

30 July 2019

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Silver Lake Resources to Make Recommended Takeover Offer for EganStreet Resources

Silver Lake Resources Limited ("**Silver Lake**") (ASX: SLR) and EganStreet Resources Limited ("**EganStreet**") (ASX: EGA) are pleased to announce that they have entered into a Bid Implementation Deed ("**BID**"), pursuant to which Silver Lake will acquire all of the issued and outstanding ordinary shares (the "**Offer**") of EganStreet (the "**EganStreet Shares**").

Under the terms of the BID, each EganStreet Shareholder will receive 0.270 Silver Lake shares for every EganStreet share held (the "**Offer Consideration**").

The Offer Consideration values EganStreet at \$0.400¹ per share, which implies a \$52² million total transaction enterprise value and represents a premium of:

- 28.9% to the Last Close Price of \$0.310, being the price of EganStreet's shares on ASX at the close of trading on 29 July 2019;
- 24.2% to EganStreet's 5-day volume weighted average price ("**VWAP**") of \$0.322 up to and including 29 July 2019; and
- 43.4% to EganStreet's 30-day VWAP of \$0.279 up to and including 29 July 2019.

The EganStreet Board of Directors unanimously recommends that EganStreet shareholders accept the Offer and have indicated that they will accept the Offer in respect of all EganStreet shares they own or control, in both instances in the absence of a superior proposal.

In addition, EganStreet's largest shareholder, Lion Selection, has entered into a Pre-Bid acceptance Deed with Silver Lake under which it has agreed to accept the Offer in respect of its 16.2% holding.

Overview

EganStreet's key asset is the 100% owned Rothsay Gold Project ("**Rothsay**"). Rothsay is a high-grade, underground gold project located approximately 85km south-east of Silver Lake's Deflector mine and processing hub. Rothsay currently has JORC Resources of 454,000 ounces³ (1.5Mt @ 9.2 g/t) and JORC Reserves of 200,000

¹ Based on Silver Lake's closing share price of \$1.480 on 29 July 2019

² Total transaction enterprise value calculated based on (a) the fully diluted transaction equity value of \$60 million, which includes performance rights and options that are in-the-money options based on the Offer Consideration; (b) EganStreet's cash balance of A\$4.5 million as at 31 March 2019; and (c) A\$3.7 million of cash received proceeds that would be received from the exercise of the options that are in-the-money based on the Offer Consideration and assumes they are capable of exercise

³ Refer to EganStreet ASX Announcement dated 27 November 2018

ounces⁴ (1.4Mt @ 4.4 g/t). The location of Rothsay and its proximity to Silver Lake's Deflector Mine is shown in Appendix 1.

Under EganStreet stewardship, Rothsay has progressed through the exploration and study phase, with the release of an Updated Definitive Feasibility Study confirming the technical viability of the project in February 2019. The Rothsay Mining Proposal was approved by the Western Australian Department of Mines, Industry Regulation and Safety in June 2019.

Silver Lake Strategic Rationale

The acquisition of EganStreet will allow Silver Lake to consolidate an additional JORC Resource of 454,000 ounces³ and JORC Reserve of 200,000 ounces⁴ at the Rothsay Gold Project and provide a near term development opportunity to introduce a new high-grade ore source to an upgraded Deflector processing facility.

The combination of Silver Lake's established processing infrastructure at Deflector, free cash flow generation and strong balance sheet makes the acquisition of Rothsay consistent with Silver Lake's strategy to maximise the value of its established operations.

Luke Tonkin, Managing Director of Silver Lake, said:

"The acquisition of EganStreet and its Rothsay Gold Project is consistent with Silver Lake's strategy of creating new opportunities to compete for capital and maximising the value of the existing asset base. Silver Lake's nearby infrastructure at Deflector can unlock additional value at Rothsay and this is reflected in the share price premium offered to EganStreet shareholders."

Key benefits for EganStreet shareholders

- **Significant reduction in execution risk** – The transaction will substantially reduce the execution risk of Rothsay for EganStreet shareholders as development will no longer be contingent on the execution of multiple financing transactions and will leverage Silver Lake's established processing infrastructure at Deflector
- **Fair premium** – The Offer provides EganStreet shareholders with an attractive and appropriate premium through scrip consideration in a highly liquid ASX listed gold producer
- **Participation in a company with multiple operations** – EganStreet shareholders will benefit from having an equity position in a company with two established gold mining operations in Western Australia thereby reducing the exposure from construction, commissioning and cash flow volatility that can be experienced by single-asset companies
- **Silver Lake's operational capabilities** – EganStreet shareholders will benefit from Silver Lake's track record and demonstrable success in exploring, developing and operating narrow, high-grade underground gold mines, which will be applied at Rothsay
- **Market capitalisation and liquidity** – Silver Lake is listed on the ASX and has a basic market capitalisation of A\$1.22 billion⁵. Silver Lake shares are highly liquid with trading volume of ~137 million shares on the ASX over the past one month representing a daily average of ~A\$8 million
- **Continued participation in Rothsay** – Through their shareholding in Silver Lake, EganStreet shareholders will have the opportunity to continue to participate in any potential future value

⁴ Refer to EganStreet ASX Announcement dated 19 July 2018

⁵ Based on Silver Lake share price as at 29 July 2019

increases through exploration which can be funded from Silver Lake's cashflow and existing cash reserves.

Marc Ducler, Managing Director of EganStreet, said:

"Since listing on the ASX through an IPO at 20c two-and-a-half years ago, EganStreet's strategy has been to create value for shareholders through the standalone development of the high-grade Rothsay Project. We have made excellent progress in this regard, doubling the Resource, advancing the Project rapidly from Scoping-level through PFS to a comprehensive Definitive Feasibility Study and securing most of the permits required to commence development.

After taking into consideration a range of factors including the current challenges in securing development funding for new projects in the junior gold sector and the risk profile involved with taking an asset into production, the Board has resolved that the opportunity to combine with a substantial multi-asset gold producer with a strong operational track record in Silver Lake represents an attractive outcome.

This transaction will reward our shareholders for the progress achieved at Rothsay to date while giving them exposure to a successful ASX-300 gold producer with a strong balance sheet, diversified production profile, mine development expertise, established systems and practices and installed infrastructure. This will significantly mitigate the development risk at Rothsay and provide exposure to a much larger and highly liquid Australian gold producer with the ability to attract an investment premium in the current strong Australian Dollar gold market."

Support from EganStreet Board and major EganStreet shareholder

The EganStreet Board of Directors unanimously recommends that EganStreet shareholders accept the Offer and have indicated that they will accept the Offer in respect of all EganStreet shares they own, in both instances in the absence of a superior proposal.

In addition, EganStreet's largest shareholder, Lion Selection, has entered into a Pre-Bid acceptance Deed with Silver Lake under which it has agreed to accept the Offer in respect of its 16.2% holding. A copy of the Pre-Bid acceptance Deed has been lodged with ASX.

Bid Implementation Deed

Silver Lake and EganStreet have agreed a BID (attached in Appendix 2) pursuant to which the parties have given undertakings to each other in order to facilitate the Offer.

The Offer is subject to a limited number of conditions, including:

- 90% minimum acceptance by EganStreet shareholders
- No prescribed occurrences in relation to EganStreet
- No material adverse change in relation to EganStreet or Silver Lake
- No adverse regulatory event affecting the Offer, EganStreet or its assets
- No breach by EganStreet of the conduct of business restrictions or EganStreet warranties in the BID

The BID contains customary deal protection mechanisms including "no shop", "no talk" and "no due diligence" restrictions, as well as notification and matching rights in the event of a competing proposal. A break fee may also be payable in certain circumstances.

The Offer extends to all EganStreet shares including those issued as a result of the exercise of options or vested performance rights during the offer period.

Timetable and next steps

Detailed information relating to the Offer will be set out in the Bidder's Statement and Target's Statement, which are expected to be dispatched to EganStreet shareholders in August.

Advisers

Silver Lake's financial advisers are RBC Capital Markets and Sternship Advisers and its legal adviser is HopgoodGanim Lawyers.

EganStreet's financial adviser is Taylor Collison and its legal adviser is GTP Legal.

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Appendix 1: Rothsay project location and proximity to Silver Lake's Deflector Mine



Appendix 2: Bid Implementation Deed

Bid Implementation Deed

Silver Lake Resources Limited ACN 108 779 782 (**Bidder**)

Egan Street Resources Limited ACN 144 766 236 (**Target**)

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Bid Implementation Deed



Date 29 July 2019

Parties

Silver Lake Resources Limited ACN 108 779 782 of Suite 4, Level 3 South Shore Centre, 85 South Perth Esplanade, South Perth Western Australia 6151 (**Bidder**)

Egan Street Resources Limited ACN 144 766 236 of Suite 2, 6 Lyall Street South, Perth Western Australia 6151 (**Target**)

Background

- A. The Bidder is proposing to make a Takeover Bid for the Target.
- B. The Target Directors are proposing to recommend the Takeover Bid, in the absence of a Superior Proposal.
- C. The parties have entered into this document to agree on certain matters in relation to the facilitation of the Takeover Bid.

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this deed:

Adviser means, in relation to an entity, a person who in the ordinary course of its business provides services as a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant and who has been engaged in that capacity in connection with the Takeover Bid, or any response to it, by the entity.

Agreed Announcement means the announcement in relation to the Takeover Bid to be made jointly by the Bidder and the Target to the ASX following execution of this deed, in the form set out in Schedule 2.

Agreed Bid Terms means the terms and conditions set out or referred to in Schedule 1.

Alternate Processing Arrangement means any transaction between the Target and a Third Party for an alternate processing option for the Rothsay Gold Project, including leasing or toll treating, which is substantially different than the processing option set out in the Target's disclosure to the ASX prior to the Execution Date including the "updated definitive feasibility study" outcomes announced on 12 February 2019.

Announcement Date means:

- (a) immediately on the Execution Date; or
- (b) if this deed is executed on a day that is not a Trading Day, the first Trading Day immediately following the Execution Date.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means the ASX Limited or the Australian Securities Exchange as appropriate.

Authorised Officer of a party which is a corporation means:

- (a) an employee of the party whose title contains either of the words director or manager;
- (b) where the party is the Bidder, a solicitor acting on behalf of the party; or
- (c) a person appointed by the party to act as an Authorised Officer for the purposes of this deed and notified to the others.

Bid Conditions means those conditions to which the Offer is subject to, as set out in Schedule 3.

Bidder Directors means all of the directors of the Bidder from time to time and **Bidder Director** means a director of the Bidder.

