

**Orca Energy Limited**  
**(to be renamed “Fin Resources Limited”)**  
**ACN 009 121 644**

**NOTICE OF GENERAL MEETING**

Notice is given that the Meeting will be held at:

**TIME:** 10.00am WST  
**DATE:** 13 April 2018  
**PLACE:** Level 1, 35 Richardson Street,  
West Perth WA 6005

**Important**

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Company has determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders as at 5:00pm WST on 11 April 2018.

## NOTICE OF MEETING

**Important:** The Proposed Transaction requires Shareholder approval under the Listing Rules and the Corporations Act. The Proposed Transaction will not proceed if the Essential Resolutions are not passed. Further, each Essential Resolution is subject to, and conditional on, each of the other Essential Resolutions being passed. Accordingly, the Essential Resolutions should be considered collectively as well as individually.

### AGENDA

#### 1. RESOLUTION 1 – CONSOLIDATION OF SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of section 254H of the Corporations Act and Listing Rule 11.1.2, and for all other purposes, approval is given for the consolidation of the Company’s existing securities on the basis that every 2 Shares be consolidated into 1 Share, with fractional entitlements rounded down to the nearest whole number, on the terms and conditions set out in the Explanatory Statement.”*

#### 2. RESOLUTION 2 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Proposed Transaction, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any person who (or any of whose associates) might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### 3. RESOLUTION 3 – ISSUE OF CONSIDERATION SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue:*

- (a) 10,000,000 Shares; and*
- (b) 20,000,000 Consideration Options,*

*to the Vendors (and/or their nominees) at completion of the Proposed Acquisition, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any person who (and any of whose associates) may participate in the proposed issue and any person who (and any of whose associates) might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### 4. RESOLUTION 4 – ISSUE OF SHARES – PUBLIC OFFER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 50,000,000 Shares at \$0.02 per Share to raise up to \$1,000,000 under the Public Offer, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### 5. RESOLUTION 5 – CHANGE OF COMPANY NAME

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

*“That, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to “Fin Resources Limited” with effect from the date that ASIC alters the Company’s registration following completion of the Proposed Acquisition.”*

#### 6. RESOLUTION 6 – ELECTION OF DIRECTOR – JUSTIN TREMAIN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 6.2(c) of the Constitution and for all other purposes, Justin Tremain, having provided conditional consent to act as a Director, be appointed as a Director with effect from completion of the Proposed Acquisition.”*

#### 7. RESOLUTION 7 – ELECTION OF DIRECTOR – ANDREW RADONJIC

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 6.2(c) of the Constitution and for all other purposes, Andrew Radonjic, having provided conditional consent to act as a Director, be appointed as a Director with effect from completion of the Proposed Acquisition.”*

#### 8. RESOLUTION 8 – ISSUE OF ADVISER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 12,000,000 Adviser Options at \$0.0001 each to brokers and advisers to be identified by the Company, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy

Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 9. RESOLUTION 9 – GRANT OF PERFORMANCE RIGHTS – JASON BONTEMPO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 2,000,000 Performance Rights to Jason Bontempo (or his nominee), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by Jason Bontempo (and his nominee) and any of their associates (each, an **Excluded Person**). However, the Company need not disregard a vote if it is cast by an Excluded Person as proxy for a person who is entitled to vote, in accordance with a specified direction on the Proxy Form.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## 10. RESOLUTION 10 – GRANT OF PERFORMANCE RIGHTS – JUSTIN TREMAIN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 2,000,000 Performance Rights to Justin Tremain (or his nominee), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by Justin Tremain (and his nominee) and any of their associates (each, an **Excluded Person**). However, the Company need not disregard a vote if it is cast by an Excluded Person as proxy for a person who is entitled to vote, in accordance with a specified direction on the Proxy Form.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## 11. RESOLUTION 11 – GRANT OF PERFORMANCE RIGHTS – ANDREW RADONJIC

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 2,000,000 Performance Rights to Andrew Radonjic (or his nominee), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by Andrew Radonjic (and his nominee) and any of their associates (each, an **Excluded Person**). However, the Company need not disregard a vote if it is cast by an Excluded Person as proxy for a person who is entitled to vote, in accordance with a specified direction on the Proxy Form.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## 12. RESOLUTION 12 – GRANT OF PERFORMANCE RIGHTS – AARON BERTOLATTI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to grant 2,000,000 Performance Rights to Aaron Bertolatti (or his nominee), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 13. RESOLUTION 13 – CHANGE OF CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, in accordance with sections 136(2) and 136(1)(b) of the Corporations Act, and for all other purposes, approval be given for the repeal of the Company’s existing Constitution and adoption of the New Constitution as the Constitution of the Company.”*

## 14. RESOLUTION 14 – NON-EXECUTIVE DIRECTORS’ REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of Listing Rule 10.17, clause 6.5(a) of the Constitution and for all other purposes, approval is given for the Company to increase the aggregate fixed sum available to be paid to the non-executive Directors to a new aggregate fixed sum of \$200,000 per annum to be paid in accordance with the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'A. Bertolatti', with a stylized flourish at the end.

**Aaron Bertolatti**  
**Company Secretary**

**15 March 2018**

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Statement in full before making any decision in relation to the Resolutions.

Neither ASIC or ASX takes any responsibility for the contents of this Notice and Explanatory Statement.

**Important:** The Proposed Transaction requires Shareholder approval under the Listing Rules and the Corporations Act. The Proposed Transaction will not proceed if the Essential Resolutions are not passed. Further, each Essential Resolution is subject to, and conditional on, each of the other Essential Resolutions being passed. Accordingly, the Essential Resolutions should be considered collectively as well as individually.

### Interpretation

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms in the Glossary.

References to “\$” and “A\$” in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

Reference to Shares, Options and Performance Rights in this Explanatory Statement assume that the Consolidation has occurred and are therefore to be interpreted as being on a post-Consolidation basis, unless otherwise stated.

### Voting

To vote in person, attend the Meeting at the time, date and place set out in the Notice.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

A member of the Key Management Personnel will not be able to vote as proxy on Resolutions 9 to 11 and 14 (**Remuneration Resolutions**) unless the Shareholder directs it on how to vote or, in the case of the Chair, unless the Shareholder expressly authorises it to do so. If a Shareholder intends to appoint a member of the Key Management Personnel (other than the Chair) as its proxy, the

Shareholder should ensure that it directs the member of the Key Management Personnel on how to vote on the Remuneration Resolutions.

If a Shareholder intends to appoint the Chair as its proxy for the Remuneration Resolutions, the Shareholder can direct the Chair how to vote by marking one of the boxes for those Resolutions (for example, if the Shareholder wishes to vote 'for' or 'against', or to 'abstain' from voting). If the Shareholder does not direct the Chair on how to vote then, by submitting the Proxy Form, the Shareholder is expressly authorising the Chair to exercise the proxy in respect of the Remuneration Resolutions even though it is connected to the remuneration of members of the Key Management Personnel

Should you wish to discuss the matters in this Notice of Meeting, please contact the Company Secretary, Aaron Bertolatti, on +61 8 9488 5220.

## 1. PROPOSED TRANSACTION

### 1.1 Overview

The Company was registered on 8 February 1985 and listed on the ASX on 2 November 1989. In recent years, the Company has primarily operated as an oil and gas company. The Company's securities have been suspended from trading on the ASX since 24 June 2016.

As announced to ASX on 15 February 2018, the Company has entered into the following binding term sheets (**Term Sheets**) to acquire majority interests in the following projects (**Projects**):

- (a) a term sheet with Sammy Resources Pty Ltd (a subsidiary of Cazaly Resources Limited (ASX: CAZ)) to acquire a 51% interest in exploration licence E80/4808 (**McKenzie Springs Project**), which is considered to be prospective for magmatic Ni-Cu sulphide and Platinum Group Element (PGE) mineralisation, and the right to farm-in to an additional 19% interest in the Project;
- (b) a term sheet with Neon Space Pty Ltd to acquire a 51% interest in exploration licence E20/900 (**South Big Bell Project**), which is considered to be prospective for gold, and the right to farm-in to an additional 19% interest in the Project; and
- (c) a term sheet with Crosspick Resources Pty Ltd to acquire a 51% interest in exploration licence E28/2652 (**Sentinel Project**), which is considered to be prospective for gold, and the right to farm-in to an additional 19% interest in the Project.

The Projects comprise exploration licences covering ground located in Western Australia which the Company intends to primarily explore for gold, base metals and graphite. Therefore, the Company will change its direction from oil and gas exploration to mineral exploration.

As at the date of this Notice, the Company has approximately \$3.6m in cash and no other material assets aside from its contractual rights under the Term Sheets.

Summaries of the Term Sheets are set out in section 1.2. The consideration payable for an initial interest of 51% in each Project and the right to farm-in to an additional 19% interest is set out below.



Project	Shares	Options	Royalty	Farm-in right
McKenzie Springs Project	5,000,000	10,000,000	Nil	Additional 19% interest by spending \$500,000 within 18 months
South Big Bell Project	2,500,000	5,000,000	2% of net smelter return	Additional 19% interest by spending \$1,000,000 within 3 years
Sentinel Project	2,500,000	5,000,000	2% of net smelter return	Additional 19% interest by spending \$1,000,000 within 3 years
<b>Total</b>	<b>10,000,000</b>	<b>20,000,000</b>	<b>2% of net smelter return on South Big Bell and Sentinel Projects</b>	<b>\$2,500,000 for an additional 19% interest in the Projects</b>

The Options will be exercisable at \$0.03 each and will expire 3 years after issue (**Consideration Options**).

Under the proposed transaction (**Proposed Transaction**), subject to obtaining relevant Shareholder approvals, the Company intends to:

- (a) complete the Proposed Acquisition;
- (b) consolidate its securities on a 1 for 2 basis;
- (c) raise approximately \$1,000,000 by the issue of new Shares by way of a public offer under the Prospectus (**Public Offer**);
- (d) appoint Justin Tremain and Andrew Radonjic as Non-Executive Directors, with Greg Bandy and Nathan Rayner stepping down as Directors;
- (e) issue 12,000,000 Adviser Options to certain advisers and brokers;
- (f) grant 8,000,000 Performance Rights to continuing and proposed officers of the Company;
- (g) change its name to "Fin Resources Limited"; and
- (h) re-comply with Chapters 1 and 2 of the Listing Rules.

Completion of the Proposed Transaction will constitute a significant change to the nature and scale of the Company's activities. Therefore, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules in order to complete the Proposed Transaction. Accordingly, the Company is seeking approval under Listing Rule 11.1.2 (see Resolution 2) and will take the necessary steps to meet the requirements of Chapters 1 and 2 as if the Company were applying for admission to the official list of ASX.

The Essential Resolutions are all inter-conditional. If any of the Essential Resolutions are not passed, then none of them will be effective and the Proposed Transaction will not proceed.

## 1.2 Proposed Acquisition

As announced to the ASX on 15 February 2018, the Company has entered into a separate binding term sheet (each, a **Term Sheet**) with each of Sammy Resources Pty Ltd ACN 117 304 006 (**Sammy Resources**), Neon Space Pty Ltd ACN 148 157 975 (**Neon Space**) and

Crosspick Resources Pty Ltd ACN 114 895 886 (**Crosspick Resources**) (each, a **Vendor**) under which the Company will initially acquire 51% interests in:

- (a) Western Australian exploration licence E80/4808 (**McKenzie Springs Project**) from Sammy Resources;
- (b) Western Australian exploration licence E20/900 (**South Big Bell Project**) from Neon Space; and
- (c) Western Australian exploration licence E28/2652 (**Sentinel Project**) from Crosspick Resources.

On completion of the Term Sheets, the Company and each of the Vendors agree to establish unincorporated joint ventures (each, a **Joint Venture**) for the primary purposes of conducting exploration and, potentially, development activities on the Projects. The Company will also obtain the right to earn an additional 19% interest in each Project (for a total interest of 70%) by incurring further expenditure on the Projects (as applicable).

Completion of the Term Sheets and the establishment of Joint Ventures with respect to the Projects is subject to the material terms set out in sections 1.2(a) to (d).

(a) **McKenzie Springs Project**

The key terms of the Term Sheet pursuant to which the Company has agreed to acquire a 51% interest in the McKenzie Springs Project from Sammy Resources are as follows:

- (i) (**Consideration**): As consideration for the acquisition of a 51% interest in the McKenzie Springs Project, the Company has agreed to issue to Sammy Resources on completion (on a post-Consolidation basis) 5,000,000 Shares and 10,000,000 Options exercisable at \$0.03 each on or before that date that is 3 years after issue.
- (ii) (**Additional earn-in**): The Company may earn a further 19% interest (for an aggregate of 70%) in the McKenzie Springs Project by spending \$500,000 on the Project within 18 months from completion.
- (iii) (**Free carry period**): From completion until the earlier to occur of the satisfaction of the earn-in commitment by the Company or the expiry of the earn-in period, the Company agrees to solely fund all costs incurred in connection with the activities of exploration on and development of the McKenzie Springs Project (as applicable) and free carry Sammy Resources' remaining Joint Venture interest. Upon expiry of the free carry period, the Company and Sammy Resources must contribute to expenditure made or incurred in respect of the McKenzie Springs Project in proportion to their then current Joint Venture interests. If the Company or Sammy Resources does not contribute expenditure in accordance with the Joint Venture terms, the relevant party's Joint Venture interest will dilute in accordance with a standard dilution formula.

(b) **South Big Bell Project**

The key terms of the Term Sheet pursuant to which the Company has agreed to acquire a 51% interest in the South Big Bell Project from Neon Space are as follows:

- (i) (**Consideration**): As consideration for the acquisition of a 51% interest in the South Big Bell Project, the Company has agreed to issue to Neon Space at completion (on a post-Consolidation basis) 2,500,000 Shares and 5,000,000 Options exercisable at \$0.03 each on or before that date that is 3 years after issue.

