of the Company, or cease to be quoted on, ASX.
- (d) There is a material default by the Company or any of its subsidiaries complying with an applicable provision of the Corporations Act or there is a material default by the Company in complying with the Listing Rules.
- (e) An application or order is made for the winding up of the Company or any of its subsidiaries or for the appointment of a liquidator in respect of the Company or any of its subsidiaries;
- (f) The Company or any of its subsidiaries passes a resolution for its winding up;
- (g) The Company or any of its subsidiaries is deregistered, or any step is taken to deregister the Company or any of its subsidiaries under the Corporations Act;
- (h) A judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 20 Business Days;
- (i) A distress, attachment, execution or other process is issued against, levied or entered upon an asset of the Company or any of its subsidiaries in an amount exceeding \$50,000 and is not set aside or satisfied within 20 Business Days;
- (j) A receiver, controller (within the meaning of section 9 of the Corporations Act) or analogous person is appointed to, or the holder of a Security Interest takes possession of, all or any part of the assets of the Company or any of its subsidiaries;
- (k) The Company or any of its subsidiaries:
  - (i) suspends payment generally;
  - (ii) becomes an externally administered body corporate within the meaning of the Corporations Act;

- (iii) becomes subject to administration under Part 5.3A of Chapter 5 of the Corporations Act, or steps are taken which could reasonably be expected to result in the Company or any of its subsidiaries becoming so subject; or
  - (iv) states that it is, or is deemed by applicable Law to be, unable to pay its debts;
  - (v) is taken under section 459F(i) of the Corporations Act to have failed to comply with a statutory demand.
- (l) The Company or any of its subsidiaries takes any step for the purpose of entering into a compromise or arrangement with any of its members or creditors;
  - (m) The Company or any of its subsidiaries implements a merger, demerger or scheme of arrangement with any person;
  - (n) The Company or any of its subsidiaries ceases to carry on business;
  - (o) The Company defaults under any debt or financing arrangement, agreement or security which has, or, in the reasonable opinion of the Underwriter, is likely to have, a material adverse effect on the Company.
  - (p) An event occurs which gives a lender or financier the right to accelerate, or require early repayment by the Company of a debt or financing and, in the reasonable opinion of the Underwriter, that is likely to have a material adverse effect on the Company.
  - (q) ASIC makes a determination under section 708AA(3) of the Corporations Act or the notice given by the Company under section 708AA(2) is defective and is not corrected as provided by section 708AA(10) of the Corporations Act.
  - (r) The ASX All Ordinaries Index falls more than 10% below the level of that index as at the close of trading on ASX on the Business Day immediately prior to the Announcement Date and remains at such a level as at the close of trading for 3 consecutive Business Days at any time during the period from and including the Announcement Date until and including the Closing Date.
  - (s) There is any material adverse change after the date of this agreement in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or any of its subsidiaries.
  - (t) A representation or warranty made or given, or taken by clause 11(g) to have been made or is given, by the Company under this agreement is, or has been, or becomes materially untrue or materially incorrect.
  - (u) The Company fails to perform or observe any of its obligations under this agreement in any material respect.
  - (v) Hostilities not existing at the date of this agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia the United States of America, Argentina, Brazil, Chile, Canada, France, Germany, Iran, Iraq, Japan, the People's Republic of China, Russia or the

United Arab Emirates or a national emergency is declared by any of those countries, or a major terrorist act is perpetrated anywhere in the world.

## Schedule 2

### WARRANTIES

#### Part 1: The Parties

- (a) **(status):** It is duly incorporated under the laws of the place of its incorporation.
- (b) **(capacity)** It has full legal capacity and power to 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 the carrying out of the transactions that this agreement contemplates.
- (d) **(agreement effective)** This agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms.

#### Part 2: The Company

- (a) Neither the Rights Issue nor any of the offers made pursuant to the Rights Issue contravene any provisions of the Corporations Act or the ASX Listing Rules.
- (b) **(insolvency)** No member of the Group is Insolvent.
- (c) **(Offer Shares)** The Offer Shares will rank equally in all respects, with all other ordinary shares in the Company, and will be validly issued free from any Restriction other than under the Company's constitution.
- (d) **(quoted securities)** The Offer Shares are in a class of securities that:
  - (i) are quoted securities; and
  - (ii) have been quoted on ASX without being suspended from trading for more than a total of five Trading Days during the previous 3 months.
- (e) **(Rights Issue)** The Rights Issue is a rights issue within the meaning in section 9A and will be undertaken in compliance with section 708AA, in each case as modified or varied by ASIC Class Order 08/35.
- (f) **(no exemptions or orders)** No:
  - (i) exemption under sections 111AS or 111AT; or
  - (ii) order under sections 340 or 341,referred to in section 708AA of the Corporations Act, as modified by ASIC Class Order 08/35, has been made in respect of the Company at any time in the previous 12 months.