Bidder Group means the Bidder and its Subsidiaries.

Bidder Material Adverse Change means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which has or could reasonably be expected to have a materially adverse effect on the:

- (a) assets, financial or trading position, performance, profitability or prospects of the Bidder Group, taken as a whole; or
- (b) status or terms of any material approvals, licences, tenements or permits issued by any Public Authority to any entity within the Bidder Group,

but does not include:

- (c) those events or circumstances required to be done or procured by the Bidder pursuant to this deed;
- (d) those events or circumstances relating to changes in business conditions affecting industry in which both the Bidder and Target operate in including:
 - (1) changes in commodity prices, exchange rates or interest rates; or
 - (2) general economic, political or business conditions; or
 - (3) changes in laws, regulations and standards (including accounting standards); or
- (e) any event, circumstance or matter or information that is Fairly Disclosed by the Bidder, or that is reasonably apparent on its face as potentially to flow from the event, occurrence, matter or information that is Fairly Disclosed by the Bidder; or
- (f) any event which took place with the prior written consent of the Target.

Bidder Shares means fully paid ordinary shares in the capital of the Bidder.

Bidder's Statement has the meaning given to that term in the Corporations Act.

Break Fee means \$500,000.

Business Day means a day on which banking institutions generally are open in Perth, Western Australia but excluding Saturdays, Sundays and public holidays.

Claim means any claim, demand, legal proceedings or cause of action including any claim demand, legal proceeding or cause of action based in contract, based in tort, under common law or under statute.

Competing Proposal means any expression of interest, proposal, offer, transaction or arrangement:

- (a) which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):
 - (1) holding a Relevant Interest or economic interest in (or the have the right to acquire a Relevant Interest or economic interest in) 50% or more of the Target Shares;
 - (2) directly or indirectly acquiring or obtaining an economic interest in all or substantially all of the business conducted by, or assets or property of, the Target Group;
 - (3) acquiring Control of the Target; or
 - (4) otherwise acquiring, or merging with, the Target,
whether by way of takeover bid, scheme of arrangement, shareholder-approved transaction, capital reduction, share buy-back, sale or purchase of securities, issue of securities, sale of assets, strategic alliance, dual listed company structure (or other synthetic merger), joint venture, partnership, or other transaction or arrangement; or
- (b) which requires or would require the Target or any Target Director to change, withdraw or modify their recommendation of the Takeover Bid; or
- (c) that would, or would reasonably be expected to, reduce the likelihood of success of the Takeover Bid.

Confidentiality Deed means the confidentiality deed between the Bidder and the Target as amended on 25 June 2019.

Confidential Information means any information provided by one party to another party, or otherwise obtained by a party, whether obtained before or after execution of this deed, in connection with this deed including:

- (a) any confidential business information, documents, records, financial information, reports, technical information and forecasts which relate to a party or the business of a party;
- (b) any information which is by its nature confidential or which the other party knows, or ought to know, is confidential;
- (c) any intellectual property of a party;
- (d) the fact that the Confidential Information may be or has been provided; and
- (e) the terms and conditions of this deed,

but does not include:

- (f) information which is in or becomes part of the public domain, other than through a breach of this deed or an obligation of confidence owed to a party; or
- (g) information which a party can prove was independently acquired or developed without breaching any of its obligations set out in this deed.

Control has the meaning given in section 50AA of the Corporations Act.

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

Data Room means the data room set up by the Target for the provision of information to the Bidder in relation to the transactions contemplated by this deed.

Disclosed means Fairly Disclosed:

- (a) by one party in writing to the other party prior to the date of this document including in the case of the Target, the Due Diligence Material and the Data Room; or
- (b) in any announcement made by a party on the ASX prior to the date of this document.

Due Diligence Material means all documents and information provided by the Target or its Advisers to the Bidder or its Advisers prior to the Execution Date (for the purpose of carrying out a due diligence investigation of the Target, its business, assets, interests and prospects, including all written answers to questions raised by the Bidder or its Advisers in relation to one or more documents provided, or the contents of any one or more of those documents).

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Execution Date means the date of execution of this deed by the parties.

Exclusivity Period means the period commencing on the Execution Date and expiring on the earlier of:

- (a) termination of this deed; or
- (b) the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed).

Fairly Disclosed means sufficient information has been disclosed that a sophisticated investor, experienced in transactions of the nature of the Takeover Bid and familiar with the business of the Target would be aware of the substance and significance of the information.

Financing Arrangement means any transaction entered into by the Target or Target Group that results, or would be likely to result, in an Encumbrance equal to or more than A\$1,000,000 or equity raising equal to or more than A\$1,000,000.

Foreign Target Shareholder means a Target Shareholder:

- (a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories; or
- (b) whose address shown in the Register is a place outside Australia and its external territories or who is acting on behalf of such a person,

unless the Bidder determines that:

- (c) it is lawful and not unduly onerous or unduly impractical to issue that Target Shareholder with the Bidder Shares on completion of the Offer; and
- (d) it is lawful for the Target Shareholder to participate in the Offer by the law of the relevant place outside of Australia and its external territories.

Government Body means:

- (a) any person, body or other thing exercising an executive, legislative, judicial or other governmental function of any country or political subdivision of any country;
- (b) any public authority constituted by or under a law of any country or political subdivision of any country; and
- (c) any person deriving a power directly or indirectly from any other Government Body.

GST has the meaning given to that term in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Insurance Policy means the directors and officers insurance policy in favour of Target Directors and members of Target management which is in place at the Execution Date in accordance with a deed of indemnity, insurance and access between the Target and any Target Director or member of the Target management team.

Insurance Run-Off Period means that period commencing on Retirement Date and expiring on the earlier of:

- (a) the date 7 years after the Retirement Date; or
- (b) where run-off insurance cannot be procured at reasonable premiums for the full period in paragraph (a), the latest date to which run-off insurance can be procured.

Listing Rules means the Official Listing Rules of the ASX.

Material Contract means a contract or commitment requiring payments over the term of the contract in excess of A\$150,000.

Optionholder means a registered holder of Options.

Options means an option issued by the Target prior to the Execution Date, to acquire by way of issue a Target Share.

Options List means a list setting out the identity of each Optionholder, together with:

- (a) the current address of the Optionholder to which the Options Offer should be sent;
- (b) the number of Options held;
- (c) the expiry date of such Options; and
- (d) the consideration proposed to be offered by the Bidder in exchange for the cancellation of such Options under the terms of the Options Offer.

Options Offer means the offer by the Bidder to the relevant Optionholders in respect of the Options on the terms set out in Schedule 5 (which offers will only become unconditional if the Offer becomes unconditional and any necessary waiver is granted).

Offer has the meaning given to that term in clause 2.2(b).

Offer Period means the period during which the Offer is open for acceptance as specified in Schedule 1.

Officer means, in relation to an entity, its directors, officers and employees.

Performance Rights means performance rights issued prior to the Execution Date and pursuant to which, subject to terms and conditions, the holder may be issued Target Shares.

Permitted Indebtedness means:

- (a) accounts payable to trade creditors and in respect of operating expenses, in each case incurred in the ordinary course of business;
- (b) Tax payable by the Company; and
- (c) draw-downs on existing working capital or overdraft facilities in the ordinary course of business.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange and for the avoidance of doubt includes ASIC, ASX and the Takeovers Panel.

Register means the share and option register of the Target (as appropriate) and **Registry** has a corresponding meaning.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Representative of a party means:

- (a) a Related Body Corporate of the party;
- (b) an Officer of the party or any of the party's Subsidiaries; or
- (c) an Adviser to the party or any of the party's Subsidiaries.

Restricted Payment means:

- (a) any management, consulting, monitoring or other shareholder or directors' fees or bonuses or payment of a similar nature to a Restricted Person; or
- (b) any payments made or agreed to be made to a Restricted Person in respect of any share or loan capital in any member of the Target Group being issued, redeemed, purchased or repaid or any other return of capital by a member of the Target Group,

but does not include:

- (c) any payments that are expressly permitted or required to be done under this deed;
- (d) any payment made in the ordinary course of business that a member of the Target Group has budgeted or agreed to undertake prior to the Execution Date (provided these are Fairly Disclosed to the Bidder before the Execution Date); and



(e) any payment which is approved in writing by the Bidder (acting reasonably).

Restricted Person means any Target Shareholder or Target Director of the Target or any of their Associates.

Retirement Date means the date on which the last of the Target Directors at the Execution Date ceases to be a Target Director (provided that the Offer has become unconditional).

Rothsay Gold Project means the Rothsay gold project located 300km north east of Perth, Western Australia and incorporating licences M59/39, M59/40, E 59/2254, E59/1234, E59/2183, E59/2354 and E59/2355 and L59/24 and application for E59/2320 (once granted).

Subsidiary has the meaning given to that term in the Corporations Act.

Superior Proposal means a bona fide Competing Proposal after the Execution Date which the Target Directors have determined, acting in good faith and in order to satisfy what the Target Directors consider to be their fiduciary or statutory duties (and after having taken written advice from their external financial and legal advisers):

- (a) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal, including the identity of the person making it, and any legal, financial, regulatory and timing considerations and any conditions precedent; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Target Shareholders (as a whole) than the Takeover Bid, (as such Takeover Bid may be amended or varied following application of the matching rights in clause 8.5) taking into account all the terms and conditions of the Competing Proposal and the identity of the person making the Competing Proposal,

other than, for the avoidance of doubt, a stand-alone Financing Arrangement for the development of the Rothsay Gold Project or Alternate Processing Arrangement.

Takeover Bid has the meaning given to that term in clause 2.2(a).

Target Directors means all of the directors of the Target from time to time and **Target Director** means a director of the Target.

Target Business means the business or businesses carried on by the Target and its Subsidiaries at the Execution Date.

Target Group means the Target and its Subsidiaries.

Target Performance Rights means those Performance Rights specified in Schedule 6.

Target Shares means fully paid ordinary shares in the capital of the Target.

Target Shareholder means a registered holder of one or more Target Shares.

Target's Statement has the meaning given to that term in the Corporations Act.

Target Options means those Options specified in Schedule 4.

Tax means, other than GST, any present or future tax, levy, deduction, impost, withholding, charge or duty (including stamp duty) which is levied or imposed by any Government Body together with any interest, penalty or fine on those amounts.

Tenements means:

- (a) the Rothsay gold project located 300km north east of Perth, Western Australia and incorporating licences M59/39, M59/40, E 59/2254, E59/1234, E59/2183, E59/2354 and E59/2355 and L59/24 and application for E59/2320 (once granted); and
- (b) E08/2847 located south of Onslow, Western Australia.