- (ii) **(Royalty):** On and from completion, the Company grants to Neon Space a right to a net smelter royalty of 2% of any future production from the South Big Bell Project.
- (iii) **(Additional earn-in):** The Company may earn a further 19% interest (for an aggregate of 70%) in the South Big Bell Project by spending \$1,000,000 on the Project within 3 years from completion.
- (iv) **(Free carry period):** From completion and until an announcement by the Company of a definitive feasibility study (to be based on a JORC-compliant Mineral Resource or Ore Reserve and to cost estimate accuracy of +/- 15%) and the Board resolving to commence development of a mine on the South Big Bell Project, the Company agrees to solely fund all costs incurred in connection with the activities of exploration on and development of the Project (as applicable) and free carry Neon Space's remaining Joint Venture interest. Upon expiry of the free carried period, the Company and Neon Space must contribute to expenditure made or incurred in respect of the South Big Bell Project in proportion to their then current Joint Venture interests. If the Company or Neon Space does not contribute expenditure in accordance with the Joint Venture terms, the relevant party's Joint Venture interest will dilute in accordance with a standard dilution formula.

(c) **Sentinel Project**

The key terms of the Term Sheet pursuant to which the Company has agreed to acquire a 51% in the Sentinel Project from Sammy Resources are as follows:

- (i) **(Consideration):** As consideration for the acquisition of a 51% interest in the Sentinel Project, the Company has agreed to issue to Crosspick Resources at completion (on a post-Consolidation basis) 2,500,000 Shares and 5,000,000 Options exercisable at \$0.03 each on or before that date that is 3 years after issue.
- (ii) **(Royalty):** On and from completion, the Company grants to Crosspick Resources a right to a net smelter royalty of 2% of any future production from the Sentinel Project.
- (iii) **(Additional earn-in):** The Company may earn a further 19% interest (for an aggregate of 70%) in the Sentinel Project by spending \$1,000,000 on the Project within 3 years from completion.
- (iv) **(Free carry period):** From completion and until an announcement by the Company of a definitive feasibility study (to be based on a JORC-compliant Mineral Resource or Ore Reserve and to cost estimate accuracy of +/- 15%) and the Board resolving to commence development of a mine on the Sentinel Project, the Company agrees to solely fund all costs incurred in connection with the activities of exploration on and development of the Sentinel Project (as applicable) and free carry Crosspick Resource's remaining Joint Venture interest. Upon expiry of the free carried period, the Company and Crosspick Resources must contribute to expenditure made or incurred in respect of the Sentinel Project in proportion to their then current Joint Venture interests. If the Company or Crosspick Resources does not contribute expenditure in accordance with the Joint Venture terms, the relevant party's Joint Venture interest will dilute in accordance with a standard dilution formula.

(d) **Conditions Precedent**

Completion each Term Sheet is subject to and conditional upon the following conditions precedent (as applicable):

- (i) completion of due diligence on the Project to the sole satisfaction of the Company in its absolute discretion;

- (ii) the Company and the Vendor obtaining all necessary shareholder and regulatory approvals required to give effect to the transactions contemplated in the Term Sheet;
- (iii) the Company receiving valid applications for Shares required to complete a capital raising of the minimum amount required by ASX to ensure the Company can satisfy the readmission criteria pursuant to Chapters 1 and 2 of the Listing Rules;
- (iv) execution by the Vendors (and/or their nominees) of restriction agreements required by ASX with respect to the Consideration Securities;
- (v) there being no material adverse change with respect to the Vendor or the Project; and
- (vi) execution of a formal sale and joint venture agreement consistent with the Term Sheet.

The Term Sheets otherwise contain terms and conditions which are typical for agreements of their nature, including rights of first refusal, drag along and exclusivity provisions.

The parties intend to enter into formal and more comprehensive agreements to reflect the tenement sales, farm-in rights and joint ventures, as well as the royalties, contemplated by the Term Sheets.

### 1.3 Projects

This section provides an overview of the McKenzie Springs Project, the Sentinel Project and the South Big Bell Project.

#### **McKenzie Springs Project**

The McKenzie Springs Project is located within the Kimberley Region of Western Australia, 85km northeast of the township of Halls Creek. The Project comprises a single granted Exploration License and covers an area of approximately 134km<sup>2</sup> and includes identified nickel, copper, cobalt and graphite occurrences.

The East Kimberley region has proven potential for hosting magmatic nickel-copper sulphide and PGM (**Platinum Group Metals**) mineralisation. Two significant mineralised bodies have been discovered in this area to date within intrusive complexes of the Halls Creek Orogen. These are the Panton *PGM* Project and the Savannah Ni-Cu Mine both owned by Panoramic Resources Ltd (**Panoramic**) and are 30km and 9km away from Orca's McKenzie Springs Project respectively.

Mineralisation within Orca's McKenzie Springs tenement is associated with the basal contact of mafic-ultramafic rocks in a similar geological setting to Panoramic's Savannah Ni-Cu Mine. Over 25 gossans have been defined at different stratigraphic levels in the intrusion through the course of exploration, some with a strike length of more than 200m.

Of particular note is one very high-grade result from a rock chip sample which returned 12.8% Cu, 1.92% Ni and 0.17% Co taken from the Main Gossan (refer Table 3). Previous work in this area has included mapping, geochemical sampling, geophysical surveys and limited drilling.

Orca sees potential for further work at the Main Gossan and also more regionally over other gossans and covered areas where similar stratigraphy to that hosting Panoramic's Savannah Ni-Cu Mine is present. Recent reprocessing of an airborne electromagnetic survey has highlighted six areas of particular interest which require further investigation. Further geophysical surveys will be used to better define the anomalies with the higher priority targets to be tested by drilling.

## **Sentinel Project**

The Sentinel Project is located 130km east-northeast of the township of Kalgoorlie in the Eastern Goldfields, Western Australia. The Project comprises a single granted Exploration License which covers an area of approximately 44km<sup>2</sup>.

The Sentinel Project is positioned in a prospective location in terms of regional geological and mineralisation setting, located in the Eastern Goldfields Province within the southern Laverton Tectonic Zone, a regional shear/fault system that extends as a set of NNE and NNW trending structures from Laverton towards the Pinjin area. The Project is considered prospective for gold.

The area has been explored for gold by a number of companies since the 1980s, exploration has included predominantly reconnaissance and surface geochemical programs with limited drill traverses through covered terrain. Mapping has located minor gold workings at the Sentinel Prospect on the northern margin of Lake Rebecca.

In the past, exploration has been significantly hindered by extensive and deep cover masking the Archaean basement and particularly by the logistical difficulties of drilling on Lake Rebecca. Many previous explorers have cited the problems of exploring through playa lake sediments in surrender reports for tenements being relinquished. Orca plan to utilise drilling rigs capable of routinely operating on the difficult lake environment. Structural interpretation of geophysical data will guide the targeting process due to much of the prospective areas being covered by Cainozoic sediment.

## **South Big Bell Project**

The South Big Bell Project is located 25km west of the township of Cue in the Murchison Goldfields, Western Australia. The Project comprises a single granted Exploration Licence. The South Big Bell Project covers the southern extensions of the greenstone belt and shear zone that hosts the Big Bell gold deposit (owned by **Westgold Resources Ltd**). Regional aeromagnetic imagery suggests that the Archaean greenstone belt hosting the Big Bell gold deposit continues southwards into the area covered by E20/0900. Additionally, work completed by previous tenement operators identified outcropping greenstones at Windarra Bore suggesting that the Big Bell Greenstone Belt is continuous through the area, albeit showing significant thinning and a commensurate diminishing prospectivity for gold.

Limited exploration work has been completed on the South Big Bell Project. Detailed geological mapping and further processing of geophysical data may represent an effective targeting method to ascertain the extension of the greenstone belt.

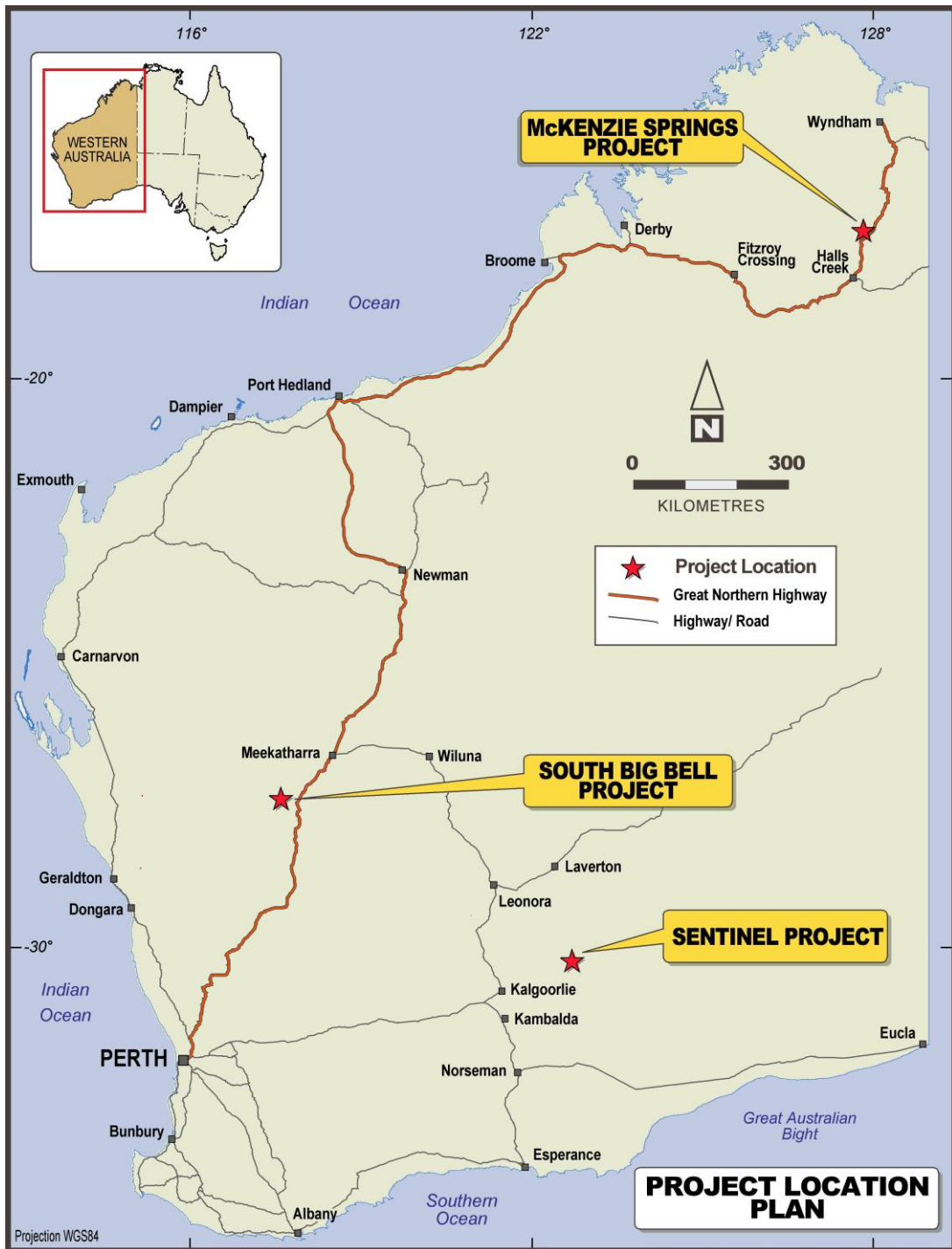


Figure 1: Project Location Map

**1.3.1 McKenzie Springs Project**

**(a) Location, Access and Tenure**

The McKenzie Springs Project is located 85km northeast of Halls Creek in the Kimberley Region of Western Australia. The Project is located within the Kimberley Mineral Field and lies on the Dixon Range 1:250,000 (SE52-06) map sheet and the Mount Remarkable (4463) and McIntosh (4462) 1:100,000 map sheets.

The McKenzie Project straddles the Great Northern Highway; four-wheel drive pastoral and exploration tracks provide additional access. High rainfall combined with the well-defined drainage renders most of the unsealed tracks impassable during the wet season (November to March).

The area is drained by north-south tributaries of the Ord River, which transects the tenement in an east-west orientation. The topography is dominated by riverine valleys between moderate to steep rugged hills. Maximum relief is about 120m.

The main vegetation type is open low riverine woodland comprising few but prominent eucalypts with a discontinuous ground cover of spinifex. Dense vegetation occurs on the banks of the Ord River and subsidiary creeks and consists of various species of Eucalyptus, Acacia and Melaleuca.

The McKenzie Springs Project comprises a single granted Exploration Licence, namely E80/4808 covering a land area of 134km<sup>2</sup>. Orca has entered into a term sheet with the current holder, Sammy Resources Pty Ltd, to acquire a 51% interest in the exploration licence and the right to farm-in to an additional 19% interest in the McKenzie Project.

The tenement lies on the Texas Downs / Mabel Downs (PL N050285) Pastoral Lease. The tenement is within land where two applications for a determination that native exist have been made. The Purnululu People have made the WC1994/011 Native Title Claim and the Malarngowerm People have made the WC1999/044 Native Title Claim. The Native Title claim applications currently remain active.

*Table 1: McKenzie Springs Project tenement details*

Licence	Grant Date	Expiry Date	Expenditure	Area
E80/4808	11 <sup>th</sup> September 2014	10 <sup>th</sup> September 2019	\$61,500	41 sub blocks

(b) **Geology and Mineralisation**

**Regional Setting**

The McKenzie Springs Project lies within the Halls Creek Orogen of Upper Archaean/Lower Proterozoic age. The Halls Creek Orogen (**HCO**) is a complex Palaeoproterozoic terrain comprising low to high grade metasedimentary and metavolcanic rocks, and voluminous granitic, mafic and mafic-ultramafic intrusions that collectively range in age from about 1910 Ma to 1790 M<sup>1</sup>. The HCO is a well-exposed north-northeast trending orogenic belt approximately 120 km long by 45 km wide. The package as a whole is termed the Lamboo Complex and can be divided into three zones.

The Central Zone comprises felsic to mafic and ultramafic intrusions within high-grade metamorphic sediments and mafic units of the Tickalara Metamorphics, together with sediments of the Koongie Park Formation to the south. The Central Zone contains numerous occurrences of nickel-copper and platinum group elements, associated with the intrusive suites. The Eastern Zone comprises Halls Creek Group sediments of the Olympio and Biscay formation, broadly correlated in age with the c.1865ma Tickalara Metamorphics. These are intruded by the mafic to ultramafic Woodward Dolerite. The Eastern Zone has a number of gold occurrences. The Western Zone comprises granitic and gabbroic rock of the Paperbark Supersuite (1865-1850Ma) with the Whitewater Volcanics cropping out on its western flank. The Western Zone has numerous nickel-copper and platinum group element occurrences associated with intrusive suites.