- (g) **(no section 708AA(3) determination)** No determination by ASIC under section 708AA(3) in respect of the Company is currently in force, and no such determination in respect of the Company has been in force at any time in the 12 months prior to the date of this agreement.
- (h) **(licences)** The Company holds all licences and authorities which are necessary for the conduct of the Company's business and all such licences and authorities are in full force and effect and not liable to be revoked or not renewed.
- (i) **(section 713 determination)** No determination has been made by ASIC under section 713(6) in relation to the Company.
- (j) **(purpose)** The Company is not issuing the Offer Shares for a purpose that includes any or all of the Offer Shares being offered for the purpose of the person to whom they are issued selling or transferring them or granting, issuing or transferring interests in, or options over them.

### **Part 3: The Underwriter**

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



**Schedule 3**  
**CONVERTIBLE NOTE**

**Part 1: Particulars**

Issuer: Outback Metals Limited, ACN 126 797 573

Subscriber: South Cove Limited

Amount of Loan for which Note issued (Rights Issue Shortfall Amount):

Repayment (Maturity) Date: 31<sup>st</sup> December 2014

Interest Rate: 9% per annum accruing and calculated on a daily basis.

Interest Payment Dates: 31<sup>st</sup> March 2014, 30<sup>th</sup> June 2014, 30<sup>th</sup> September 2014 and 31<sup>st</sup> December 2014. All accrued interest up to the date of repayment of the Principal must be paid on or before that date. If the Conversion Option is exercised, all interest accrued up to the date of Conversion must be paid when the Shares resulting from the Conversion are issued.

Conversion Option: The holder of the Note may convert the Loan and Accrued Interest into Shares each with a free First Option (to subscribe for Shares, each with a free Second Option, as referred to in the definition of Option) at the issue price of \$0.004 per Share in accordance with the Further Terms.

**Part 2: Definitions**

**Accrued Interest** means Interest that is payable and has not been paid.

**ASX** means ASX Limited.

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

**Company** means Outback Metals Limited.

**Conversion** means conversion of Principal to shares pursuant to clause 3(a).

**Conversion Notice** means a notice given by the holder pursuant to clause 3(a).

**Conversion Option** means the option of converting the Principal into Shares in accordance with clause 3(a).

**Group** means the Company and its subsidiaries.

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

**Interest** means interest on the Principal, or so much of it as remains unpaid, at the rate of 9% per annum calculated on a daily basis.

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

**Note** means this Convertible Note.

**Option** means an option to subscribe for one new Share that is issued free to a subscriber for Offer Shares on the basis of one option for each Offer Share subscribed (**First Option**) and a further option (**Second Option**) that is issued free with each Share that is issued on the exercise of a First Option. The First Option has an exercise price of \$0.004 per Share and an expiry date of 31<sup>st</sup> December 2014 and the Second Option has an exercise price of \$0.006 per Share and an expiry date of 31<sup>st</sup> December 2017.

**Principal** means the Amount of the Loan for which the Note is issued, as shown in the Particulars, or any part of that Amount.

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

### **Corporations Act References**

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

### **Interpretation**

Headings are for convenience only and do not affect interpretation.

The following rules apply in interpreting this Note:

- (a) unless inconsistent with the context, a reference to:
  - (i) a clause, schedule or annexure is a reference to a clause of or schedule or annexure to this Note and a reference to this Note includes any schedules and annexures;
  - (ii) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iii) “party” is to a party to this Note;
  - (iv) a person includes any type of entity or body of persons, whether or not incorporated or with a separate legal status, and any executor, administrator or successor in law of the person.

- (b) All monetary amounts are in Australian dollars unless otherwise specified.
- (c) A singular word includes the plural, and vice versa.
- (d) A word that suggests one gender includes the other genders.
- (e) If a word is defined, another part of speech has a corresponding meaning.
- (f) If an example is given of any thing, such as by saying it includes something else, the example does not limit the scope of that thing.