Third Party means a person other than an entity within the Bidder Group.

Trading Day has the meaning given in the Listing Rules.

Unacceptable Circumstances has the meaning given in section 657A of the Corporations Act.

1.2 Interpretation

- (a) Unless the contrary intention appears, a reference in this deed to:
 - (1) this deed or another document includes any variation or replacement of it despite any change in the identity of the parties;
 - (2) one gender includes the others;
 - (3) the singular includes the plural and the plural includes the singular;
 - (4) a person, partnership, corporation, trust, association, joint venture, unincorporated body, Government Body or other entity includes any other of them;
 - (5) a party includes the party's executors, administrators, successors, substitutes (including a person who becomes a party by novation) and permitted assigns;
 - (6) any statute, ordinance, code or other law includes regulations and other instruments under any of them and consolidations, amendments, re-enactments or replacements of any of them;
 - (7) money is to Australian dollars, unless otherwise stated; and
 - (8) a time is a reference to Brisbane time unless otherwise specified.
- (b) The words include, including, such as, for example and similar expressions are not to be construed as words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents or index are for convenience only and do not affect the interpretation of this deed.
- (e) A provision of this deed must not be construed to the disadvantage of a party merely because that party or its advisers were responsible for the preparation of the deed or the inclusion of the provision in the deed.
- (f) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.
- (g) If an act is required to be done on a particular day it must be done before 5.00pm on that day or it will be considered to have been done on the following day.

- (h) Where a warranty is given 'so far as the Target is aware' or with a similar qualification as to the Target's awareness or knowledge, the Target will be deemed to know or be aware of a particular fact, matter or circumstance only if a director or employee of the Target is actually aware of that fact, matter or circumstance as at the Execution Date following reasonable inquiry.

1.3 Parties

- (a) If a party consists of more than one person, this deed binds each of them separately and any two or more of them jointly.
- (b) An agreement, covenant, obligation, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them separately.
- (c) An agreement, covenant, obligation, representation or warranty on the part of two or more persons binds them jointly and each of them separately.

2. Implementation of the Takeover Bid

2.1 Agreed Announcement

The Target and the Bidder must release the Agreed Announcement to the ASX on the Announcement Date.

2.2 Bidder to make Takeover Bid

- (a) The Bidder acknowledges and agrees that, upon the release of the Agreed Announcement on the ASX company announcements platform, it will be deemed to have publicly proposed to make a takeover bid to acquire all of the Target Shares under Chapter 6 of the Corporations Act on the Agreed Bid Terms (**Takeover Bid**).
- (b) The Bidder agrees to make offers for the Target Shares under the Takeover Bid on terms no less favourable than that publicly proposed (**Offer**).

2.3 Target's assessment of Takeover Bid

The Target represents and warrants that:

- (a) the Target Directors have met and considered the possibility of the Bidder agreeing to make the Takeover Bid; and
- (b) all of the Target Directors have informed the Target that they will unanimously recommend that Target Shareholders accept the Offer (and it is the intention of the Target Directors to accept the Offer in respect of all of the Target Shares that they own or control or otherwise have a Relevant Interest in, to be effected within two (2) days of the expiration of 21 days after the Offer Period commences), in each case subject only to the qualifications that there is no Superior Proposal or this deed is terminated.

2.4 No legal obligation for Independent Expert's Report

- (a) The Target acknowledges that an expert's report for the Target Statement is not required under section 640 of the Corporations Act or otherwise.
- (b) The Target will not commission a report under section 640 of the Corporations Act or otherwise in connection with the Offer.

3. Co-operation

3.1 General Obligations

The Target and the Bidder must use reasonable endeavours and must procure that its Representatives work in good faith and in a timely and co-operative fashion with the other party in order to implement the Takeover Bid.

3.2 Access to Information

- (a) To the extent reasonably required to implement the Takeover Bid, but subject to clause 3.2(b), each party must following a written request from the other party giving a reasonable period of notice, provide the other party and its Representatives with any documents, records and other information during normal business hours (subject to any existing confidentiality obligations owed by third parties, or applicable privacy laws) reasonably requested by them prior to the earlier of the end of the Offer Period and the date when this deed is terminated.
- (b) In accessing information or providing assistance in this clause or otherwise under this deed:
 - (1) nothing in this clause will require the Target to provide information concerning its directors' and management's consideration of the Takeover Bid or a Competing Proposal;
 - (2) information need not be provided if that would result in unreasonable disruptions to the Target's business, is (in the reasonable opinion of Target), commercially sensitive, would breach an existing confidentiality obligation owed to a Third Party or any applicable law, or require the Target to make any disclosure that would compromise legal privilege; and
 - (3) the parties acknowledge that all access to information or provision of assistance under this deed are subject to the obligations under clause 12.

3.3 Implementation obligations of the Target

The Target must:

- (a) provide all necessary information about the Register to the Bidder which the Bidder requires in order to assist it to solicit acceptances under the Takeover Bid; and
- (b) direct the Registry to promptly provide any information that the Bidder reasonably requests in relation to the Register (including any sub-register) and, where requested by the Bidder, the Target must procure such information to be provided to the Bidder in such electronic form as is reasonably requested by the Bidder.

4. Target recommendations

4.1 Directors' recommendations

Subject to clause 4.2, the Target undertakes to use its best endeavours to procure that:

- (a) the Target Directors will unanimously recommend (including in the Target's Statement) that Target Shareholders accept the Offer, in the absence of a Superior Proposal or the termination of this deed;

- (b) the Target's Statement and each other public announcement or document publicly released by the Target in relation to the Offer will include a statement by the Target Directors to the effect described in clause 4.1(a) and to the effect that it is the intention of each Target Director to accept the Offer in respect of all of the Target Shares that they own or control or otherwise have a Relevant Interest in (to be effected within two (2) days of the expiration of 21 days after the Offer Period commences), in the absence of a Superior Proposal or the termination of this deed.

4.2 Change, withdrawal or modification of recommendations

A Target Director must not change, withdraw or modify his or her recommendation under clause 4.1(a) or statement under clause 4.1(b) or make a recommendation or statement that is inconsistent with such recommendation or statement, unless:

- (a) if relevant, the Target has complied with its obligations under clause 8; and
- (b) that Target Director, acting in good faith, determines (after taking written advice from the Target's or his or her own external financial and legal advisers) that he or she, is by virtue of his or her fiduciary or statutory duties, required to change, withdraw or modify such recommendation or statement or make a recommendation or statement that is inconsistent with it;
- (c) a Bidder Material Adverse Change occurs; or
- (d) this deed is terminated.

5. Facilitation of Takeover Bid

5.1 Bidder's Statement

- (a) The Bidder will give the Target a reasonable opportunity to review the draft of the Bidder's Statement in the form in which the Bidder proposes to lodge that document with ASIC, and will consult in good faith with the Target and act reasonably with respect to any comments the Target may have.
- (b) The Target must provide any assistance and information reasonably requested by the Bidder to enable the Bidder to prepare and finalise the Bidder's Statement.

5.2 Target's Statement

- (a) The Target will give the Bidder a reasonable opportunity to review the draft of the Target's Statement in the form in which the Target proposes to lodge that document with ASIC and will consult in good faith with the Bidder and act reasonably with respect to any comments the Bidder may have.
- (b) The Bidder must provide any assistance and information reasonably requested by the Target to enable the Target to prepare and finalise the Target's Statement.

5.3 Early dispatch of Offers

- (a) Subject to the Bidder complying with clause 5.1(a), the Target agrees, and represents and warrants that all of the Target Directors have agreed, that the Bidder's Statement may be despatched to Target Shareholders on a date nominated by the Bidder that is earlier than the date for sending under Item 6 of section 633(1) of the Corporations Act.
- (b) At the request of the Bidder, the Target must use reasonable endeavours to ensure that its Target's Statement is despatched to Target Shareholders, if requested by the

Bidder, simultaneously with, or otherwise as soon as reasonably practicable after the Bidder's Statement is despatched.

5.4 Promote and assist with the Takeover Bid

- (a) From the Announcement Date until the earlier of the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed) and the termination of this deed, the Target will procure, subject to clause 3.2(b), that the chairman of the board of the Target Directors, the managing director and such other senior executives as reasonably requested by the Bidder will participate in efforts reasonably required by the Bidder to promote the merits of the Takeover Bid, including but not limited to:
 - (1) meeting with key Target Shareholders if requested to do so by the Bidder; and
 - (2) communicating with the Target's employees, customers and contractual counter-parties.
- (b) The Target will direct its share registry to provide the Bidder with such assistance as it may reasonably require in implementing and promoting the Takeover Bid.
- (c) The Target will provide the Bidder with such assistance as it may reasonably require in establishing or operating any institutional or shareholder acceptance facility relating to the Offer.

5.5 Foreign Target Shareholders

Unless:

- (a) the Bidder is satisfied that the laws of a Foreign Target Shareholder's country of residence (as shown in the Register) permit the issue of Bidder Shares to the Foreign Target Shareholder (either unconditionally or after compliance with conditions which the Bidder regards as acceptable and not unduly onerous and not unduly impractical); or
- (b) ASIC relief permits otherwise,

the Bidder will issue the Bidder Shares to which a Foreign Target Shareholder would otherwise become entitled due to acceptance of the Offer or due to compulsory acquisition under the Corporations Act, to a nominee appointed by the Bidder who will sell those Bidder Shares and pay to that Foreign Target Shareholder the proceeds received, after deducting any applicable brokerage, taxes and charges in accordance with the Offer.

5.6 Bid Conditions

- (a) Each party must use all reasonable endeavours to satisfy the Bid Conditions as soon as practicable after the date of this deed.
- (b) From the Announcement Date until the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed), each party will not, and will procure that each of its Subsidiaries does not, without the other party's prior consent, take any action or omit to do anything which will, or is likely to, result in any of the Bid Conditions being breached.
- (c) To avoid any doubt, in this deed a reference to a Bid Condition being breached includes a reference to a Bid Condition not being, or not being capable of being, satisfied.

- (d) If any event occurs or becomes apparent which would cause any of the Bid Conditions to be breached or prevent them from being able to be satisfied, the Target or the Bidder must, to the extent such information is within the relevant party's actual knowledge, as soon as reasonably practicable notify the other of the event.
- (e) Nothing in clause 5.6 prevents the Target or the Bidder or the Target Directors or Bidder Directors from taking, or failing to take, action where, acting in good faith and reasonably, the Target Directors and Bidder Directors consider that to do otherwise would, or would be likely to constitute a breach of their statutory or fiduciary duties or as otherwise required by clause 5.7(b).