A regional gravity high of unusually large magnitude is present when compared to other anomalies of the Australian continent, with only the Giles Complex of the Musgrave Block of comparable intensity<sup>2</sup>. This is interpreted to be related to mantle-derived magma pooled at or

<sup>1</sup> Page, RW., Hoatson, DM. and Foudoulis, C., 1995. High-precision geochronology of Palaeoproterozoic layered mafic-ultramafic intrusions in the East Kimberley. AGSO Research Newsletter, 22, 7-8

<sup>2</sup> Hoatson, D.M. & Blake D.H. (editors), 2000. Geology and economic potential of the Palaeoproterozoic layered mafic-ultramafic intrusions in the East Kimberley, Western Australia. Canberra: Australian Geological Survey Organisation Bulletin 246, 496pp

near the crust-mantle boundary. The various intrusions within the HCO appear to be related to this accumulation. Mafic-ultramafic intrusions are confined to the central part of the HCO and crystallised at depths of between 8-23km in a variety of forms including sheets, basal forms, funnels, plugs and multi-chambered bodies. A total of 60 intrusions have been recognised by the Australian Geological Survey Organisation (AGSO). It is anticipated that as the geological knowledge of the area evolves, more intrusions will be identified.

SHRIMP U-Pb age dating undertaken by AGSO<sup>3</sup> has determined some of the major intrusions were emplaced between 1830-1856Ma. Hoatson and Blake (2000)<sup>4</sup> proposed division of the mafic-ultramafic intrusives into seven groups, at least three of which are coeval, plus three other associations and undivided units. These are listed in Table 2.

Hoatson and Blake (2000)<sup>5</sup> document a high sulphur (S) content within HCO intrusions, with all groups with the possible exception of VII being derived from S-saturated parent magmas. They have potential to host nickel-copper sulphide mineralisation.

*Table 2: Classification Scheme for Layered Mafic-Ultramafic Intrusion in the East Kimberley (modified from Hoatson and Blake, 2000<sup>6</sup>)*

<b>Group</b>	<b>Type Example</b>	<b>Age Ma*</b>	<b>Thickness (km)</b>	<b>Mineralisation</b>
Group VII	Black Yard Hills		0.2-1.0	None known
Group VI	McIntosh	1830 ± 3 Ma	0.5-8.0	Cu, Ti, V
Group V	Sally Malay	1844 ± 3 Ma	0.2-2.0	Ni, Cu, Co, PGE, Ti, V
Group IV	Wild Dog Creek		0.5-2.0	None known
Group III	Toby	1855 ± 2 Ma	2.0	None known
Group II	Springvale	1857 ± 2 Ma	2.0	Ni, Cu, Cr, PGE
Group I	Panton	1856 ± 2 Ma	0.2-2.0	Cr, PGE, Ni, Cu, Au

\*U-Pb zircon age

### **Project Geology**

The McKenzie Springs Project tenement lies within the Central Zone of the Halls Creek Orogen and west of the Highway Shear Zone. To the west of the Highway Shear, mafic – ultramafic lithologies of the Tickalara Metamorphics are present within structurally controlled domains. East of the structure the geology is predominantly monzogranite, granodiorite and tonalite of the Sally Downs Supersuite.

The tenement covers two distinct mafic/ultramafic complexes – the Spring Creek and McKenzie Springs Intrusions. Hoatson and Blake (2000)<sup>7</sup> correlate both intrusions with the Group V Sally Malay Intrusions. Spring Creek represents a broadly zoned, relatively undeformed intrusion, while McKenzie Springs displays a strongly fractionated sequence from peridotite – dominated lithologies in the south west to fractionated gabbro lithologies in the north east.

<sup>3</sup> Hoatson, D.M. & Blake D.H. (editors), 2000. Geology and economic potential of the Palaeoproterozoic layered mafic-ultramafic intrusions in the East Kimberley, Western Australia. Canberra: Australian Geological Survey Organisation Bulletin 246, 496pp

<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Ibid

<sup>7</sup> Ibid



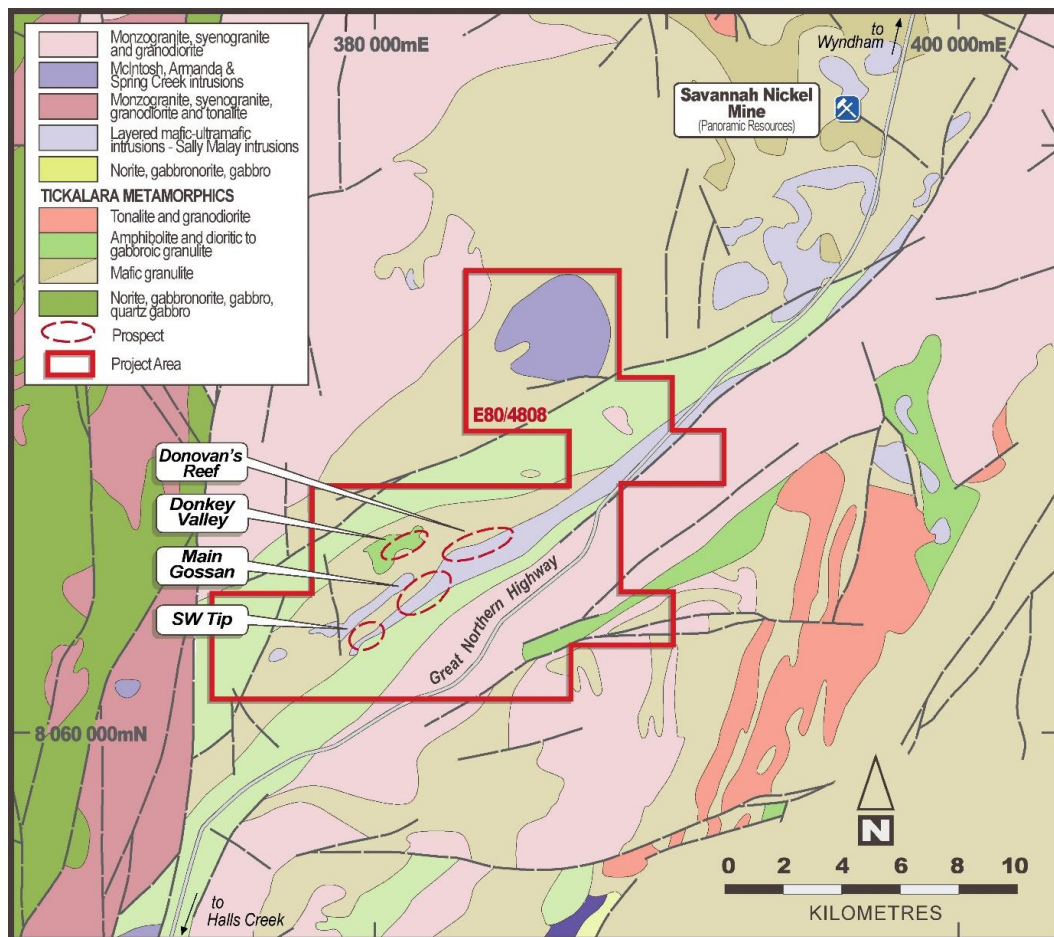


Figure 2: McKenzie Springs Project interpreted Project geology

### Regional Mineralisation and Exploration Models

The East Kimberley Halls Creek Orogen is widely regarded as having excellent potential for magmatic Ni-Cu sulphide and PGE mineralisation, with Hoatson and Blake (2000)<sup>8</sup> considering it one of the most extensively mineralised igneous associations in Australia. Hoatson also recognised broad similarities between the HCO intrusions and the major mineralised layered intrusions at Sudbury, the Bushveld Complex and the Stillwater Complex<sup>9</sup>. Two mineralised bodies of economic interest have been discovered to date within the intrusive complexes of the HCO; the *Panton PGM Project* and the *Savannah Ni-Cu Mine*, both owned by Panoramic Resources Ltd (ASX: PAN), located 30km and 9km away from Orca's McKenzie Springs Project respectively.

The majority of historical exploration has focused on the McKenzie Springs complex, where numerous copper stained gossans within pyroxenitic rocks have been explored for nickel, copper and PGE's. Titanium oxide layers have also been historically explored within the intrusion.

A significant gold mining tradition in the area also indicates potential for epigenetic gold mineralisation. Several sub economic Cu-Pb-Zn deposits have been identified within the Koongie Park Formation, mainly in carbonate lenses, banded ironstone and mudstone, spatially associated with felsic volcanics.

Outcropping zones of graphitic schist were recently discovered and sampled at McKenzie Springs. The graphite bearing unit is associated with high grade metamorphic rocks of the Tickalara Metamorphic suite and potentially trend through the tenement for ~15 kilometres.

<sup>8</sup> Hoatson, D.M. & Blake D.H. (editors), 2000. Geology and economic potential of the Palaeoproterozoic layered mafic-ultramafic intrusions in the East Kimberley, Western Australia. Canberra: Australian Geological Survey Organisation Bulletin 246, 496pp

<sup>9</sup> Ibid

This is the same unit hosting Hexagon Resources Limited's (ASX:HGX) neighbouring *Macintosh Graphite Project*.

(c) **Exploration History**

Since the 1970s, the McKenzie Springs Intrusion has been the subject of nickel-copper exploration. Exploration completed includes geological mapping, geochemical sampling (rock, stream and soil), ground and aerial geophysical surveys, costeaning and percussion drilling. The history of exploration is described in Hoatson and Blake (2000)<sup>10</sup>. Over 25 gossans, some with a strike length of more than 200m, were defined at different stratigraphic levels in the intrusion through the course of exploration. Significant exploration is detailed below.

Stratin Minerals Pty Ltd (**Stratin**) used mapping, induced polarisation, magnetic, and geochemical methods during the initial investigations of the intrusion in the early 1970s. In preparation for the Stratin prospectus, Mackay & Schnellmann Pty Ltd visited the field and sampled five (5) gossanous outcrops, results were favourable.

Stratin subsequently negotiated a joint venture with Broken Hill Proprietary Co (**BHP**). BHP cut five (5) costeans and drilled six (6) percussion holes for 181m into the *Main Gossan* in 1973. The holes intersected ultramafic rocks with anomalous nickel and copper and traces of chalcopyrite, pentlandite and pyrrhotite. The drill holes did not intersect any zones of mineralisation that could be identified as the down-dip extensions of the gossan lenses.

Australian Anglo American Ltd (**Anglo American**) continued exploration from 1976 to 1980 with a large stream sediment sampling program undertaken collecting stream sediment samples. The samples were collected at densities of up to 30 per square km and were analysed for Ni, Cu, Pb and Zn. Follow-up work of the anomalies generated by the stream sediment sampling led to the discovery of the Sally Malay nickel-copper deposit in 1973.

Delta Gold NL (**Delta Gold**) commenced a phase of exploration in 1991. Channel sampling of the BHP costeans were completed at the *Main Gossan*, *Donovan's Reef* and *Donkey Valley*. Delta Gold also completed stream sediment sampling over the entire project area and rockchip sampling of costeans and ferruginous zones.

During 2003, LionOre Australia Pty Ltd (**LionOre**) entered into an agreement with Thundelarra Limited to earn an interest in a portion of their East Kimberley tenements. LionOre compiled historical hard copy Anglo American stream sediment data. This compilation successfully defined 32 nickel related anomalies; 29 on the Corkwood trend and 3 on the Sally Malay trend. The anomalies were restricted in area and represented well-constrained follow-up targets. The definition of the anomalies and the interpretation of nickel related polygons was refined by locating the streams and creating line vectors for each which could be linked to the geochemistry.

The new anomalies were located within six areas - Dave Hill Area (**Black Bull**), Corkwood South Lease, Corkwood North, Killarney, Bow River West, and the Sally Malay Trend Southern Leases. The highest ranked anomalies were within the Corkwood Trend, in particular the Dave Hill Area.

Fieldwork over the Sally Downs Bore prospects consisted of field checking and rock chip sampling over representative portions of McKenzie Springs Intrusion, with emphasis on already known nickel-copper occurrences. This was followed by mapping of selected areas.

The potential of the south western portion of the McKenzie Spring Intrusion to host magmatic nickel sulphides was highlighted by field reconnaissance. The more primitive olivine cumulate rocks were found in the south west part of the intrusion, with little sign of small scale igneous layering. The intrusion also narrows considerably, with the olivine rich units appearing to display poddy or plug-like geometries. Numerous gossans, including two new

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<sup>10</sup> Hoatson, D.M. & Blake D.H. (editors), 2000. Geology and economic potential of the Palaeoproterozoic layered mafic-ultramafic intrusions in the East Kimberley, Western Australia. Canberra: Australian Geological Survey Organisation Bulletin 246, 496pp

ones (namely *Gavin's Gossan* and *Bob's Pizza Gossan*) also lay within the western portion of McKenzie Spring. Geological traversing suggested that the intrusion has the following characteristics:

- the most evolved rocks (magnetite-ilmenite gabbros) were found in the north eastern part of the intrusion, with small scale igneous layering developed;
- the north-eastern part of the intrusion shows a pronounced layered pattern in aerial photographs, which may be in part reflect igneous layering, but could also in part be due to the presence of abundant granitic dykes in the intrusion; and
- although oxide gabbros represent the most evolved rocks seen in the intrusion, they do not appear to be extensive, and in much of the intrusion, the most evolved and abundant rocks seen were clinopyroxene gabbros<sup>11</sup>.