### **Part 3: Further Terms**

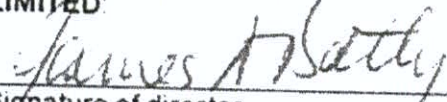
1. The Company must pay Interest to the Holder as provided in the Particulars.
2. If the Conversion Option is not exercised, or to the extent to which it is not exercised, the Company must pay the Holder the Principal and Accrued Interest on 31<sup>st</sup> December 2014 or earlier as provided in clause 5(a).
3.
  - (a) The Holder, by giving a Conversion Note to the Company may at any time, or from time to time, prior to the Maturity Date, convert all of the Principal, or multiples of not less than \$50,000 of the Principal, into Shares to be issued as fully paid at the issue price of \$0.004 per Share (together with a free First Option to subscribe for Shares, each with a free Second Option, as referred to in the definition of Option) in satisfaction of the amount of the Principal and (if applicable) Accrued Interest the subject of the Conversion Notice; if the number of Shares to be issued is not a whole number, the number of Shares to be issued must be rounded up to the nearest whole number;
  - (b) On receiving a Conversion Notice, the Company must expeditiously make application to ASX for quotation of the Shares to be issued in accordance with clause 3(a), and comply in all respects with the Listing Rules. If ASX refuses quotation, or agrees to quotation only on conditions that are unacceptable to the Company or that are not susceptible compliance by the Company, that is a Termination Event.
4. The Note is transferable, in whole or in part amount or amounts, by the Holder to any entity or entities, without restriction, on execution by the Holder and by the transferee of a form of transfer, in any standard or usual form of transfer of securities that are not quoted on ASX, and delivery of that executed form of transfer to the Company.
5.
  - (a) If there is a Termination Event, at the option of the Holder to be exercised by notice to the Company, the Principal and all Accrued Interest is immediately payable by the Company to the Holder.
  - (b) Each of the following events is a Termination Event:

- (i) the Company defaults in making any payment of Interest within seven days of the due date or otherwise fails to perform or observe any of its obligations under this Note in any material respect.
- (ii) The Company ceases to be admitted to the official list of ASX or the ordinary shares in the Company are suspended from trading, other than at the request of the Company, or cease to be quoted on, ASX.
- (iii) there is a material default by the Company or any of its subsidiaries complying with an applicable provision of the Corporations Act or there is a material default by the Company in complying with the Listing Rules.
- (iv) an application or order is made for the winding up of the Company or any of its subsidiaries or for the appointment of a liquidator in respect of the Company or any of its Subsidiaries;
- (v) the Company or any of its subsidiaries passes a resolution for its winding up;
- (vi) the Company or any of its subsidiaries is deregistered, or any step is taken to deregister the Company or any of its subsidiaries under the Corporations Act;
- (vii) a judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 20 Business Days;
- (viii) a distress, attachment, execution or other process is issued against, levied or entered upon an asset of the Company or any of its subsidiaries in an amount exceeding \$50,000 and is not set aside or satisfied within 20 Business Days;
- (ix) a receiver, controller (within the meaning of section 9 of the Corporations Act) or analogous person is appointed to, or the holder of a Security Interest takes possession of, all or any part of the assets of the Company or any of its subsidiaries;
- (x) the Company or any of its subsidiaries:
  - (a) suspends payment generally;
  - (b) becomes an externally administered body corporate within the meaning of the Corporations Act;
  - (c) becomes subject to administration under Part 5.3A of Chapter 5 of the Corporations Act, or steps are taken which could reasonably be expected to result in the Company or any of its subsidiaries becoming so subject; or
  - (d) states that it is, or is deemed by applicable Law to be, unable to pay its debts;

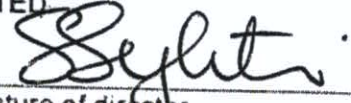
- (e) is taken, under section 459F(i) of the Corporations Act to have failed to comply with a statutory demand.
- (xi) the Company or any of its subsidiaries takes any step for the purpose of entering into a compromise or arrangement with any of its members or creditors;
- (xii) the Company or any of its subsidiaries implements a merger, demerger or scheme of arrangement with any person;
- (xiii) the Company or any of its subsidiaries ceases to carry on business;
- (xiv) The Company defaults under any debt or financing arrangement, agreement or security which has, or, in the reasonable opinion of the Underwriter, is likely to have, a material adverse effect on the Company.
- (xv) An event occurs which gives a lender or financier the right to accelerate, or require early repayment by the Company of a debt or financing and, in the reasonable opinion of the Underwriter, that is likely to have a material adverse effect on the Company.
- (xvi) There is any material adverse change after the date of this Note in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or any of its subsidiaries.

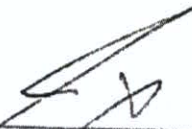
EXECUTED as an agreement

EXECUTED by SOUTH COVE LIMITED

  
\_\_\_\_\_  
Signature of director  
Name JAMES BATTY

EXECUTED by OUTBACK METALS LIMITED

  
\_\_\_\_\_  
Signature of director  
Name SHARRON SYLVESTER

  
\_\_\_\_\_  
Signature of director/secretary  
Name GRAHAM CRISP

  
\_\_\_\_\_  
Signature of director/secretary  
Name