5.7 Conduct of business

- (a) From the Announcement Date until the earlier of the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed) and termination of this deed, the Target will, and will procure that each of its Subsidiaries will:
 - (1) conduct the Target Group's business and operations in the usual and ordinary course consistent with the manner in which each such business and operations were conducted immediately prior to the Execution Date, and must consult with and keep the Bidder informed on the manner of conduct of the Target Group's business and operations;
 - (2) make all reasonable efforts to:
 - (A) keep available the services of their Officers; and
 - (B) preserve their relationships with Public Authorities, customers, suppliers, landlords, trade unions, licensors, licensees and others with whom they have business dealings;
 - (3) not enter any lines of business or other activities in which the Target Group is not engaged at the Execution Date;
 - (4) respond to any reasonable request from the Bidder for information concerning the Target Group and its business and operations;
 - (5) ensure that the Bidder is kept up-to-date on any discussions, correspondence and negotiations between any member of the Target Group and any Public Authority on any matter;
 - (6) subject to the Confidentiality Deed, provide the Bidder and its Representatives reasonable access to Officers, offices and other facilities, and books and records of members of the Target Group, and otherwise provide reasonable co-operation to the Bidder and its Representatives, for the purpose of:
 - (A) the Bidder and its Representatives understanding the business and operation of the Target Group;
 - (B) the Bidder and its Representatives doing all things necessary or desirable under this deed or in connection with the Offer; or
 - (C) the Bidder and its Representatives planning for the integration of the Target Group into the Bidder Group assuming the Offer becomes unconditional and the Bidder Group holds Relevant Interests in at least 50.1% of the Target Shares; and

- (b) Nothing in clause 5.7(a) restricts the ability of the Target to take any action which:
 - (1) is required, permitted or contemplated by this deed;
 - (2) has been Fairly Disclosed by the Target prior to execution of this deed;
 - (3) is required to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property);
 - (4) has been agreed to in writing by the Bidder; or
 - (5) involves the incurring of reasonable costs in relation to the transactions contemplated by the Takeover Bid.

5.8 Prohibited Actions

Other than with the prior approval of the Bidder or as required by this document, the Target must not and must ensure that each member of the Target Group does not, during the period referred to in clause 5.7(a):

- (a) **(Material Contracts)** enter into or terminate a Material Contract;
- (b) **(employment contracts)** increase the remuneration of (including with regards to superannuation benefits) or benefits provided to or pay any bonus (other than in accordance with existing arrangements and in the ordinary course) or issue any securities, options or performance rights to, or otherwise vary the employment agreements with, any of its:
 - (1) Directors;
 - (2) employees who earn an annual salary in excess of \$150,000, or
 - (3) any other employees once remuneration increases have reached \$100,000 in aggregate;
- (c) **(accelerate rights)** other than as contemplated in clause 5.11, accelerate the rights of any of its directors or employees to benefits of any kind;
- (d) **(termination payments)** pay a director, executive or employee a termination payment, other than as provided for in an existing employment contract in place as at 1 July 2019 and a copy of which has previously been provided to the Bidder;
- (e) **(dividends)** announce, declare or pay any dividends;
- (f) **(information technology)** take any action in respect of its information technology systems which would have a material impact on those systems;
- (g) **(indebtedness)** incur additional financier indebtedness except as Disclosed by the Target (and, for the avoidance of doubt, such indebtedness does not restrict additional Permitted Indebtedness);
- (h) **(Restricted Payment)** permit any Restricted Payment not previously consented to by the Bidder in writing; or
- (i) **(agree)** agree to do any of the matters set out above.

5.9 Share register

From the Execution Date until the earlier of the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed) and the termination of this deed, the Target must (without charge to the Bidder):

- (a) provide the Bidder with a copy of the register of Target Shareholders in an electronic form requested by the Bidder promptly after a request by the Bidder to do so (including any request made by the Bidder under section 641 of the Corporations Act);
- (b) provide the Bidder with a copy of the register of Target Shareholders in electronic form on the day that the Target receives a copy from its registry each time a copy is obtained; and
- (c) comply with any request of the Bidder acting reasonably, to give directions to Target Shareholders pursuant to Part 6C.2 of the Corporations Act (and provide copies of any responses to the Bidder upon request).

5.10 Acquisition or cancellation of Unlisted Target Options

- (a) As soon as practicable after the Bidder makes the Offer, the Bidder will make an Options Offer to each person set out in the Options List and conditional only on the Offer becoming unconditional and any necessary ASX Listing Rule waiver being granted.
- (b) The Target must promptly after the date of this deed apply to ASX for a necessary waiver of Listing Rule 6.23.2, in relation to the Options Offer.
- (c) If the Options Offers become or are declared unconditional, the Target agrees to:
 - (1) ensure the cancellation and extinguishment of each Option held by an Optionholder who has accepted an Options Offer (the **Relevant Options**);
 - (2) to the extent necessary to cancel and extinguish the Relevant Options, amend or waive the terms of issue of the Relevant Options subject to Optionholder agreement; and
 - (3) update the register of Optionholders to show that the relevant Optionholder is no longer the holder of the Relevant Options.

5.11 Vesting of Target Performance Rights

As soon as practicable after the Bidder makes the Offer, the Target will provide written confirmation that all of the Target Performance Rights on issue will vest and be exercised, in accordance with the terms and conditions of the applicable plan, and any Target Shares resulting from the exercise will be issued and registered before the end of the Offer Period.

5.12 Appointment of Directors to Board of Target

The Target represents and warrants to the Bidder that as soon as practicable after the Bidder acquires a Relevant Interest in 50.1% of the Target Shares and the Offer has become unconditional, each Target Director will take all actions necessary to ensure that:

- (a) two (2) nominees of the Bidder are appointed as Target Directors;
- (b) all of the existing Target Directors, other than Marc Ducler, resign as Target Directors;

- (c) any existing Target Directors remaining as Target Directors after the Bidder acquires a Relevant Interest in 90% of the Target Shares and the Offer has become unconditional, shall resign as Target Directors as soon as practicable; and
- (d) provided always that the Target remains in compliance with section 201A(2) of the Corporations Act.

Notwithstanding any provision to the contrary in the executive employment agreement of a director, the Target and Bidder agree that the resignation of a Target Director in accordance with this clause 5.12 will not (unless otherwise agreed) result in the Target Director automatically resigning as an employee of the Target as a result of ceasing to be a Target Director.

6. Takeover Bid – variation and waiver

6.1 Variation

The Bidder may vary the terms and conditions of the Takeover Bid in any manner which is permitted by the Corporations Act.

6.2 Waiver

Subject to the Corporations Act, the Bidder may at any time:

- (a) declare the Takeover Bid to be free from any Bid Condition; and/or
- (b) extend the Offer Period on one or more occasion.

7. Warranties

7.1 Target's warranties

The Target represents and warrants to the Bidder that, at the Execution Date:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- (c) it has taken all necessary corporate action to authorise its entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed;
- (d) this deed constitutes legal, valid and binding obligations enforceable on the Target in accordance with its terms;
- (e) the execution and performance by it of this deed and each transaction contemplated by this deed does not and will not violate in any respect a provision of:
 - (1) a law, judgement, ruling, order or decree binding on it;
 - (2) its constitution; or
 - (3) any other document or agreement that is binding on its assets.
- (f) no resolutions have been passed and no other step has been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for

the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets, and no regulatory action of any nature has been taken, which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed;

- (g) it is not aware of any act, omission, event or fact that would result in one or more of the Bid Conditions being breached, except as Fairly Disclosed by the Target;
- (h) so far as the Target is aware, all information which has been disclosed by the Target under its continuous disclosure obligations under the Corporations Act and the Listing Rules was materially true and correct at the time it was disclosed (except as subsequently disclosed), and the Target has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and there is no material information that the Target is withholding pursuant to Listing Rule 3.1A, other than as disclosed to the Bidder by the Target in writing prior to the Execution Date or previously known by the Bidder;
- (i) so far as the Target is aware, the Due Diligence Material:
 - (1) is accurate and complete in all material respects; and
 - (2) contains all information that was reasonably requested by the Bidder before the Execution Date.
- (j) so far as the Target is aware, the Target and Target Group have complied in all material respects with all regulations applicable to them and orders of Public Authorities having jurisdiction over them where such non-compliance would, or would reasonably be likely to have a material adverse effect on the Target and have all material licences and permits necessary for them to conduct their respective businesses as presently being conducted and nothing has occurred which is reasonably likely to have the effect of such licences or permits being revoked or altered in any way, or not being renewed or being capable of being renewed on reasonably acceptable terms where such revocation, alteration or non-renewal would, or would reasonably be likely to have a material adverse effect on the Target;
- (k) in respect of the Tenements:
 - (1) the Target (or an entity within the Target Group, as the case may be) holds the entire legal and beneficial interest in the Tenements;
 - (2) the Tenements are free from all Encumbrances;
 - (3) there are no actions, suits, disputes or other proceedings (including arbitration or mediation) concerning any of the Tenements and there are no circumstances which might give rise to such actions, suits, disputes or other proceedings;
 - (4) other than any contracts to which the Bidder Group is a party to, there are no off-take, marketing, agency or similar contracts, commitments or arrangements in place in relation to any of the Tenements;
 - (5) there are no unremedied breaches of the terms any of the Tenements or the environmental authorities relating to any of the Tenements;
 - (6) no entity within the Target Group is under any contractual, statutory or other obligation of any kind to sell or dispose of any interest or create any Encumbrance over the Tenements;

- (7) the Tenements are not subject to cancellation or forfeiture in whole or in part for any reason; and
- (8) no entity within the Target Group is a party to any agreement under which it is bound to share the profits or pay any royalties relating to the Tenements or to waive or abandon any rights to which it is entitled relating to the Tenements; and
- (l) the Target's issued securities as at the Execution Date consist of:
 - (1) 130,453,719 Target Shares;
 - (2) 13,720,000 Target Options; and
 - (3) 7,180,470 Target Performance Rights,and those securities comprise the whole of the issued and outstanding share capital of the Target and it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into or be exchangeable for or entitle the holder to any Target Shares.

7.2 Qualifications to Target warranties

The Bidder acknowledges and agrees that the Target has disclosed or is deemed to have disclosed against the Target's representations and warranties set out in this deed, and the Bidder is aware of, and will be treated as having actual knowledge of, all facts, matters and circumstances that.