The south-western end of the intrusion (west of 380000mE) is dominated by ultramafic cumulates, with a core of dunite composition at the southwest tip. Ultramafic cumulates extend to the northeast, however it becomes thinner and discontinuous towards the central part of the intrusion (about 382000mE). In the southwest area, pyroxene – plagioclase gabbros are found on both margins of the intrusion, with a core of olivine-bearing gabbros and troctolite, with pods of ultramafic cumulates. The predominance of ultramafic olivine cumulates in the southwest tip of the intrusion, is consistent with that area being the deepest exposed part of the intrusion. The decrease in olivine-bearing rocks, increase in pyroxene – plagioclase gabbros, the presence of oxide gabbros and development of layering to the northeast is consistent with higher levels in the intrusion being exposed. The occurrence of olivine cumulate rocks dominantly towards the southeast contact of the intrusion is consistent with that being the footwall contact, but the occurrence of thinner sheets of olivine cumulate rocks near the northwest contact is consistent with the intrusion being a steeply northwest dipping wedge-shaped body, fractionated from both sides and with cumulates on both sides. In such a scenario, the southern tip of the intrusion is likely to be the exposed keel, plunging north, and the zone most likely to contain significant mineralisation. The presence of a gossan in that position indicates possible mineralisation in the keel; however the gossan seen is not extensive<sup>12</sup>.

Ferruginous gossans, possibly after Cu-Ni sulphides found at five localities in the southwest part of the intrusion. LionOre completed field reconnaissance over the localities:

- *McKenzie Springs Main gossans*, historically known, are associated with ultramafic olivine-bearing cumulates within the intrusion at about 8064850mN 381750mE. Analyses of the McKenzie Springs gossans were in the ranges 770 to 2337ppm Ni, 828 to 13717ppm Cu, 15 to 94ppb Pd and 2 to 970 ppb Pt.
- *McKenzie Springs North*; a small area of ironstone float about 100m north of the historically known McKenzie Springs prospect, in an area of poor outcrop where soil sampling had returned anomalous Cu contents. A single sample was taken of the ironstone and returned 1209ppm Cu, 2146ppm Ni, and 38ppb Pt. A closer examination disclosed that the trail of ironstone float led back to and extension of the McKenzie Springs gossans.
- *Gavin's Gossan* and Others; Gavin's Gossan is a small ironstone outcrop at 382595mE, 8065210mN, which assayed 885 to 1196ppm Ni, 988 to 1274ppm Cu and 6 to 8ppb Pd. Other outcrops encountered on mapping traverses along about 500m of strike of the same olivine cumulate units produced similar assays.
- Previously undocumented gossans on the southeast contact of the intrusion at 381500mE, 8064390mN. Ironstone float was found over 50m, but with little solid outcrop. Samples had low Ni contents (<200ppm), but recorded anomalous Cu values.

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<sup>11</sup> WAMEX Report A072016, LionOre Australia Pty Ltd, 2006

<sup>12</sup> Ibid

- The *Pizza gossan* at 8063690mN, 380300mE, associated with olivine bearing gabbro. This is a small area of gossan, samples from which assayed 140 to 890ppm Ni, 860 to 1350ppm Cu and 8 to 31ppb Pd. Other small outcrops of ironstone along about 1000m of strike produced similar numbers.
- An area of gossan float at 8063198mN, 379611mE, associated with Tickalara Group rocks just off the southern tip of the intrusion. Samples assayed 140 to 250ppm Ni and 300 to 464ppm Cu.
- A small (0.5m) gossan outcrop at 8063407mN, 379898mE, associated with olivine-bearing gabbro. A single sample was taken from the outcrop and returned results of 664ppm Ni, and 695ppm Cu.
- Ironstone in the Tickalara group metamorphic complex, associated with a narrow gabbro body, at about 379000mE, 8063100mN. Samples assayed <100ppm Ni and 200 to 250ppm Cu

In addition to the above, other prospects were recorded historically for the McKenzie Springs intrusion.

- *Donovan's Reef Gossan*: 8065990mN, 382666mE. Limonitic gossans extending over about 200m of strike near the north contact of the intrusion. In some costeans, gossan exposures were associated with contacts between clinopyroxene gabbro and granitic dykes, however in the westernmost costean this was not the case, and the gossan apparently dipped flatly to the south, into the intrusion. Likely strike as about 240° and may dip flatly south. Samples assayed 250 to 2000ppm Ni, 60 to 902ppm Cu and 1 to 60ppb Pd.
- *Sally Downs Prospect*: 8065600mN, 384300mE. Layered oxide gabbro near the south side of the intrusion. Probably strikes about 250° and dips 30 to 55° NW. Samples collected included several oxide gabbros, and assayed 45 to 880ppm Ni, 50 to 820ppm Cu and 1 to 29ppb Pd. One sample however assayed 110ppb Pt, 878ppm Ni and 673ppm Cu. Samples of oxide gabbro and related ironstone near the north contact of the intrusion returned similar Ni and Cu assays.
- *Ord Crossing Ni Prospect*: 8068490mN, 387800mE. Layered oxide gabbro near the centre of the intrusion. A limonitic gossan outcrop was seen in a costean near the northern contact of the intrusion at 8068690mN, 387595mE and small gossan outcrops extend over about 100m of strike, associated with pyroxene gabbro. A narrow band of pyroxenite was seen between these two localities. May have a very flat dip (5 to 15°), direction uncertain. Samples assayed 45 to 1447ppm Ni, 100 to 833ppm Cu and 2 to 30ppb Pd. Most samples were oxide gabbros and returned low Ni – Cu contents. The highest Ni, Cu and Pd came from the limonitic gossan noted above.

In addition, anomalous Cu results were obtained from gossan samples from the margin of a gabbro at Donkey Valley, north west of the McKenzie Springs intrusion. These samples have low Ni, but high Zn, suggesting that they may be derived from a sulphidic sediment. GSWA 1:100K mapping also previously identified several peridotite “plug-like occurrences” immediately north of the McKenzie Springs Intrusion. An initial field examination did identify ultramafic rocks, although the sizes of the pods were somewhat smaller than what has been mapped.

Also of interest in the prospect area was the “Sally Downs banded cumulate” horizon, where a siliceous, magnetite / chromite / ilmenite horizon is present over several hundred metres of strike length with a thickness of up to 25 metres. Similar occurrences elsewhere in the district can contain anomalous vanadium levels. Strongly elevated vanadium levels were returned from rock chip samples (LK001384 and LK001389) collected to determine the vanadium levels in this horizon with LK001384 having 0.63% V and LK001389 having 0.37% V.

LionOre noted potential areas for further vanadium exploration included the north-eastern portion of the intrusion, proximal to the Ord Crossing Prospect and that further work was required. Geological mapping concluded that the olivine cumulate bodies (peridotite to dunite

compositions) identified at the western end McKenzie Spring Intrusion were a priority for further work.

Zonge Engineering Research Organization completed a program of 5 Fixed Loop Transient Electromagnetic (**FLTEM**) surveys over the areas of known surface mineralisation including the newly identified southwest dunite.

No anomalies were detected in loops 1 to 4, but interpretation of loop 5 data (over the southwest dunite) suggested that there may be an anomalous feature proximal to the dunite unit. Field checking of this FLTEM anomaly which lies adjacent to the contact with the olivine cumulates suggested that graphite within a shear zone is the probable source, however given its proximity to favourable dunite lithologies, the anomaly was deemed to be a drill priority<sup>13</sup>.

During 2005, UTS Geophysics flew a detailed aeromagnetic survey over the western half of the McKenzie Spring Intrusion. Flight lines at 50m spacing were flown at a nominal 50 metre elevation over an area approximately 80km<sup>2</sup> in size. Centred on the Intrusion, the survey aimed to refine the structural setting and stratigraphic variation within the Intrusion.

The peridotite phase at the southern end of the McKenzie Spring intrusive is associated with a magnetic anomaly. LionOre stated that the "anomaly is curious given that there is no evidence of serpentinite + magnetite development within the peridotite at surface". Several weaker anomalies were flagged for follow-up by LionOre<sup>14</sup> (WAMEX Report A072016).

In 2006 LionOre sold their earn-in interest and management of the project to Breakaway Resources Ltd (**Breakaway**, ASX:BRW).

During 2006, the McKenzie Springs aeromagnetic survey flown the previous year was annotated and interpreted. Interpretation was deemed difficult, with the magnetic signature of the area quite complex. Breakaway stated that some areas would require more work in conjunction with field checks. However, several significant features were identified:

- A magnetic high was located in the more primitive South West tip of the intrusion, which matched with a Ni-Cu-PGE surface geochemical anomaly, a FLTEM anomaly and a mapped serpentinitised peridotite body. The magnetic high was interpreted to correlate to magnetite within the serpentinitised peridotite.
- The McKenzie Springs Main Gossan area shows evidence of contrasting magnetic highs coinciding near magnetic lows, following a northeast-southwest trend.
- A magnetic linear band near the northern boundary of the central and eastern portions of the mapped intrusion may coincide with an observed magnetite-ilmenite ( $\pm$  vanadium) reef in the more fractionated portion of McKenzie Springs. The magnetic banding is quite complex in the central portion of the intrusion and may represent either folding / faulting of a single band or alternatively may represent a series of magnetite layers.
- The intrusion appears to be surrounded by large scale regional SW-NE shears and cross-cut by a series of minor NNE-SSW normal faults. The timing of the NNE-SSW structures is unclear.
- There are several interesting magnetic low features which appear to the north of the intrusion, and may represent un-serpentinitised ultramafic plugs, which have been reported by GSWA mapping<sup>15</sup>.

Reverse Circulation (**RC**) drilling was completed at a number of prospects within the East Kimberley Project. A total of six (6) drill holes were completed on E80/4808<sup>16</sup>.

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<sup>13</sup> WAMEX Report A072016, LionOre Australia Pty Ltd, 2006

<sup>14</sup> Ibid

<sup>15</sup> WAMEX Report A074850, Breakaway Resources Ltd, 2007

<sup>16</sup> Ibid

Four (4) RC drill holes for a total of 424m were drilled as a stratigraphic traverse across the peridotite unit defined by geological mapping conducted during 2005 (referred to as the South West Tip). Drill holes BEKC0008 – BEKC0011 intersected a moderately shallow, west dipping serpentinised peridotite unit within a broader sequence of gneissic metasediments and felsic dykes (see Figure 3). The peridotite is strongly serpentinised and magnetite development is abundant. The peridotite and associated wall rocks appear to be highly strained. The peridotite has been truncated at 100m vertical depth by a fault of unknown orientation. Abundant felsic gneissic material occurs at the footwall contact.

An additional two (2) RC drill holes for a total of 191m were drilled to test down dip of the ferruginous sub crop previously mapped within historical costeans (referred to as the *Main Gossan*) and drilled by BHP. Drilling down dip of the *Main Gossan*, BEKC0012 – BEKC0013 intersected a west dipping sequence of intercalated gneissic metasediments, mafics and intrusive gabbros. Minor disseminated / fracture fill pyrite – pyrrhotite mineralisation was observed in BEKC0012 within gneissic units down dip of the ferruginous “gossans” previously mapped.

While drilling of both prospect areas intersected potentially favourable lithologies, no sulphides were logged however assaying of drill samples returned anomalous nickel and copper values as follows, refer to Schedule 4 for drill hole details.

- 06BEK0009 42m @ 1,334ppm Ni and 503ppm Cu from surface.
- 06BEK0010 93m @ 1,597ppm Ni and 418ppm Cu from surface.
- 06BEK0011 43m @ 2,271ppm Ni and 587ppm Cu from 45m.

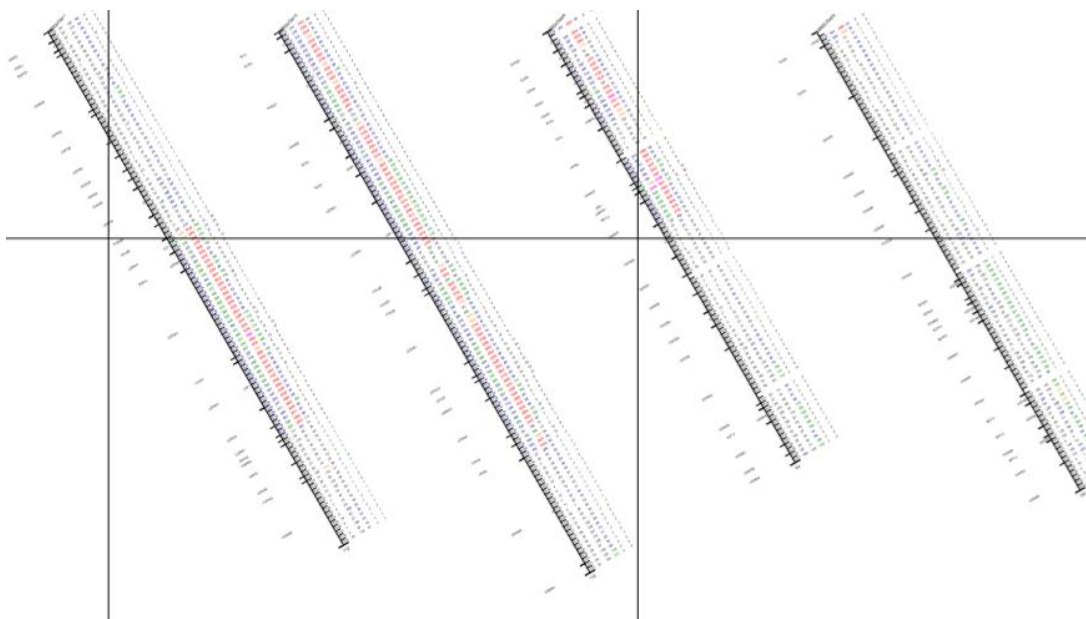


Figure 1: McKenzie Springs South West Tip Cross Section

Down Hole Transient Electromagnetic surveying (**DHTEM**) was completed on drill holes BEKC0010 (*South West Tip Prospect*) and BEKC0013 (*Main Gossan Prospect*) on a speculative basis; no mineralisation had been intersected in the holes, and the logs were intended to fully sterilise the surrounding volume of rock.

The axial component DHTEM profiles recorded in drill hole BEKC0010 define a smooth, slight increase towards the bottom of the hole over its entire length, and the decay curves for all stations display slow late-time decay. This long-wavelength response is consistent with a large formational conductor lying somewhere near the hole, but the location cannot be resolved using the available data. Breakaway stated that it is likely that the conductor is a graphitic shear zone.

Drill hole BEKC0013 was logged using two transmitter loops, as the likely geometry of any possible conductor lying near the hole was poorly constrained. The profiles near the top of

the hole display an anomaly that is almost certainly related to the Land cruiser used by the DHTM crew, which was parked nearby and energised by the transmitter loop passing close to the collar. The profiles recorded further down the hole are essentially flat. However, the decay curves display the same kind of strong conductor response seen in BEKC0010. Again, Breakaway stated that the most likely source of this response is graphite, rather than massive sulphide mineralisation. No further work was recommended.

Cazaly Resources Ltd (**Cazaly**, ASX:CAZ) applied for E80/4808 in 2013, through their wholly owned subsidiary Sammy Resources Pty Ltd. First pass reconnaissance work was completed on the tenement during 2014. This work included geological mapping and sampling work over several areas of known mineralisation identified by previous exploration and examined further new areas of potential interest.

During reconnaissance at the McKenzie Springs Project, an outcrop of graphitic schist was noted and sampled (KB04958-59). Research of historic data also identified further evidence of graphite bearing units associated with high grade metamorphic rocks of the Tickalara Metamorphic suite which trend through the tenement for approximately 15km, the same unit which hosts Lamboo Resources Limited's neighbouring Macintosh Graphite Project.

Due to the highly friable / "soft" nature of the host graphitic schist it is rarely seen in outcrop although the prospective stratigraphy could be identified using airborne and ground electromagnetic (**EM**) geophysical methods. The two samples returned Total Graphitic Carbon (**TGC**) grades of 22.4 and 23.9% TGC (ASX:CAZ Announcement 28<sup>th</sup> October 2014). Petrographic analyses of a composite sample confirmed that the graphite is high grade flake graphite, dominated by Large to Jumbo size flakes and appears similar to that occurring in the Macintosh graphite deposits. The graphite is generally free of inclusions.

Gossan outcrops were also sampled, with results confirming the potential for ore grade mineralisation and previous results, refer Table 3.

*Table 3: Gossan rockchip analyses from Cazaly rock chip sampling, September 2014*

<b>Sample ID</b>	<b>East</b>	<b>North</b>	<b>Cu %</b>	<b>Ni %</b>	<b>Co %</b>	<b>Comments</b>
KB04960	382816	8066147	0.26	0.14	0.02	Donovan's Reef
KB04961	386633	8067915	0.35	0.20	0.03	East Gossan
KB04962	381963	8065053	12.80	1.92	0.17	Main Gossan
KB04963	384228	8066716	0.16	0.03	0.01	Gossan float
KB04964	413002	8087012	0.09	0.03	0.01	Corkwood Yard Gossan
KB04965	386812	8068058	0.09	0.05	0.02	
KB04966	381918	8065117	0.01	0.02	0.01	
KB04967	387087	8068224	0.10	0.24	0.02	
KB04968	386633	8067915	0.00	0.02	0.01	
KB04969	386841	8068149	0.01	0.01	0.00	
KB04970	380992	8064369	0.02	0.05	0.01	
KB04971	387087	8068224	0.01	0.03	0.01	
KB04972	385958	8073952	0.00	0.09	0.02	
KB04973	385690	8073910	0.01	0.02	0.00	Coolumbooloo Ni Cu occurrence
KB04974	387087	8068224	0.01	0.04	0.01	
KB04975	380920	8064226	0.02	0.07	0.01	
KB04976	386488	8074494	0.00	0.04	0.01	
KB04977	386530	8073060	0.01	0.01	0.01	Koondoolo Yard PGE occurrence

During 2015, Cazaly engaged Southern Geoscience Consultants (**SGC**) to reprocess and interpret a GeoTEM survey completed by BHP as the data had become publicly available (see Figure 4). BHP flew airborne GEOTEM over the Mabel Downs Joint Venture ground during 1997 looking for a Voisey's Bay style Cu-Ni deposit. This was called the Springvale Survey and covered an area of 610km<sup>2</sup> at a nominal line spacing of 300m. SGC focused on prospective geological corridors with an emphasis on Ni-Cu sulphide and graphite targets. Six areas of particular interest were highlighted (ASX:CAZ Announcement 28<sup>th</sup> October 2015):

**Area 1** contains nickeliferous gossans which have been sampled in the past and by the company yielding the up to 12.8% Cu, 1.92% Ni values reported (refer Table 3). Very limited historic drilling has been conducted and Cazaly stated that the area will be a key focus for them moving forward (See Figure 5).

**Area 2** occurs along the basal contact of the fertile ultramafic and has parallel anomalism in the adjacent Tickalara Metamorphics. The anomalism in the ultramafics occurs over an approximate 1.5km strike length and has some known gossans in the area. These have been costeamed in the past with anomalous nickel and copper assays reported however no drilling has been undertaken. The anomalism in the adjoining metamorphics is some of the most conductive within these rocks and is considered potentially representative of shallow, highly conductive graphitic units being the stratigraphic continuation of that previously sampled by the company.

**Area 3** occurs within an outlier of ultramafic known as Donkey Valley and occurs over 800 metres. Some historic work has included costeaming which highlighted anomalous nickel and copper values.

**Area 4** is a high order conductive anomaly in an area of little previous information.

**Area 5** is a complex area of known ultramafic and metamorphic lithologies and, in part, hosts the outcropping graphitic unit sampled by the company.

**Area 6** is an extensive area of moderate to high conductivity striking over approximately 2km and is thought to largely represent the graphitic unit within the Tickalara metamorphics which is mostly under shallow cover.



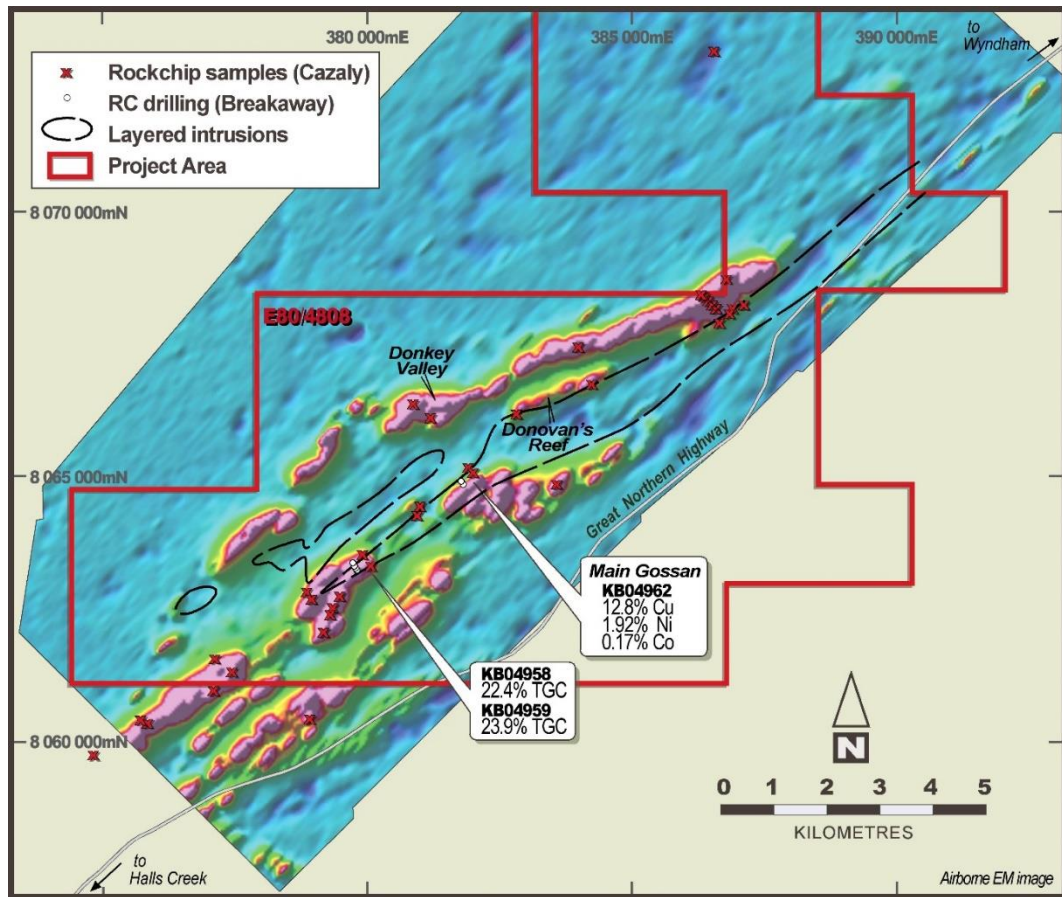


Figure 4: McKenzie Springs Airborne EM image with Cazaly rockchip sampling

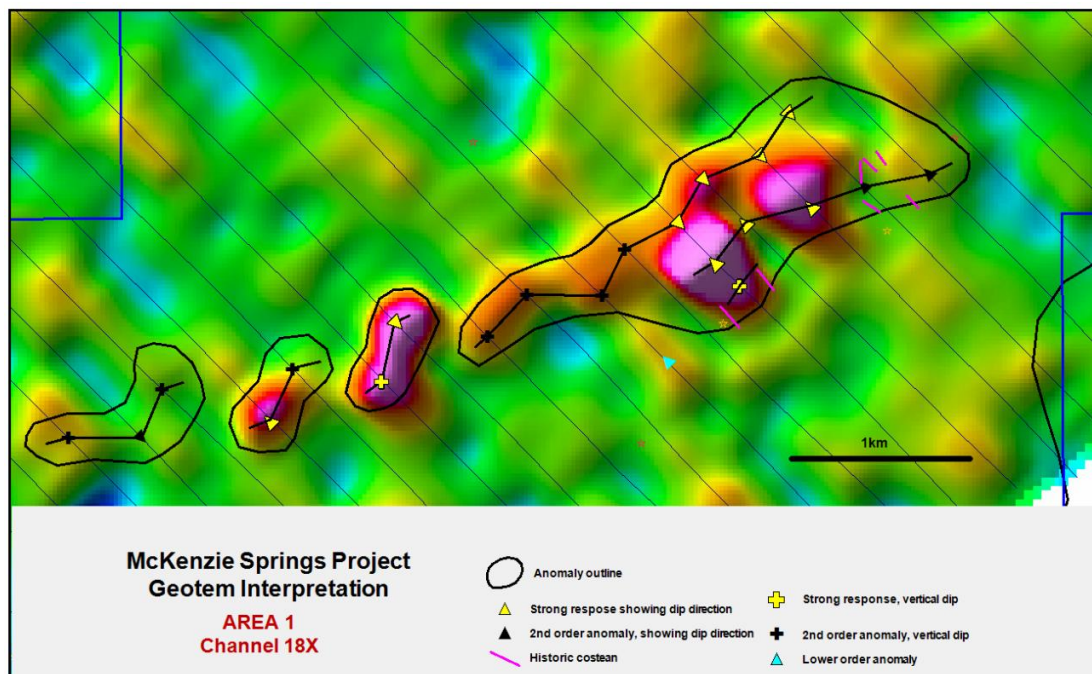


Figure 5: McKenzie Springs GeoTEM interpretation of Area 1

Cazaly completed a field reconnaissance trip late 2015 to ground truth the GeoTEM anomalies for potential nickel and graphite targets. A number of areas containing graphitic schist float were sampled associated with some of the priority anomalies, refer Table 4.

Table 4: Total Graphitic Carbon (TGC) analyses from Cazaly rock chip sampling, November 2015

Sample ID	East	North	TGC %
KB04979	386479	8068261	6.4
KB04980	386439	8068333	6.75
KB04984	386751	8068728	5.55
KB04992	379478	8062691	7.75
KB04992 Rpt	379478	8062691	7.05
KB04998	383571	8064829	6.35
KB05002	377105	8061492	3.7
KB05004	377423	8061238	5.95
KB05005	376560	8057850	5.4
KB05006	376623	8057837	5.2
KB05008	375725	8060303	3.1
KB05008 Rpt	375725	8060303	3.1

Results included significant graphite content indicating widespread stratigraphic EM responses are likely to be a result of graphite. Results were lower than from first samples collected at sub-crop of graphitic schist however only float samples were mapped and no sub-crop or outcrop was found in scree and soil covered areas. Preferential weathering of soft graphitic schist material results in little to no outcrop of this material.

Cazaly stated that further work is warranted to investigate the GeoTEM targets prior to prioritising for drilling.

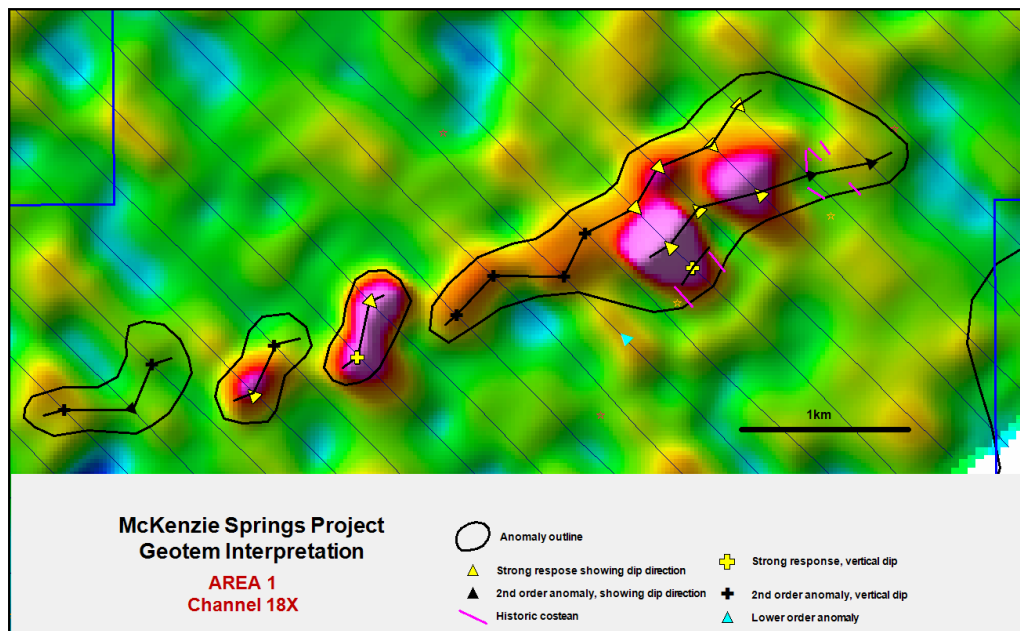


Figure 3: McKenzie Springs Project - GeoTEM anomalies at Area 1

(d) **Proposed Exploration**

The McKenzie Springs Project is positioned in a prospective location in terms of regional geological and mineralisation setting, occurring within the East Kimberley Halls Creek Orogen and lying south along strike from Panoramic's *Savannah Ni-Cu Mine*. The McKenzie Springs

Project is considered prospective for intrusive-hosted nickel copper mineralisation and has recently been a focus for graphite exploration.