- (a) are provided for, described in, contemplated by or permitted or required under this deed;
- (b) have been Disclosed;
- (c) are within the actual knowledge of the Bidder Group; or
- (d) would be apparent from undertaking searches of court registers (Federal Court of Australia and Supreme Court of Western Australia) at 24 June 2019, and ASIC registers, the personal properties and securities register or the register maintained by the Department of Mines, Industry Regulation and Safety, at 19 July 2019.

7.3 Bidder warranties

The Bidder represents and warrants to the Target that, at the Execution Date:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- (c) it has taken all necessary corporate action to authorise its entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed;
- (d) this deed constitutes legal, valid and binding obligations enforceable on the Bidder in accordance with its terms;
- (e) the execution and performance by it of this deed and each transaction contemplated by this deed does not and will not violate in any respect a provision of:

- (1) a law, judgement, ruling, order or decree binding on it;
 - (2) its constitution; or
 - (3) any other document or agreement that is binding on its assets;
- (f) no resolutions have been passed and no other step has been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets, and no regulatory action of any nature has been taken, which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed;
- (g) it is not aware of any act, omission, event or fact that would result in one or more of the Bid Conditions being breached, except as disclosed by the Bidder to the Target in writing prior to the Execution Date;
- (h) so far as the Bidder is aware, all information which has been disclosed by the Bidder under its continuous disclosure obligations under the Corporations Act and the Listing Rules was materially true and correct at the time it was disclosed (except as subsequently disclosed), and the Bidder has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and there is no material information that the Bidder is withholding pursuant to Listing Rule 3.1A, other than as disclosed to the Bidder by the Target in writing prior to the Execution Date or previously known by the Target;
- (i) so far as the Bidder is aware, the Bidder has, prior to the date of this Deed, fairly disclosed all information requested by the Target to enable the Target to undertake due diligence inquiries into the Bidder for the purpose of determining whether to enter into this deed and all information provided by the Bidder to the Target under this deed is complete and accurate in all material respects;
- (j) all material mining tenements held by the Bidder or any Subsidiary of the Bidder are in good standing and the Bidder and its Subsidiaries are in compliance with the conditions of such mining tenements and the applicable mining legislation in all material respects and, as far as the Bidder is aware, such material mining tenements are not liable to forfeiture;
- (k) there is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to the Bidder or any Subsidiary of the Bidder that does or is reasonably likely to constitute a Bidder Material Adverse Change;
- (l) the Bidder Shares to be issued in connection with the Offer will be duly authorised and validly issued, fully paid and free of all security interests and third party rights and will rank equally with all other Bidder Shares then on issue;
- (m) the Bidder's issued securities as at the Execution Date consist of:
 - (1) 818,367,438 Bidder Shares; and
 - (2) 7,242,975 Bidder performance rights,

and those securities comprise the whole of the issued and outstanding share capital of the Bidder and it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into or be exchangeable for or entitle the holder to any Bidder Shares; and

- (n) other than as contemplated by the Bid Conditions, the Bidder does not require any further approvals to undertake or complete the Offer.

7.4 Qualifications to Bidder warranties

The Target acknowledges and agrees that the Bidder has disclosed or is deemed to have disclosed against the Bidder's representations and warranties set out in this deed, and the Target is aware of, and will be treated as having actual knowledge of, all facts, matters and circumstances that.

- (a) are provided for, described in, contemplated by or permitted or required under this deed;
- (b) have been Disclosed;
- (c) are within the actual knowledge of the Target Group; or
- (d) would be apparent from undertaking searches of ASIC registers, court registers (Federal Court of Australia and Supreme Court of Western Australia), the personal properties and securities register or the register maintained by the Department of Mines, Industry Regulation and Safety, at 19 July 2019.

7.5 Reliance by parties

Each party (**Warrantor**) acknowledges that:

- (a) in entering into this deed, the other parties have relied on the warranties provided by the Warrantor under this clause 7; and
- (b) it has not entered into this deed in reliance on any warranty made by or on behalf of the other parties or any of their Representatives except those warranties of the parties set out in this deed.

7.6 Notifications

Each party will promptly advise the other parties in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the warranties given by it under this clause 7.

7.7 Status of warranties

Each warranty in this clause 7:

- (a) is severable;
- (b) will survive the termination of this deed; and
- (c) is given with the intent that liability under it will not be confined to breaches that are discovered prior to the Execution Date.

7.8 Release

- (a) Bidder agrees to release all rights against, and agrees that it will not make any Claim against, any Representative of the Target in connection with:
 - (1) the Target's execution or delivery of this deed;

- (2) any breach of any representation, covenant or warranty given by the Target in this deed;
- (3) the implementation of the Takeover Bid; or
- (4) any disclosure, communication or other step made or taken by any Representative of the Target or any of its Subsidiaries in connection with this deed (including without limitation any statement which is false or misleading whether in content or by omission),

except to the extent that the relevant person has not acted in good faith, has acted fraudulently or has engaged in wilful misconduct.

- (b) The Target releases its rights against, and will not make a claim against, any Representative of the Bidder in relation to:

- (1) Bidder's execution or delivery of this Deed;
- (2) any breach of any representation or warranty by the Bidder in this Deed;
- (3) the Bidder making the Takeover Bid; or
- (4) any Disclosure made by the Bidder in its filings with ASIC prior to the Execution Date,

except to the extent that the Bidder has not acted in good faith, has acted fraudulently or has engaged in wilful misconduct.

- (c) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly.

7.9 Director and Officer insurance

- (a) During the Insurance Run-Off Period the Target must, and the Bidder must procure the Target to, ensure that the Officer is at all times covered under the Insurance Policy, or a further insurance policy on terms not materially less favourable to the Officer than the terms of the Insurance Policy operating at the Retirement Date, except to the extent such insurance is unable to be procured at a reasonable cost or is otherwise unavailable to the Company.
- (b) The undertakings contained in clause 7.9(a) are subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly.

8. Exclusivity

8.1 Cease existing discussions

The Target represents and warrants that, as at the Execution Date, it is not in any discussions or negotiations, and has ceased any discussions or negotiations, in respect of any Competing Proposal with any Third Party or any other transaction that would, or would reasonably be expected to, reduce the likelihood of success of the Takeover Bid.

8.2 No shop restriction

During the Exclusivity Period, the Target must not, and must ensure that none of its Representatives directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or

that may reasonably be expected to lead to, a Competing Proposal, or communicate any intention to do any of those things.

8.3 No talk restriction

(a) During the Exclusivity Period, the Target must not, and must ensure that none of its Representatives, enters into, continues or participates in, negotiations or discussions with any Third Party regarding a Competing Proposal, or if to do so may be reasonably likely to lead to a Competing Proposal, even if:

- (1) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by the Target or any of its Representatives; or
- (2) the Competing Proposal has been publicly announced,

unless the Target Directors, acting in good faith and in order to satisfy what the Target Directors reasonably consider to be their fiduciary or statutory duties, determine that:

- (3) where there is a Competing Proposal, the Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal; or
- (4) where there is not yet a Competing Proposal, the steps that the Target Directors propose to take could reasonably be expected to lead to a Competing Proposal that is a Superior Proposal.

8.4 No due diligence

Without limiting the general nature of clause 8.3, during the Exclusivity Period, the Target must not, and must ensure that its Representatives do not, make available to any Third Party, or permit any Third Party to receive any non-public information relating to any entity within the Target Group in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal, unless all of the following requirements are satisfied:

- (a) the Target Directors, acting in good faith and in order to satisfy what the Target Directors reasonably consider to be their fiduciary or statutory duties, determine that:
 - (1) where there is a Competing Proposal, the Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal; or
 - (2) where there is not yet a Competing Proposal, the steps that the Target Directors propose to take could reasonably be expected to lead to a Competing Proposal that is a Superior Proposal; and
- (b) if the Target proposes to provide any confidential information to a Third Party, before the Target provides such information to the Third Party, the Third Party has entered into a written agreement in favour of the Target regarding the use and disclosure of the confidential information by the Third Party and that restricts the Third Party's ability to solicit the employees of the Target Group;
- (c) to the extent that such information has not been previously provided to the Bidder, the Target provides that information to the Bidder at the same time as, or as soon as reasonably practicable after, it is provided to the Third Party.

8.5 Notification and matching right

- (a) During the Exclusivity Period, the Target must as soon as possible (and in any event within 24 hours) notify the Bidder if:

(1) it or, so far as it is aware, any of its Representatives, is approached (directly or indirectly) by any Third Party to engage in any activity or take any other action of a kind referred to in clause 8.3; or

(2) it proposes to take any action of a kind referred to in clause 8.4,

unless (and only to the extent that) the Target Directors, acting reasonably and in good faith, determine that it would be a breach of their fiduciary or statutory duties to notify the Bidder.

(b) If the Target receives a Competing Proposal, the Target:

(1) must not enter into any agreement, arrangement or understanding (whether or not in writing) to undertake or give effect to a Competing Proposal; and

(2) must ensure that none of the Target Directors changes, withdraws or modifies their recommendation of the Takeover Bid in favour of the Competing Proposal or recommends the Competing Proposal (provided that a statement that no action should be taken by Target Shareholders pending an assessment of a Competing Proposal by the Target Board and its advisers shall not contravene this clause),

unless:

(3) the Target Directors have acting reasonably and in good faith determined that the Competing Proposal is a Superior Proposal;

(4) the Target has complied with its notification obligations under clause 8.5(a), and is not in breach of its obligations in clauses 8.1, 8.2, 8.3 and 8.4;

(5) the Target has first given the Bidder at least 5 clear Business Days' notice in writing of the proposed action described in 8.5(b)(1) or 8.5(b)(2);

(6) the Target has provided to the Bidder with that notice:

(A) all material terms of the Competing Proposal, including details of the proposed price or implied value, payment terms, form of consideration, conditions, timing and break fee (if any) provided that the Target shall be under no obligation to disclose the status of negotiations in respect of a Competing Proposal; and

(B) the identity of the person who has made the Competing Proposal (**Competing Party**). If the identity of the Competing Party cannot be disclosed to the Bidder without the consent of the Competing Party then the Target must seek that consent. If consent is refused, the Target may only withhold the identity of the Competing Party from the Bidder if the Target Directors, acting in good faith and after having received written advice from their external legal advisers, determine that disclosing the identity of the Competing Party would constitute a breach of the Target Directors' fiduciary or statutory duties; and

(7) in relation to clause 8.5(b)(2), clause 4.2(b) is satisfied.