Compilation and interrogation of all historical data covering the tenement will be the initial focus including the compiling of an exploration database. A reconnaissance field trip will be undertaken to verify the location of old drill sites, costeans, gossans and previously defined target areas.

The six areas that were highlighted by SGC's reprocessing and interpretation of the GeoTEM survey and described in the previous sub-section will be further investigated. Area 1, the Main Gossan was deemed to be of particular interest. Exploration to date comprises rock chip mapping of costeans and limited historical drilling.

A more detailed airborne Versatile Time Domain Electromagnetic (**VTEM**) survey may be completed over the high priority target areas to assist with drill targeting. Hexagon completed VTEM surveying at their Macintosh Graphite Project with modelling highlighting the presence and details of structures of broad conductive sequences that have potential to host flake graphite schist.

Alternatively, ground based EM or Induced Polarisation (**IP**) surveys may be utilised to better define the geophysical anomaly. Once further geophysics have been acquired and analysed, a drilling program consisting of RC drilling and perhaps diamond drilling will be completed to investigate the highest priority targets. Drillholes will be used as a platform for DHTM surveying to identify off-hole conductors.

Orca has indicated to FRM Geological Services (**FRM**) that they will undertake a systematic, staged approach with respect to their exploration program on the McKenzie Springs Project, with prudent monitoring, assessing and refocussing of the exploration programs as necessary. FRM considers that the exploration strategy proposed by Orca is consistent with the mineral potential and status of the McKenzie Springs Project.

### **1.3.2 Sentinel Project**

#### **(a) Location, Access and Tenure**

The Sentinel Project is located 130km east-northeast of the township of Kalgoorlie in the Eastern Goldfields, Western Australia. The tenement is located within the North East Coolgardie Mineral Field and lies on the Kurnalpi 1:250,000 (SH51-10) and the Pinjin 1:100,000 (3437) map sheets.

Access to the Sentinel Project is initially via the Kurnalpi – Pinjin road to 10 Mile Well (north of the Yindi Homestead). An east-west track from 10 Mile Well, then a north-south fence line track to Lake Rebecca provides access to the tenement. Access along the shoreline of Lake Rebecca is straight forward in all but the wettest times of the year. Additional access within the tenement area is via numerous station tracks and fence-lines and exploration tracks and grid lines.

The Sentinel Project is for the most part on Lake Rebecca. The region around the lake comprises low rolling hills passing into sandy areas marginal to Lake Rebecca. Vegetation is generally open and consists of eucalypts, mulga and saltbush away from Lake Rebecca with spinifex becoming more common in the sandy areas.

The Sentinel Project comprises a single granted Exploration Licence, namely E28/2652 covering a land area of approximately 44km<sup>2</sup>. Orca has entered into a term sheet with the current holder, Crosspick Resources Pty Ltd, to acquire a 51% interest with the right to farm-in to an additional 19% interest in the Project.

The tenement lies on the Pinjin (PL N049526) Pastoral Lease. There is a single registered Aboriginal Site (DPLH Registered Site 19142) within the E28/2652.

Table 5: Sentinel Project tenement details

Licence	Grant Date	Expiry Date	Expenditure	Area
E28/2652	19 <sup>th</sup> April 2017	18 <sup>th</sup> April 2022	\$20,000	15 sub blocks

(b) **Geology and Mineralisation**

**Regional Setting**

The Sentinel Project lies within the Eastern Goldfields Province and is located in the southern Laverton Tectonic Zone, a regional shear/fault system that extends as a set of NNE and NNW trending structures from Laverton towards the Pinjin area. The Tectonic Zone is a particularly well-endowed gold trend, hosting the Sunrise-Cleo, Wallaby, Lancefield and Granny Smith gold camps.

The tenement lies to the west of a local structure known as the Pinjin Fault which separates the Ejudina Domain in the west, from the Pinjin Domain in the east. It also separates folded, upper greenschist to amphibolite facies stratigraphy and granite gneiss in the east from lower greenschist facies, classic greenstone stratigraphy to the west. This demarcation suggests major movement. The fault has an overall NNW strike with several major flexures in the SE and an interpreted dextral with west side down movement.

To the west of the Pinjin Fault the geological sequence has a linear character and is comprised of greenschist facies mafic, ultramafic, intermediate volcanic, banded iron formation and sediments predominantly derived from felsic volcanic rocks. East of the Fault the geological sequence consists of intercalated mafic, ultramafic and granite gneiss with minor felsic volcanic and volcanoclastic rocks. This zone is generally less than 5km wide and is transitional with the granitoid gneiss.

Metamorphic grade is upper greenschist to lower amphibolite facies increasing to upper amphibolite facies along the Pinjin Domain - granitoid gneiss boundary.

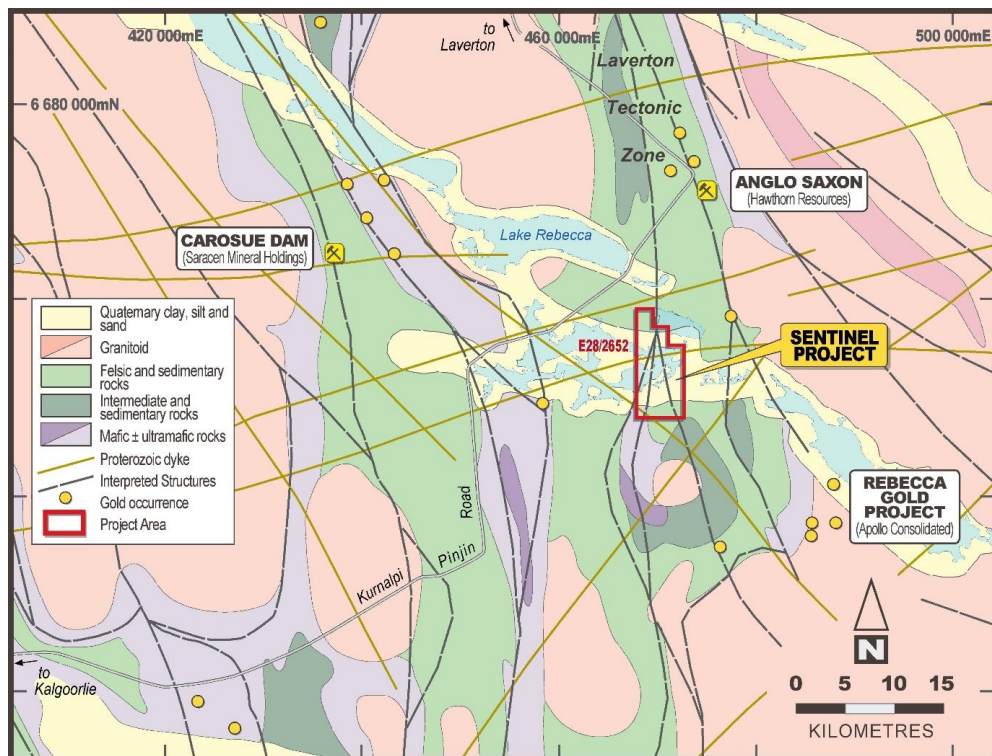


Figure 6: Sentinel Project Regional Geology

## Project Geology

There is very little outcrop within the Sentinel Project area. Most of the area is covered by alluvium, colluvium and playa lake sediments. Small areas of syenogranite outcrops in the northwest of the tenement, and metasediments occur in isolated outcrops in the centre of the tenement.

The area lying to the north of Lake Rebecca is largely covered by sandy soils and lake sediments. An elongate weakly-magnetic granite intrusion is exposed in places around the lake margin, this is interpreted to be flanked by felsic volcanoclastic rocks and sediments. Besides strongly magnetic BIF horizons, the remaining geological sequence has a subdued magnetic signature, with elongate moderate responses interpreted to be dolerite or narrow ultramafic units.

Regolith is variable, with a generally shallow sandy, calcareous or pisolithic red-soil transported profile over a stripped oxidation profile.

## Mineralisation

The nearest significant gold mineralisation is the extensive line of gold occurrences, anomalism and mines that include the historical mining centre of Pinjin and the historic Anglo Saxon Mine, lying 15km north-northeast of the Sentinel Project and Apollo Consolidated Limited's (**Apollo**) Rebecca Gold Project lying 20km to the southeast.

The gold deposits within the Pinjin mining centre lie within a sequence of metamorphosed intermediate volcanic rocks and derived feldspathic sedimentary rocks and mafic and ultramafic rocks, on the interpreted position of the Pinjin Fault and associated splays. There are three mineralized trends that strike north-northwest over a length of 11km; the King Pin – Harbour Lights, Pinjin King, and Anglo Saxon trends. The Anglo Saxon trend, which in terms of gold production is the most significant, lies along the interpreted position of the Pinjin Fault and is hosted by intermediate to felsic schists plus minor BIF. Metagabbro and metadolerite units are associated with many of the deposits and intrude throughout the sequence. Gold is generally quartz-vein hosted, with only minor mineralization within the host rocks<sup>17</sup>.

The Pinjin historical mining centre operated between 1904 and 1916 with recorded production from the major workings totalling 16,495 tonnes for 9,480oz at an average grade of 18.55 g/t Au<sup>18</sup>. Hawthorn Resources Ltd's (ASX:HAW) Trouser Legs Project is centred on the historic Anglo Saxon Mine with production imminent (ASX:HAW, announcement dated 31st October 2017).

Apollo's Rebecca Gold Project contains three lode-style prospects Bombora, Redskin and Duke, all of which host broad gold mineralisation associated with disseminated sulphide in a gneissic host rock. Apollo has recently reported highly encouraging gold intercepts from sulphidic felsic gneiss at the 161 Lode, a high-grade position at the Bombora Prospect (ASX:AOP Announcement 24th August 2017).

The >1Moz Carosue Dam operation of Saracen Resources Ltd (ASX:SAR) is located 35km to the northwest of the Sentinel Project.

Locally mylonitised potassic granite dominates the shoreline of Lake Rebecca within the project area. Numerous gold workings are situated within discrete shears traversing the granite. Collectively the workings are referred to as the *Sentinel Prospect* (see Figure 7). The date of the workings is unknown. Gold mineralisation at the Sentinel Prospect is restricted to steeply dipping, narrow quartz strings developed within zones of chloritic and sericitic sheared granite. In structural terms, the Sentinel Prospect falls within the area of influence of the Four Mile Dam Shear Zone (see Figure 8).

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<sup>17</sup> Roberts, F. I., Witt, W. K., and Westaway, J., 2004, Gold mineralization in the Edjudina–Kanowna region, Eastern Goldfields, Western Australia: Western Australia Geological Survey, Report 90, 263p

<sup>18</sup> Ibid

North of the Sentinel Prospect the geology comprises well developed exposures of potassic granite, monzonitic dykes, mafic roof pendants and widespread vein quartz. The Four Mile Dam Shear Zone traverses the granites and is associated with numerous small gold workings over some 4 kilometres. The Four Mile Dam Shear Zone itself, is approximately 600-700m wide and essentially comprises a multitude of subparallel meridional trending and easterly dipping shears<sup>19</sup>.



Figure 7: Historic Sentinel workings

(c) **Exploration History**

The Sentinel Project and surrounding area saw little exploration up until the 1980s, presumably the lack of outcrop provided little encouragement. Since then, the Sentinel Project area has been explored for gold by several companies but with no known effective subsurface work. Exploration work completed includes reconnaissance and surface geochemical programs, with limited drilling through covered terrain. Significant work is documented below.

During 1988 to 1993, Pancontinental Mining Ltd (**Pancontinental**) explored the area as part of their Old Pinjin Project. Pancontinental carried out mapping, rock sampling and reconnaissance RAB drilling in soil-covered areas over the greater project area. Mapping located minor gold diggings at the Sentinel Prospect on the northern margin of Lake Rebecca. A pit sampling program was carried out on known gold workings with the survey aimed at finding pathfinder elements associated with gold that would assist in geochemically located further gold mineralisation. A strong Au-Ag-Bi association was noted at the Sentinel Prospect with a weaker Au-Pb-Mo-Te association.

Auger & soil orientation traverses were completed in the vicinity of the Sentinel Prospect in order to define the most effective geochemical technique for BLEGG follow up. The orientation survey was interpreted to show that gold dispersion is limited to 100m from the known workings with no significant dispersion into surrounding granite wall-rocks. All sampling and analytical techniques used were able to define the anomaly however the larger BLEGG sample provided the greater contrast as it was able to detect the background values. BLEGG anomalies greater than 1ppb were stated to be likely significant.

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<sup>19</sup> WAMEX Report A031537

Three BLEG drainage gold anomalies were generated by Pancontinental, with “Area 3” lying on the north-eastern portion of E28/2652 and extending across the tenement boundary. Area 3 is centred over the Four Mile Dam Shear Zone and Pancontinental considered it to be a high priority target. The structure was deemed apparent from inspection of enhanced aeromagnetics and is associated in the field with narrow mylonite zones and tensional fractures within a granite stock and sediment roof pendants. BLEG sampling was successful in locating the Sentinel mineralisation whereas regional auger soil sampling failed to detect the Sentinel style of mineralisation where there is little or no significant dispersion halo. Pancontinental stated that future exploration of the Four Mile Dam Shear Zone should include substantial shallow RAB drilling of structural targets such as the disrupted banded iron formation sequence situation to the north of the Sentinel granite.

RAB drilling programs were planned however the programs were unable to be implemented due to restricted access to the area brought about by record unseasonal rain.

Pancontinental drilled four RC holes at Sentinel during 1993. Drilling results were disappointing and drilling encountered difficulties in the shear zone resulting in the final hole not reaching target depth<sup>20</sup> (WAMEX Report A045917).

During 1997, Aberfoyle Resources Pty Ltd (**Aberfoyle**) completed auger sampling across the northern portion of E28/2652. The sampling was restricted to carbonate horizon sampling on a 500m grid at 50m spacings. Samples were assayed for gold and arsenic and produced relatively low order results, with a peak value of 8ppb Au in a background of 1-3ppb Au (minimum value of 1ppb Au). Aberfoyle subsequently completed a field review to study the regolith geology and assess whether the auger sampling would have been effective. The study showed the licence area to be comprised of erosional, relict and thin deposition regolith regimes. Soil sample records showed that approximately 30% of the auger samples taken produced no carbonate reaction. Aberfoyle concluded that only limited areas of the licence would have been amenable to auger soil sampling of the pedogenic carbonate horizon, indicating that a large proportion of the licence may not have been effectively tested<sup>21</sup>.

During 2010 to 2013, Renaissance Minerals Limited (**Renaissance**) explored the very eastern portion of E28/2652 as part of their greater Pinjin Project. Renaissance completed a field visit to review the geology and to locate the Sentinel workings for a planning of a surface sampling program.

A soil sampling programme tested the area in the vicinity of the old workings and along strike to the south and north. A total of 108 soil samples were collected from 15-20cm deep holes at (generally) 20m intervals along variably spaced traverses targeting zones of residual soils around the lake margin. A small portion of the samples lie on Orca’s Sentinel Project with the remainder extending to the east of the tenement. Several sporadic single point anomalous values were returned but no coherent Au anomaly was defined by the sampling. The surface sampling programme was abandoned prior to completion because of rain and quad bikes getting bogged on the lake<sup>22</sup>.

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<sup>20</sup> WAMEX Report A045917

<sup>21</sup> WAMEX Report A056740

<sup>22</sup> WAMEX Report A100498

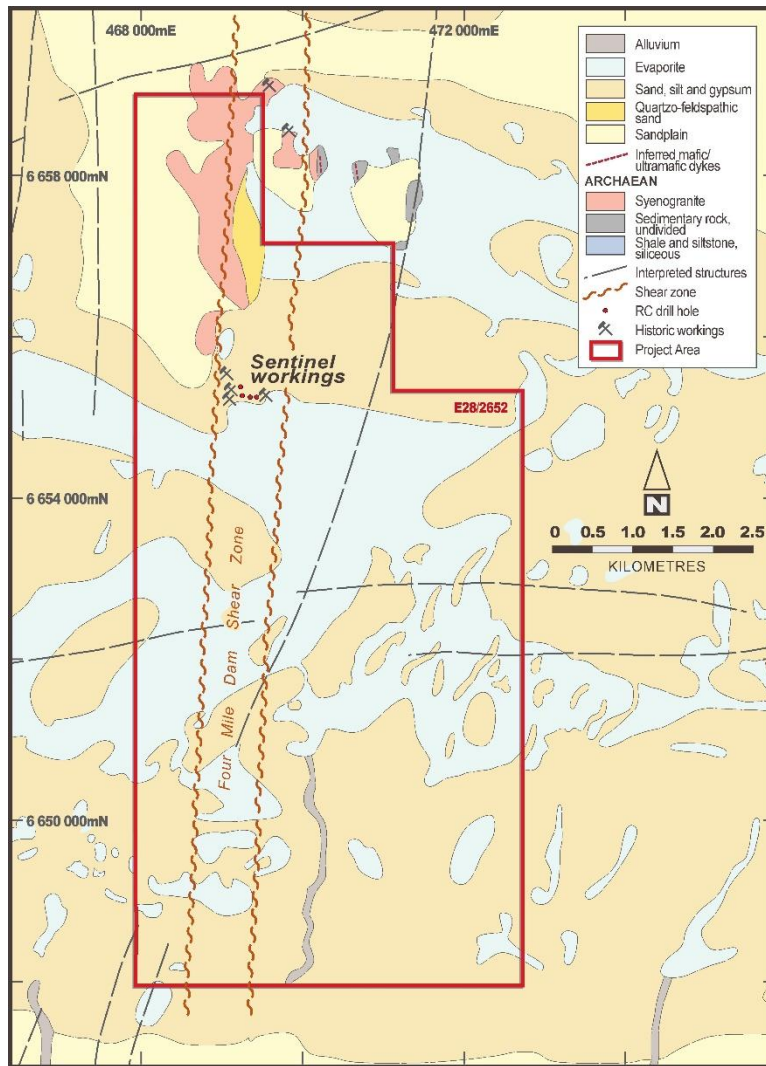


Figure 8: Sentinel Project Geology and Four Mile Dam Shear Zone

(d) **Proposed Exploration**

The Sentinel Project is positioned in a prospective location in terms of regional geological and mineralisation setting, located in the Eastern Goldfields Province within the southern Laverton Tectonic Zone, a regional shear/fault system that extends as a set of NNE and NNW trending structures from Laverton towards the Pinjin area. The Sentinel Project is considered prospective for gold.

In the past, exploration has been significantly hindered by extensive and deep cover masking the Archaean basement and particularly by the logistical difficulties of drilling on Lake Rebecca. Many previous explorers have cited the problems of exploring through playa lake sediments in surrender reports for tenements being relinquished. Orca plan to utilise drilling rigs capable of routinely operating on the difficult lake environment.

As much of the prospective areas are covered by Cainozoic sediment, exploration will need to be guided by structural interpretation of geophysical data in conjunction with geological mapping of the limited outcrops. Following the acquisition of geophysical data, geological mapping and subsequent interpretation, targets will be generated.

Areas of interest include the internal granitoid body which is flanked by the shear corridor to the east, with the Sentinel Prospect workings sitting internal to the granite. Areas flanking the granite warrant first-pass exploration.

The Four Mile Dam Shear Zone is also considered a priority target. This structure is apparent from inspection of enhanced aeromagnetics and is associated in the field with narrow mylonite zones and tensional fractures within a granite stock and sediment roof



pendants. Previous work circa the Sentinel Prospect has shown that there is little or no significant geochemical dispersion halo.

RAB or aircore drilling of targets identified in the geophysical and geological review will be completed, with drilling to occur beyond the base of complete oxidation. Analysis of pathfinder elements will be completed as well as Au and As analysis. Anomalous results will be followed up with RC and diamond drilling. The majority of drilling to be completed over the Sentinel Project will require a drilling rig adapted to lake drilling.

Orca has indicated to FRM that they will undertake a systematic, staged approach with respect to their exploration program on the Sentinel Project, with prudent monitoring, assessing and refocussing of the exploration programs as necessary. FRM considers that the exploration strategy proposed by Orca is consistent with the mineral potential and status of the Sentinel Project.

### 1.3.3 South Big Bell Project

#### (a) Location, Access and Tenure

The South Big Bell Project is located 540km north-northeast of Perth and 30km west of the town of Cue in the Murchison Region of Western Australia. The tenement is located within the Murchison Gold Field and lies on the Cue 1:250,000 (SG50-15) and the Cue 1:100,000 (2443) map sheets. The northern boundary of the Project is 3km from the historic Big Bell Gold Mine, currently owned by Westgold Resources (**Westgold**, ASX:WGX).

Access is via the Great Northern Highway to Cue, then via the Beringarra – Cue Road, the Coodardy – Noondie Rd and the Big Bell – Coodardy Rd to the general South Big Bell Project area. A graded baseline extends 22km southwest of the South Big Bell Project and cuts through the centre of the Exploration Licence, terminating at Cavanagh Bore. Station tracks and exploration tracks provide additional access to the tenement area.

Outcrop is poor, generally obscured by thick granitic sheetwash. Granite intrusions form variations in topography. Vegetation is sparse to moderate, primarily consisting of mulga and stunted eucalypts.

The South Big Bell Project comprises a single granted Exploration Licence, namely E20/0900 covering a land area of 50km<sup>2</sup>. Orca has entered into a term sheet with the current holder, Neon Space Pty Ltd, to acquire a 51% interest with the right to farm-in to an additional 19% interest in the Project.

The tenement lies on the Austin Downs (PL N050063) and Coodardy (PL N049528) Pastoral Leases. The tenement is within land where native title has been partially determined. The Wajarri Yamatji People have made the WC2004/010 Native Title Claim. The application currently remains active.

Table 6: South Big Bell Project tenement details

Licence	Grant Date	Expiry Date	Expenditure	Area
E20/0900	16 <sup>th</sup> December 2016	15 <sup>th</sup> December 2021	\$20,000	17 sub blocks

#### (b) Geology and Mineralisation

##### Regional Setting

The South Big Bell Project is located in the Murchison Province, Western Australia. The Murchison Province is the western-most of three granite-greenstone provinces, which with the Western Gneiss Terrane, comprise the Archaean Yilgarn Craton. The Murchison Province contains substantial greenstone belts separated by granite and granitic gneiss, one of these being the Mount Magnet-Meekatharra Greenstone Belt.

The Mount Magnet-Meekatharra Greenstone Belt comprises the upper three greenstone formations of the Luke Creek Group, comprising of:

- **Windaning Formation** – Succession of abundant jaspalitic BIF and chert units interlayered with felsic volcanics, volcanoclastic, and volcanogenic rocks with minor basalts.
- **Gabanintha Formation** – Bimodal succession of mafic and ultramafic rocks, felsic volcanic and volcanoclastic rocks, and sedimentary rocks.
- **Golconda Formation** – Succession of quartz-haematite BIF, interlayered with mafic and ultramafic extrusive and intrusive rocks.

The basal formation of the Luke Creek Group is the Murrouli Basalt, which is not exposed in the region. The Big Bell region is dominated by rocks of the Gabanintha Formation and late-stage granite intrusives.

Shear parallel penetrative D<sub>3</sub> fabrics dominate greenstone belts through the Murchison Province. These NNE trending structures are thought by Barnes (1996)<sup>23</sup> to be representative of a change from east-west transgression to east-west compression, producing tight fold sets, dextral-strike, oblique-slip and ductile shears. Although generally obscured by D<sub>3</sub>, earlier deformation such as regional antiform and synform structures of the Meekatharra-Wyldgee Greenstone Belt involved east-west compression producing thrusts and recumbent folds (D<sub>1</sub>), and north-south compression forming tight upright folds (D<sub>2</sub>)<sup>24</sup>. Late stage D<sub>4</sub> structures include brittle-ductile shears and faults accompanied by and/or caused by granite plutons.

### **Project Geology**

The South Big Bell Project is located at the southern extension of the Mount Magnet – Meekatharra Greenstone Belt, informally referred to as the Big Bell Greenstone Belt. The Belt has a strike length of 33km and a maximum width at the Big Bell gold mine of 1.5km

In the Big Bell mine area, the greenstone belt is narrow, steeply dipping, strongly attenuated and locally overturned. It forms the western limb of a north plunging (30° to 40°) regional anticlinal structure.

The Big Bell Greenstone Belt is comprised of variably altered and intensely sheared, north-northeast-trending amphibolites and felsic schists. The muscovite and biotite-altered rocks hosting gold mineralisation at Big Bell are informally referred to as the Big Bell mine sequence. The greenstone belt can be divided into three domains separated by two major regional fault zones<sup>25</sup>. The eastern domain (mostly amphibolite), the central domain (quartzo-feldspathic and biotite schists which host the Big Bell Mine Sequence), and the western domain (dominated by amphibolite).

The Mine Sequence includes biotite and quartzo-feldspathic schists, altered amphibolite and sheared porphyry dyke within the central domain of the Big Bell Greenstone Belt. The main host for gold mineralisation at Big Bell is altered K-feldspar-rich and muscovite-rich quartzo-feldspathic schists. The sequence dips to the east, and its base is the tectonic contact with the amphibolite of the western domain, along the graphitic footwall shear zone<sup>26</sup>.

The belt, which is bounded by granites, continues to the north of the mine where it thickens, whilst to the south it thins and breaks into rafts within the enclosing granites. An increase in deformation is suggested from north to south. The metamorphic grade within the greenstone belt is mid to upper amphibolite facies.

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<sup>23</sup> Barnes G.J., 1996. The Big Bell Gold Deposit, Murchison Province, Western Australia: Regional Setting, Geology, Structure and Metallogenesis. Unpublished Masters Thesis, University of Western Australia, 67 pp

<sup>24</sup> Ibid

<sup>25</sup> Barnes G.J., 1996. The Big Bell Gold Deposit, Murchison Province, Western Australia: Regional Setting, Geology, Structure and Metallogenesis. Unpublished Masters Thesis, University of Western Australia, 67 pp

<sup>26</sup> Ibid

The South Big Bell Project has an area of 50km<sup>2</sup> with the northern boundary of the South Big Bell Project 3km south of Westgold's Big Bell gold mine. The South Big Bell Project covers the Big Bell Greenstone Belt as it narrows to the south including the continuation of the Chunderloo-Big Bell Fault, a major structure extending 80km from Meekatharra to the Dalgaranga Fault (see Figure 9).

Outcrop with the Exploration Licence is limited to a number of granite domes and pavements along the western margin of the tenement and scattered outcrops of amphibolite circa Cavanagh Bore. The remainder of the greenstone belt is concealed beneath granite derived sheet-wash and alluvium of depths ranging from 5m to greater than 90m in Tertiary palaeo-drainage channels.

Historic production from the Big Bell mining centre totals 2.7 million ounces (ASX:WSR Announcement 29th January 2015). Gold mineralisation is almost entirely epigenetic and is intimately associated with major faults and shear zones through the greenstone belts of the area. The mineralisation is preferentially hosted by banded iron-formation, ultramafic, mafic rocks, felsic intrusives and sometimes volcanoclastic rocks.