(c) During the 5 clear Business Day period referred to in clause 8.5(b)(5), the Bidder will have the right to offer a counter proposal (**Bidder Counter Proposal**) that will provide a superior outcome for Target Shareholders than the applicable Competing Proposal, and if it does so offer:

- (1) the Target and the Bidder must use their best endeavours to agree any amendments to this deed that are reasonably necessary to reflect the Bidder Counter Proposal; and
- (2) the Target Directors must recommend the Bidder Counter Proposal to Target Shareholders and not the applicable Competing Proposal.
- (d) Any material modification to any Competing Proposal (which will include any modification relating to the price or value of any Competing Proposal) will be taken to make that proposal a new Competing Proposal in respect of which the Target must comply with its obligations under this clause 8.

8.6 Normal provision of information

Nothing in this clause 8 prevents a party from:

- (a) providing information to its Representatives;
- (b) providing information to any Public Authority;
- (c) providing information to its auditors, Advisers, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;
- (d) providing information required to be provided by law, including to satisfy its obligations of disclosure under any stock exchange listing rules or to any Public Authority; or
- (e) making presentations to brokers, portfolio investors, analysts and other third parties in the ordinary course of business.

8.7 Time of the essence

Time is of the essence in this clause 8.

8.8 Compliance with laws

If it is finally determined by a court or the Takeovers Panel that the agreement by the parties under this clause 8 or any part of it:

- (a) constituted or constitutes, or would constitute, a breach of the fiduciary or statutory duties of the Target Directors;
- (b) constituted or constitutes, or would constitute, Unacceptable Circumstances within the meaning of the Corporations Act; or
- (c) was, or is, or would be, unlawful for any other reason,

then, to the extent (and only to that extent) the Target will not be obliged to comply with that provision of this clause 8.

9. Break Fee

9.1 Acknowledgements

This clause 9 has been agreed in circumstances where:

- (a) the Bidder and the Target believe the implementation of the Takeover Bid will provide significant benefits to their respective shareholders, and the Bidder and the Target

acknowledge that, if they enter into this deed and the Takeover Bid is subsequently not implemented, the parties will have incurred significant costs;

- (b) both parties have received legal advice on this deed and the operation of this clause 9;
- (c) the parties have requested provision be made for the payments outlined in this clause 9, and would not have entered into this deed without the benefit of this clause; and
- (d) both the Target Directors and the Bidder Directors consider this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 9.

9.2 Undertaking to pay Break Fee by Target

The Target undertakes to pay a compensating amount equal to the **Break Fee**, to the Bidder if any of the following events occurs:

- (a) any of the Target Directors does not recommend the Takeover Bid as described in clause 4.1 or recommend against, qualifies their support of or withdraws their recommendation or approval of the Takeover Bid;
- (b) a Competing Proposal is announced or made during the Exclusivity Period and any of the Target Directors recommends that Competing Proposal or the third party who announced or made the Competing Proposal completes the Competing Proposal or acquires more than 50% of the Target;
- (c) a general meeting of the Target approves the implementation or taking of any step that would, or would be likely to, prevent a Bid Condition being satisfied or result in a Bid Condition not being satisfied;
- (d) the Target does or the Target Directors do (or omit to do) anything (whether or not it may be permitted by the terms of this deed) which results in any of the Bid Conditions in clauses 3, 4 or 9 of Schedule 3 being breached, unless the Bidder declares the Takeover Bid free of the breached Bid Condition (which it may do so in its absolute discretion);
- (e) there is a breach of clause 8 of this deed by the Target; or
- (f) the Target is in material breach of this deed (other than clause 8), and that material breach is not remedied within 5 Business Days of the Target receiving notice to remedy from the Bidder,

provided in each case that a Break Fee will only be payable after the Offer has closed and provided that at that time the Bidder has not acquired (or gained enforceable rights to acquire) more than 90% of the Target Shares and no Break Fee will be payable where the Target terminates this deed in accordance with clause 11.1(a), 11.1(c), 11.1(d) or 11.2.

9.3 Undertaking to pay Break Fee by Bidder

The Bidder undertakes to pay a compensating amount equal to the Break Fee to the Target if the Target terminates this deed in accordance with clause 11.1(a).

9.4 Demand for payment

- (a) Any demand for payment of the Break Fee must:
 - (1) be in writing;

- (2) be made after the occurrence of the event in that clause giving rise to the payment; and
 - (3) state the circumstances giving rise to the demand.
- (b) The payment must be by bank cheque or electronic funds transfer to an Australian bank account nominated by the payee, within 30 Business Days of receipt of the demand. The demand may only be made after the occurrence of an event referred to in clause 9.2 or 9.3 as the case may be and after the Offer has closed.
- (c) A party will not be required to pay the Break Fee more than once.

9.5 Nature of payment

- (a) The Break Fee payable under clause 9.2 or 9.3 is an amount to compensate for:
 - (1) advisory costs;
 - (2) costs of management and directors' time;
 - (3) out-of-pocket expenses;
 - (4) opportunity costs incurred in pursuing the Takeover Bid or in not pursuing other alternatives or strategic initiatives which could have been developed to further business and objectives; and
 - (5) damage to the party's reputation associated with the failed transaction and the implications of that damage to the party's business,incurred in circumstances where the Takeover Bid is not ultimately successful.
- (b) The parties acknowledge and agree that the costs actually incurred as described in clause 9.5(a) will be of such nature that they cannot be accurately ascertained, but that the Break Fee is a genuine and reasonable pre-estimate of the cost and loss that would actually be suffered.

9.6 Compliance with law

If:

- (a) it is found by the Takeovers Panel or a court that all or any part of the payment of the Break Fee required to be made under clause 9.2 or 9.3 is unlawful, involves a breach of directors' duties or constitutes Unacceptable Circumstances and the period for lodging an application for review or a notice of appeal (as applicable) has expired without such an application or notice having been lodged; or
- (b) an application for review or a notice of appeal having been lodged with the Takeovers Panel or a court within the prescribed period, it is found by the relevant review panel or appeal court that all or any part of the payment of the Break Fee required to be made under clause 9.2 or 9.3 is unlawful, involves a breach of directors' duties or constitutes Unacceptable Circumstances,

then:

- (c) the undertaking under clause 9.2 or 9.3 (as the case may be) does not apply in respect of that part of the payment which is found to be unlawful, involving a breach of director's duties or constituting Unacceptable Circumstances; and

- (d) the recipient of the Break Fee must refund that part of the payment paid under this deed within 10 Business Days of receipt of the demand for refund.

9.7 No further liability

The maximum liability of any party for all claims in any way connected to this deed or the Takeover Bid, howsoever made or arising, shall not exceed the Break Fee, except to the extent that the claim arises where the relevant person has not acted in good faith, has acted fraudulently or has engaged in wilful misconduct.

10. Public announcements and disclosure of information

10.1 Requirement for consultation

- (a) Subject to clause 10.1(b), each of the Bidder and the Target party must use its best endeavours to consult with the other prior to making any public announcements in connection with this deed or the Offer (other than the Agreed Announcement which has already been agreed).
- (b) Where a party is required by applicable law or stock exchange rules to make any announcement or make any disclosure relating to matters the subject of the Offer (including any supplementary Bidder's Statement or Target's Statement), it may do so only after it has, to the maximum extent possible in the circumstances:
 - (1) given the other parties as much notice as is reasonably practicable in the context of any deadlines imposed by law or a Public Authority; and
 - (2) consulted with the other parties and acted reasonably as to the content of that announcement or disclosure.

10.2 Disclosure of information

- (a) The parties acknowledge and agree that, notwithstanding anything in the Confidentiality Deed and clause 12.1 below:
 - (1) the Bidder and its Subsidiaries will be able to disclose information as required by or under Australian law such that the Bidder and its Subsidiaries are free to acquire Target Shares under the Offer or (during the Offer Period) on-market subject to the restrictions in the Corporations Act; and
 - (2) the Target will be able to disclose information as required by or under Australian law such that the Target Directors are free to consider and recommend the Offer.
- (b) Each party shall provide the other parties with reasonable advance notice of any disclosure contemplated by clause 10.2(a), and consider in good faith and act reasonably in relation to the comments made by the other parties in relation to the form of the disclosure.

11. Termination

11.1 Termination by either the Bidder or the Target

This deed may be terminated by either the Bidder or the Target by written notice to the other if:

- (a) the other is in material breach of this deed and that breach is not remedied by that other within 5 Business Days of it receiving notice from the non-defaulting party of the details of the breach and the non-defaulting party's intention to terminate this deed;
- (b) the Bidder withdraws the Takeover Bid for any reason permitted by law including non-satisfaction of a Bid Condition;
- (c) the Bidder fails to lodge the Bidder's Statement with ASIC or dispatch offers under the Takeover Bid to Target Shareholders in accordance with the Corporations Act; or
- (d) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits either the Takeover Bid or Offer, and the action is final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of a successful appeal or review.

11.2 Termination by Target

The Target may terminate this deed by written notice to the Bidder if:

- (a) a majority of the Target Directors recommend a Superior Proposal, provided always that clause 8 has been complied with and the Bidder has decided not to match that Superior Proposal in accordance with clause 8.5; or
- (b) at any time after the date of this deed and before the end of the Offer Period a Bidder Material Adverse Change occurs.

11.3 Termination by Bidder

The Bidder may terminate this deed if:

- (a) a Superior Proposal is publicly announced by a Third Party in respect of the Target; or
- (b) a Target Director does not recommend the Offer to holders of Target Shares as described in clause 4 or recommends against, qualifies their support of or withdraws their recommendation or approval of the Offer.

11.4 Effect of termination

If this deed is terminated by a party under this clause 11, from the date of termination this deed will have no further force or effect and no party will have any further obligations under this deed, other than in respect of any accrued rights or remedies including in respect of any liability for an antecedent breach of this deed and provided that this clause 11 and clauses 1, 9, 9.7, 12, 13, 14 and 16 (with the exception of clause 16.8) survive termination.

12. Confidentiality

12.1 Disclosure of Confidential Information

The parties acknowledge that they continue to be bound by the provisions of the Confidentiality Deed and further that a party (**Receiving Party**) must not disclose any Confidential Information of another party (**Supplying Party**) except:

- (a) to Representatives of the Receiving Party or its Related Bodies Corporate requiring the information for the purposes of this deed;
- (b) with the written consent of the Supplying Party;
- (c) if required to do so by law or by the Listing Rules; or

- (d) if the Receiving Party is required to do so in connection with legal proceedings.

12.2 Disclosure by recipient of Confidential Information

- (a) A party disclosing information under clause 12.1 must use all reasonable endeavors to ensure that any person receiving Confidential Information from it does not disclose the information except in the circumstances permitted by this clause 12.
- (b) A party who has received Confidential Information from another under this deed must, on the request of the other party after the termination of this Deed, immediately deliver to that party all documents or other materials containing or referring to that information which are in its possession, power or control or in the possession, power or control of persons who have received Confidential Information from it under clause 12.1.

12.3 Exceptions

- (a) The obligations of confidentiality under this clause 12 do not extend to Confidential Information that (whether before or after this deed is executed):
 - (1) is rightfully known or in the possession or control of the Receiving Party and is not subject to an obligation of confidence (including an obligation under this deed);
 - (2) is lawfully generally available to the public, other than as a result of a breach of this deed; or
 - (3) the Receiving Party is required by law or by the Listing Rules or by order of a court of competent jurisdiction to disclose.
- (b) The Receiving Party must, whenever practicable and permitted by law, prior to making any disclosure permitted by paragraph 12.3(a)(3), advise the Supplying Party of the form and content of the proposed disclosure and will provide the Supplying Party with a reasonable opportunity to comment on the proposed disclosure.

12.4 Termination

This clause 12 will survive termination of this deed.

13. Notices

13.1 Form

Any notice or other communication to or by any party must be:

- (a) in writing and in the English language;
- (b) addressed to the address of the recipient in clause 13.4 of this deed or to any other address as the recipient may have notified the sender; and
- (c) be signed by the party or by an Authorised Officer of the sender.

13.2 Manner

In addition to any other method of service authorised by law, notice to a party may be:

- (a) personally served on the party;

- (b) left at the party's current address for service;
- (c) sent to the party's current address for service by prepaid ordinary mail or if the address is outside Australia by prepaid airmail;
- (d) sent by facsimile to the party's current numbers for service; or
- (e) sent by electronic mail to the party's electronic mail address.

13.3 Time

If a notice is sent or delivered in the manner provided in clause 13.2 it must be treated as given to or received by the addressee in the case of:

- (a) delivery in person, when delivered;
- (b) delivery by post:
 - (1) in Australia to an Australian address the second Business Day after posting; or
 - (2) in any other case on the 5th Business Day after posting;
- (c) facsimile, when a transmission report being printed by the sender's facsimile machine stating that the document has been sent to the recipient's facsimile number; or
- (d) electronic mail, when the sender's computer reports that the message has been delivered to the electronic mail address of the addressee,

but if delivery is made after 5.00pm on a Business Day it must be treated as received on the next Business Day in that place.

13.4 Initial details

The addresses and numbers for service are initially:

Bidder

Address: Suite 4, Level 3 South Shore Centre, 85 South Perth Esplanade, South Perth Western Australia 6151

Electronic Mail: contact@silverlakeresources.com.au

Attention: Mr Luke Tonkin

Target

Address: Suite 2, 6 Lyall Street, South Perth Western Australia 6151

Electronic Mail: marc@eganstreet.com.au

Attention: Mr Marc Ducler

Changes

A party may from time to time change its address or numbers for service by notice to each other party.

14. Governing law and jurisdiction

14.1 Governing law

This deed is governed by and construed in accordance with the laws of Western Australia.

14.2 Jurisdiction

Each party irrevocably:

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

15. GST

15.1 Interpretation

In this clause 15, a word or expression defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth) has the meaning given to it in that Act.

15.2 GST gross up

- (a) Subject to clause 15.2(b), if a party makes a supply under or in connection with this deed in respect of which GST is payable, the consideration for the supply but for the application of this clause 15.2 (GST exclusive consideration) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- (b) Clause 15.2(a) does not apply to any consideration that is expressed in this deed to be inclusive of GST.

15.3 Reimbursements and indemnifications

If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party is entitled to for the loss, cost or expense, and then increased in accordance with clause 15.2.

15.4 Tax invoice

A party need not make a payment for a taxable supply made under or in connection with this deed until it receives a tax invoice for the supply to which the payment relates.

16. Miscellaneous

16.1 Exercise rights

A single or partial exercise or waiver by a party of any right under or relating to this deed will not prevent any other exercise of that right or the exercise of any other right.

16.2 Legal effect

Each party acknowledges and agrees for the benefit of each other party that this document is intended to take effect as a deed. Each party executes this document with the intention that it will be immediately legally bound by this document.

16.3 Merger

If the liability of a party to pay money under this deed becomes merged in any deed, judgment, order or other thing, the party liable must pay interest on the amount owing from time to time under that deed, judgment, order or other thing at the higher of the rate payable under this deed and that fixed by or payable under that deed, judgment, order or other thing.

16.4 Moratorium legislation

Any law which varies, prevents or prejudicially affects the exercise by a party of any right, power or remedy conferred on it under this deed is excluded to the extent permitted by law.

16.5 No assignment

A party must not assign, transfer or novate all or any part of its rights or obligations under or relating to this deed or grant, declare, create or dispose of any right or interest in it, without the prior written consent of each other party.

16.6 Remedies cumulative

The rights and remedies under this deed are cumulative and not exclusive of any rights or remedies provided by law.

16.7 Severability

If anything in this deed is or is determined to be unenforceable, illegal, voidable or void in a jurisdiction then it is severed for that jurisdiction and the rest of this deed remains in full force and effect in all other jurisdictions.

16.8 Further assurance

Each party must promptly at its own cost do all things (including executing and delivering all documents) necessary and reasonable to give full effect to this deed and the transactions contemplated by it.

16.9 Costs

Subject to clause 9, each party is responsible for all its own costs (including legal costs) incurred in the negotiation of, and the performance of, this deed and the implementation or attempted implementation of the Bid.

16.10 Taxes

The Bidder must:

- (a) pay all Taxes which may be payable or determinable in connection with the execution, delivery, performance or enforcement of this deed or any payment or receipt or of any transaction contemplated by this deed; and
- (b) indemnify the Target against any liabilities resulting from any delay or omission by the Bidder to pay any Taxes.

16.11 Time

- (a) Time is of the essence of this deed.
- (b) If the parties agree to vary a time requirement, the time requirement so varied is of the essence of this deed.
- (c) An agreement to vary a time requirement must be in writing.

16.12 Variation

An amendment or variation to this deed is not effective unless it is in writing and signed by the parties.

16.13 Waiver

- (a) A party's waiver of a right under or relating to this deed, whether prospectively or retrospectively is not effective unless it is in writing and signed by that party.
- (b) No other act, omission or delay by a party will constitute a waiver of a right.

16.14 Counterparts

This deed may be executed in any number of counterparts each of which will be considered an original but all of which will constitute one and the same instrument. A party who has executed a counterpart of this deed may deliver it to, or exchange it with, another party by:

- (a) faxing; or
 - (b) emailing a pdf (portable document format) copy of,
- the executed counterpart to that other party.

16.15 Whole agreement

This deed:

- (a) is the entire agreement and understanding between the parties relating to the subject matter of this deed; and
- (b) supersedes any prior agreement, representation (written or oral) or understanding on anything connected with that subject matter.

Schedule 1 - Agreed Bid Terms

(a) **Offer for Target Shares**

The Bidder will make an offer to acquire 100% of the Target Shares that it does not already own.

(b) **Offer price**

0.27 Bidder Shares for every 1.00 Target Share.

(c) **Offer Period**

The Offer will remain open for an initial period of one month, and may be extended on one or more occasion by the Bidder in accordance with the Corporations Act.

(d) **Target Shares issued upon exercise of Options**

The Offer will extend to Target Shares that are issued prior to the end of the Offer Period upon the exercise of Target Options.

(e) **Target Shares issued upon exercise of Target Performance Rights**

The Offer will extend to Target Shares that are issued prior to the end of the Offer Period upon the vesting and exercise of Target Performance Rights.

(f) **Conditions to Offer**

As set out in Schedule 3.



Schedule 2 - Agreed Announcement

Agreed ASX Announcement of 6 pages removed from this version

Schedule 3 - Bid Conditions

The Offer for Target Shares and any contract that results from acceptance of the Offer for Target Shares are subject to the fulfillment of the following conditions. (Note: Terms used in this Schedule 3 have the meanings given at the end of this Schedule 3).

1. Minimum relevant interest

At or before the end of the Offer Period, the Bidder and its Related Bodies Corporate together have Relevant Interests in at least 90% of all the Target Shares.

2. No regulatory action

Between the Announcement Date and the end of the Offer Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (b) no action or investigation is commenced by any Public Authority; and
- (c) no application is made to any Public Authority (other than by the Bidder or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of Target Shares under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of the Bidder in respect of the Target, or requires the divestiture by any entity within the Bidder Group of any Target Shares, or requires the divestiture of any assets of the Bidder Group or Target Group.

3. No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), no act, omission, event, change, matter, circumstance or condition occurs, is announced or becomes known to the Bidder (whether or not it becomes public) where (whether individually or aggregated with other acts, omissions, events, changes, matters, circumstances) has or has resulted in, or could reasonably be expected to have or result in:

- (a) a material adverse effect on:
 - (1) the assets, financial or trading position, profitability or prospects of the Target Group, taken as a whole; or
 - (2) the status or terms of any material approvals, licences, tenements or permits issued by any Public Authority to any entity within the Target Group,

other than changes, events or conditions:

- (3) required or permitted by the Bid Implementation Deed, the Offer or the transactions contemplated by them;
- (4) fully and Fairly Disclosed by the Target in an ASX announcement or otherwise to the Bidder in writing prior to execution of the Bid Implementation Deed;

- (5) which do not relate specifically to the Target Group and which are beyond the control of Target and which arise from:
 - (A) changes in commodity prices, exchange rates or interest rates; or
 - (B) general economic, political or business conditions; or
 - (C) changes in laws, regulations and standards (including accounting standards); or
- (6) which took place with the prior written consent of the Bidder.

4. **No material acquisitions, disposals or new commitments**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither the Target nor any Subsidiary of the Target, other than with the prior written consent of the Bidder:

- (a) acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than the Specified Amount;
- (b) disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than the Specified Amount;
- (c) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement, joint venture or partnership that:
 - (1) requires payments, expenditure or the foregoing of revenue by the Target and/or any of its Subsidiaries of an amount in excess of A\$150,000 on any individual basis or which is, in aggregate, greater than the Specified Amount; or
 - (2) is material in the context of the Target Group and is not in the ordinary course of business;
- (d) enters into or agrees to enter into, terminates or agrees to terminate a contract, commitment or arrangement for the provision of services or a licence to a third party that is a new or existing customer that results in the Target and/or any of its Subsidiaries incurring costs greater than A\$150,000 on an individual basis or is, in aggregate, greater than the Specified Amount for the entire term of such contract, commitment or arrangement;
- (e) provides or agrees to provide financial accommodation or a guarantee, other than to entities within the Target Group for any amount, or receives financial accommodation other than from entities within the Target Group for any amount;
- (f) enters into, amends, or agrees to enter into or amend any material contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of the Target;
- (g) incurs, agrees to incur or bring forward the time for incurring, or granting to a third party a right the exercise of which would involve the Target or a Subsidiary incurring or agreeing to incur an amount of capital expenditure in excess of the Specified Amount, other than capital expenditure that has been announced by the Target to ASX prior to the Announcement Date;

- (h) gives or agrees to give any Encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;
- (i) does any of the following in respect of the Tenements:
 - (1) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement (including without limitation any ore sale, ore processing, joint venture, partnership, farm-in, royalty, marketing, or off-take agreement) in relation to any of the Tenements;
 - (2) relinquishes, sells or disposes of any interest or creates any Encumbrance over any of the Tenements;
 - (3) takes any action or omits to take any action that results in or may reasonably be expected to result in a breach of the terms any of the Tenements or any environmental authority relating to any of the Tenements; or
 - (4) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the Tenements or any environmental authority relating to any of the Tenements; or
- (j) without limiting sub-paragraphs (a) to (i) above:
 - (1) enters into, offers to enter into, agrees to enter into or announces any agreement for any transaction; or
 - (2) is otherwise affected by any transaction or proposal,

under which any third party would acquire any legal or economic interest in, or there would be any material diminution in, the rights granted under any tenement held by any entity within the Target Group,
- (k) announces an intention to do any of the matters referred to in sub-paragraphs (a) to (i) above,

other than:
 - (l) where required or permitted by the Bid Implementation Deed; or
 - (m) as fully and Fairly Disclosed by the Target in an ASX announcement or to the Bidder in writing prior to execution of the Bid Implementation Deed.

5. No change of control rights

Between the Announcement Date and the end of the Offer Period (each inclusive), no person has or will have any right as a result of the Bidder making the Offer or announcing its intention to make the Offer, or acquiring Target Shares under the Offer, to:

- (a) acquire, or require the disposal of, or require any entity within the Target Group to offer to dispose of, any material asset of any entity within the Target Group;
- (b) terminate, or vary the terms or performance of, any material agreement with any entity within the Target Group;
- (c) terminate, or vary the terms of any material approvals, licenses or permits issued by any Public Authority to any entity within the Target Group; or

- (d) require repayment of any moneys borrowed by or any other indebtedness of any entity within the Target Group earlier than its stated maturity date, or withdraw or inhibit the ability of any entity within the Target Group to borrow moneys or incur indebtedness,

other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and disclosed to the ASX or as fully and Fairly Disclosed by the Target.

6. **No material breach of this deed by the Target**

Between the Announcement Date and the end of the Offer Period, the Bidder does not become entitled to terminate the Bid Implementation Deed under clause 11.1 as a result of any material breach of the Bid Implementation Agreement or of the representations and warranties given by the Target under the Bid Implementation Deed becoming untrue or incorrect in any material respect.

7. **No prescribed occurrences**

During the period from the date on which the Bidder's Statement is given to the Target and the end of the Offer Period (each inclusive), none of the following events occur:

- (a) the Target converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) the Target or a Subsidiary of the Target resolves to reduce its share capital in any way;
- (c) the Target or a Subsidiary of the Target enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) the Target or a Subsidiary of the Target issues shares (other than as a result of the exercise of Target Options or Target Performance Rights) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) the Target or a Subsidiary of the Target issues, or agrees to issue, convertible notes;
- (f) the Target or a Subsidiary of the Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Target or a Subsidiary of the Target charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) the Target or a Subsidiary of the Target resolves to be wound up;
- (i) a liquidator or provisional liquidator of the Target or of a Subsidiary of the Target is appointed;
- (j) a court makes an order for the winding up of the Target or of a Subsidiary of the Target;
- (k) an administrator of the Target or of a Subsidiary of the Target is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Target or a Subsidiary of the Target executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the Target or a Subsidiary of the Target,

provided that a prescribed occurrence will not include any matter:

- (n) expressly permitted by the Bid Implementation Deed; or
- (o) the undertaking of which the Bidder has previously approved in writing.

8. **No prescribed occurrences between the Announcement Date and date of the Bidder's Statement**

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (m) of paragraph 7 happen.

9. **No Financing or Alternate Processing**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither the Target nor any Subsidiary of the Target, other than with the prior written consent of the Bidder:

- (a) gives or agrees to give any Encumbrance over any of its assets (or an interest in any of its assets) or enters into financing arrangements of any sort, whether in the ordinary and usual course or otherwise, in support of or for an amount equal to or more than A\$1,000,000; or
- (b) enters into or agrees to enter into any transaction between the Target and a Third Party for an alternate processing option for the Rothsay gold project, including leasing or toll treating, which is substantially different than the processing option set out in the Target's disclosure to the ASX prior to the Execution Date including the "updated definitive feasibility study" outcomes announced on 12 February 2019.

10. **Third Party Consents**

Prior to the end of the Offer Period, all Third Party Consents are obtained (and are not withdrawn or revoked) in respect of implementation of the Offer.

11. **Option Offer**

Prior to the date which is seven (7) days before end of the Offer Period each Optionholder accepts the Option Offer for all of their Target Options.

Definitions

Announcement Date means the date of announcement of the Bidder's intention to make the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited or the Australian Securities Exchange as appropriate.

Bid Implementation Deed means the deed of that name between the Bidder and the Target dated the Announcement Date.

Bidder means Silver Lake Resources Limited ACN 108 779 782.

Bidder Group means the Bidder and its Subsidiaries.

Bidder's Statement means the bidder's statement to be prepared in relation to the Offer and includes any supplementary or replacement bidder's statement.

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

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Execution Date means the date of execution of the Bid Implementation Deed by the parties.

Offer means an off-market offer to be made by the Bidder under Chapter 6 of the Corporations Act to acquire all of the Target Shares on the terms envisaged in the Bid Implementation Deed.

Offer Period means the period during which the Offer remains open for acceptance by Target Shareholders.

Option means an option, issued by the Target prior to the Announcement Date, to subscribe for one Target Share.

Performance Rights means performance rights issued by the Target prior to the Announcement Date and pursuant to which, subject to terms and conditions of the applicable plan, the holder may be issued Target Shares.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Specified Amount means A\$300,000.

Subsidiary has the meaning given to that term in the Corporations Act.

Target means Egan Street Resources Limited ACN 144 766 236.

Target Group means the Target and its Subsidiaries.

Target Share means an ordinary share issued in the capital of the Target.

Target Shareholder means a person who is the registered holder of one or more Target Shares.

Tenements means:

- (a) the Rothsay gold project located 300km north east of Perth, Western Australia and incorporating licences M59/39, M59/40, E 59/2254, E59/1234, E59/2183, E59/2354 and E59/2355 and L59/24 and application for E59/2320 (once granted); and
- (b) E08/2847 located south of Onslow, Western Australia.

Third Party means a person other than the Bidder or a member of the Bidder Group.

Third Party Consents means any consent, agreement, licence, waiver or approval from a Third Party in relation to a contract of the Target or Target Group, which the parties have agreed in writing is necessary for implementation of the Takeover Bid.

Schedule 4 - Target Options

| Number of Options | Exercise Price | Expiry |
|-------------------|----------------|-------------------|
| 8,250,000 | \$0.25 | 13 September 2019 |
| 350,000 | \$0.453 | 13 September 2019 |
| 450,000 | \$0.476 | 13 September 2019 |
| 270,000 | \$0.339 | 13 September 2019 |
| 250,000 | \$0.381 | 13 September 2019 |
| 2,650,000 | \$0.375 | 13 September 2019 |
| 1,500,000 | \$0.30 | 22 August 2021 |

Schedule 5 - Option Offer

Offer for Target Options

The Bidder will make offers to acquire (or cause the cancellation of) all of the Target Options for the consideration set out in the table below (and subject to any necessary conditions). It is a condition of the Takeover Bid that each Optionholder accepts such offer for all of their Options.

- (a) The Bidder must make the Options Offer:
 - (1) by offering Bidder Shares as consideration;
 - (2) to the holders of the Target Options, to the extent they have not expired, or do not expire before the Option Offer becomes unconditional; and
 - (3) on the terms outlined for each tranche of Target Options set out in the table below.
- (b) The value of the consideration payable for the Target Options has been determined using the Black Scholes options valuation model and then the number of Bidder Shares to be issued as consideration for the Target Options was calculated using the Offer price ratio.
- (c) The Bidder Shares issued pursuant to the Options Offers shall be unrestricted and rank equally with all other Bidder Shares on issue.

| Number | Exercise Price | Expiry | Consideration (number of Bidder Shares per option) |
|-----------|----------------|-------------------|--|
| 8,250,000 | \$0.25 | 13 September 2019 | 0.117 |
| 350,000 | \$0.453 | 13 September 2019 | 0.014 |
| 450,000 | \$0.476 | 13 September 2019 | 0.009 |
| 270,000 | \$0.339 | 13 September 2019 | 0.036 |
| 250,000 | \$0.381 | 13 September 2019 | 0.028 |
| 2,650,000 | \$0.375 | 13 September 2019 | 0.029 |
| 1,500,000 | \$0.30 | 22 August 2021 | 0.045 |

Schedule 6 - Target Performance Rights

| Number | Conditions | Expiry |
|-----------|-------------------------------|--------------|
| 2,919,774 | Subject to vesting conditions | 31 July 2020 |
| 4,260,696 | Subject to vesting conditions | 31 July 2021 |

Bid Implementation Deed



Signing page

Executed as a deed by Silver Lake Resources
Limited ACN 108 779 782

[Signature of Luke Tonkin]

Director

[Signature of David Berg]

Director/Secretary

Luke Tonkin

Print full name of Director

David Berg

Print full name of Director/Secretary

Executed as a deed by Egan Street Resources
Limited ACN 144 766 236

[Signature of Marc Ducler]

Director

[Signature of Brendon Morton]

Director/Secretary

Marc Ducler

Print full name of Director

Brendon Morton

Print full name of Director/Secretary