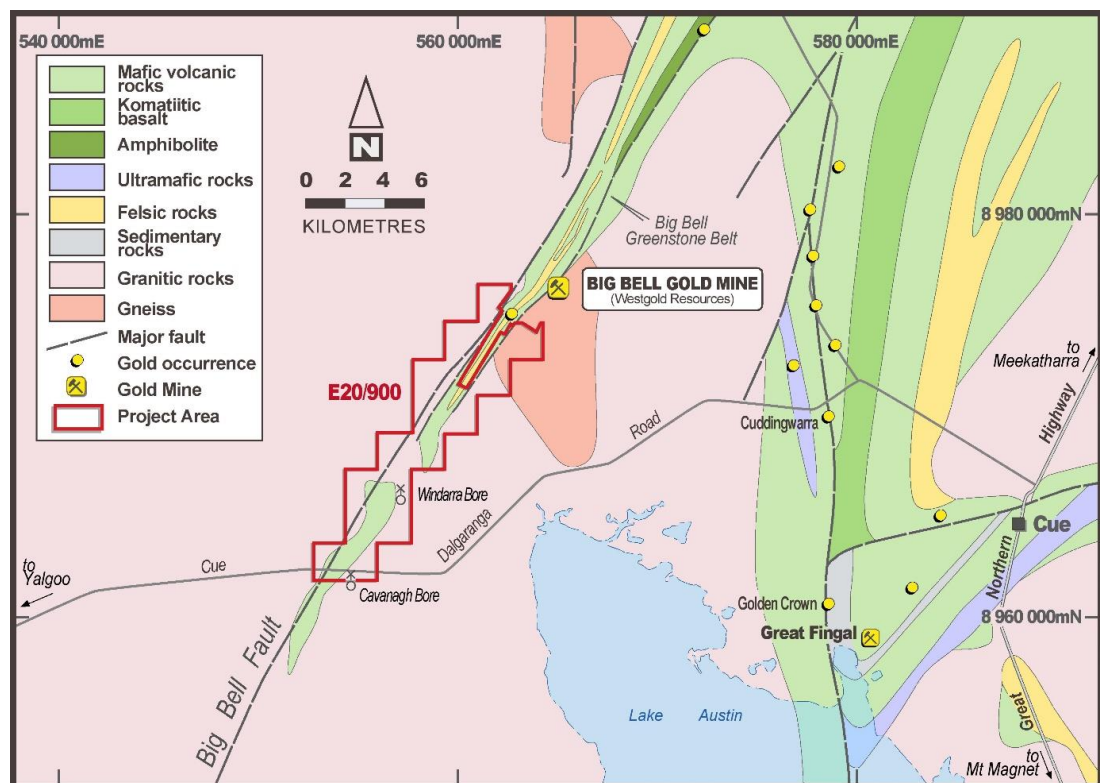


Figure 9: South Big Bell Regional Geology

(c) **Exploration History**

Various companies have conducted work over the project area including wide-spaced soil surveys, rock chip sampling, RAB drill traverses, RC drilling and geophysical surveys. Reconnaissance drilling indicated anomalous gold in drill holes close to Windarra East and Cavanagh Bore, with the source of the anomalies not resolved. Most drill holes intersected granitic lithologies and it seems greenstone rocks are confined to thin slivers and segments. Significant work is summarised below.

Australian Consolidated Minerals (**ACM**) held mineral claims over approximately 40km of strike extensions north and south of the Big Bell gold deposit, including the ground that is currently E20/0900. ACM established a grid over the entire 40km strike and the claims were covered by aeromagnetics. A ground magnetic survey was completed in 1981 circa Cavanagh Bore over a strike length of 3.2km at 25m intervals along lines 200m apart. A percussion drilling program was completed during 1982 with two of the holes lying on E20/0900. The holes intersected granite beneath about 15m of overburden.

Getty Oil Development Company (**GODC**) applied for an exploration licence over the general area in 1983 to cover possible south westerly extensions of the Big Bell gold mine stratigraphy as indicated by regional aeromagnetic imagery. GODC completed RAB drilling over aeromagnetic anomalies during 1984, however the exploration campaign was not carried through to completion.

Little River Resources Pty Ltd (**Little River**) acquired the Big Bell South Project from GODC during 1985 when GODC withdrew from exploration in Western Australia. Little River completed RAB drilling during 1986 to redrill the most northern two drill traverses completed by GODC to intersect bedrock beneath granite wash and to extend the two central drill traverses westwards to investigate the western flank of the aeromagnetic anomaly. Results were discouraging with only trace amounts of gold obtained from the RAB drill chips and with all the drill holes intersecting granite.

Little River interpreted the results as that the Big Bell Greenstone Belt has been removed by granitoid emplacement from Cavanagh Bore to the northern boundary of their project area. Little River were unable to explain the aeromagnetic anomaly in the northern portion of the tenement<sup>27</sup>.

During 1992, Julia Mines NL (**Julia Mines**) completed a hydrogeochemical survey over the area whilst in a JV with Posgold Pty Ltd (**Posgold**). A coherent gold anomaly was identified 6km south of the Big Bell mine.

During 1993, Posgold completed a total field intensity (**TMI**) survey over interpreted extensions of the Big Bell greenstone belt south of the mine area. An Automatic Gain Control filter was used to decrease the amplitude of the high responses and increase the amplitude of low responses to aid in determination of anomalies on the same line profiles.

Interpretation of the TMI survey indicated semi-continuous mafic units with indications of fault displacement in places. Drill targets were defined in the area from a combination of lithology (adjacent to mafic units) and structure (thickening / thinning of units and cross faulting).

A total of 27 RAB holes were completed for a total of 1,257m. Results were deemed disappointing. Major quartz veining in the centre of the section near Cavanagh Bore was located at the approximate extensions of the Big Bell Shear. The greenstone sequence was determined to be approximately 290m wide in this area which contradicted the TMI interpretation (approximately 800m wide). The project geology was reinterpreted following this drilling. Posgold concluded that there is a dramatic thinning of the Big Bell greenstone sequence south of the Big Bell gold mine to approximately 290m width. Posgold withdrew from the JV during 1994<sup>28</sup>.

During 1995, Julia Mines took groundwater samples from the previously drilled Posgold RAB holes and gold concentrations were confirmed but did not help define a more accurate target. It was recommended to carry out systematic groundwater testing at 500 x 600m spacing. 15 RAB holes were completed for a total of 268m. Holes were generally drilled to 24m depth and cased with polypipe; all holes ended in transported material. The results generated three +5ppt gold anomalies. Two were located along strike of the southward projection of the Big Bell sequence, with a third located to the west, centred approximately over the inferred greenstone / granite contact. Despite the relatively low gold levels within the water anomalies they were considered significant to them being isolated from the major gold groundwater anomaly at the Big Bell mine and that the thick overburden and a high water table could significantly dilute the gold concentrations<sup>29</sup>.

During 1996, Julia Mines formed a Joint Venture with Normandy Murchison Pty Ltd (**Normandy**). Normandy completed a gravity and helicopter-borne aeromagnetic (**helimag**) survey across the South Big Bell Project. Interpretation of the helimag data identified a number of cross-cutting structures, and geological units such as granite bodies and

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<sup>27</sup> WAMEX Report A018086

<sup>28</sup> WAMEX Report A041098

<sup>29</sup> WAMEX Report A046114

greenstones. The geophysical data suggested a possible westerly offset of the belt around -6000mN (local grid). The apparent obscuring of clear signal around -8000mN was thought to represent a palaeochannel previously interpreted.

RAB and RC drilling was completed on the Windarra East and Windarra Bore prospects. The primary objective was to intercept and delineate the southern extension of the Big Bell Greenstone Belt. The southernmost RAB holes intersected greenstones at shallow depth, with granites flanking to the east and west. The RC drilling circa the Windarra Bore Prospect intersected a magnetic granite suite with occasional slithers of greenstone, approaching the greenstone / western granite margin.

Normandy interpreted that the identification of greenstones outcropping at Windarra Bore, in conjunction with the drill hole data and geophysical interpretation suggested that the Big Bell Greenstone Belt is continuous through the area, albeit showing significant thinning. The westward transgression of outcrop and geophysical trends was interpreted to suggest such movement of the greenstone belt. The drilling of the channel failed to reach basement and minimal continuity of the belt was explained<sup>30</sup>.

(d) **Proposed Exploration**

The South Big Bell Project covers the southern extensions of the greenstone belt and shear zone that hosts the Big Bell gold deposit. Regional aeromagnetic imagery suggests that the Archaean greenstone belt hosting the Big Bell gold deposit continues southwards into the area covered by E20/0900. Additionally, work completed by Normandy in 1996 identified outcropping greenstones at Windarra Bore suggesting that the Big Bell Greenstone Belt is continuous through the area, albeit showing significant thinning and a commensurate diminishing prospectivity for gold.

Detailed geological mapping and further processing of geophysical data may represent an effective targeting method to ascertain the extension of the greenstone belt. An area of focus will be the westward transgression of outcrop and geophysical trends in the Windarra Bore area, previously interpreted to suggest such movement of the greenstone belt.

Following the acquisition of geophysical data, geological mapping and subsequent interpretation, targets will be generated. Fenceline RAB drilling will be completed over areas of interest defined from the geophysical, geological and drill hole data review. RC drilling will be completed over anomalous areas.

Orca has indicated to FRM that they will undertake a systematic, staged approach with respect to their exploration program on the South Big Bell Project, with prudent monitoring, assessing and refocussing of the exploration programs as necessary. FRM considers that the exploration strategy proposed by Orca is consistent with the mineral potential and status of the South Big Bell Project.

**1.3.4 Competent Persons Statement**

Information contained in this Notice and Explanatory Statement that relates to exploration results, mineral resources or ore reserves is based on information compiled Ms Felicity Repacholi-Muir; BSc (Geol & Soil Sc), GradCertAppFin. Ms Repacholi-Muir is a Member of the Australasian Institute of Geoscientists (MAIG #3417) with over 15 years of experience and has extensive professional experience with the geology of and has worked extensively in Western Australia.

Ms Repacholi-Muir has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined by the in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (**JORC Code**). A copy of the JORC Code Table 1, Section 1 & 2 is included in Schedule 5.

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<sup>30</sup> WAMEX Report A052514

Ms Repacholi-Muir consents to the inclusion of the matters based on his information in the form and context in which it appears in this Notice and Explanatory Statement.

#### 1.4 Re-compliance with Chapters 1 and 2 of the Listing Rules

ASX has advised the Company that it has exercised its discretion to require the Company to re-comply with Chapters 1 and 2 of the Listing Rules prior to the Company completing the Proposed Acquisition.

For this purpose, the Company will be required to re-comply with the conditions to listing set out in Chapters 1 and 2 of the Listing Rules in order to complete the Proposed Transaction and before its securities can be re-instated to trading on the ASX.

#### 1.5 Public Offer

For the purposes of the Company re-complying with Chapters 1 and 2 of the Listing Rules, the Company intends to undertake the Public Offer through the issue of up to 50,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$1,000,000 pursuant to a full form Prospectus.

The Company expects to lodge the Prospectus with ASIC on or before about 26 March 2018. The Public Offer will be conditional upon Shareholders approving the Essential Resolutions.

Funds raised under the Public Offer are intended to be used in the manner set out in section 1.6 below.

The Public Offer is intended to be completed in accordance with the timetable set out in section 1.10 below.

#### 1.6 Use of funds

Following completion of the Proposed Transaction, the Company intends to apply funds as follows:

<b>Available funds</b>	<b>Amount</b>
Existing cash reserves	\$3,600,000
Proceeds from Public Offer	\$1,000,000
<b>Total funds available</b>	<b>\$4,600,000</b>
<b>Use of funds</b>	
Costs associated with the Proposed Transaction	\$250,000
Exploration and other geological expenditure on the McKenzie Springs Project <sup>1</sup>	\$1,510,000
Exploration and other geological expenditure on the South Big Bell Project <sup>2</sup>	\$315,000
Exploration and other geological expenditure on the Sentinel Project <sup>3</sup>	\$735,000
General working capital <sup>4</sup>	\$1,790,000
<b>Total</b>	<b>\$4,600,000</b>

**Notes:**

1. Funds will be spent on the McKenzie Springs Project as follows:

	<b>Year 1</b>	<b>Year 2</b>	<b>Total</b>
Data compilation	40,000		40,000
Geophysical Review	30,000		30,000
Petrological Studies	5,000	10,000	15,000
Geophysical surveys	250,000	100,000	350,000
Drilling and assays	350,000	500,000	850,000
Downhole geophysics	125,000	100,000	225,000

2. Funds will be spent on the South Big Bell Project as follows:

	<b>Year 1</b>	<b>Year 2</b>	<b>Total</b>
Data compilation	15,000		15,000
Geological mapping	20,000		20,000
Geophysical & geochemical surveys	50,000		50,000
Drilling and assays	80,000	150,000	230,000

3. Funds will be spent on the Sentinel Project as follows:

	<b>Year 1</b>	<b>Year 2</b>	<b>Total</b>
Data compilation	20,000		20,000
Geological mapping	30,000		30,000
Geophysical surveys	60,000	25,000	85,000
Drilling and assays	250,000	350,000	600,000

4. Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, investment or acquisition, as determined by the Board at the relevant time.

The above is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any expenditure allocation, the funds set out in the above may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

## 1.7 Pro forma capital structure

Below is a table showing the Company's current capital structure and the capital structure on completion of the Proposed Transaction.

<b>Capital structure</b>	<b>Existing<sup>1</sup></b>	<b>Completion</b>
Existing Shares <sup>2</sup>	231,691,438	231,691,438
Shares to Vendors <sup>3</sup>	-	10,000,000
Shares under Public Offer <sup>4</sup>	-	50,000,000
<b>Total Shares</b>	<b>231,691,438</b>	<b>291,691,438</b>
Existing Options	-	-
Consideration Options to Vendors <sup>5</sup>	-	20,000,000
Adviser Options to advisers and brokers <sup>6</sup>	-	12,000,000
Performance Rights to officers <sup>7</sup>		8,000,000
<b>Fully diluted Share capital</b>	<b>231,691,438</b>	<b>331,691,438</b>

### Notes:

1. Assumes completion of the Consolidation of securities on a 1 for 2 basis.
2. Assumes no additional Shares are issued between the date of this Notice and completion of the Proposed Transaction.
3. Shares to be issued to the Vendors under the Term Sheets in partial consideration for interests in the Projects. See section 1.2 for further information on the Term Sheets.
4. See section 1.5 for further information on the Public Offer.
5. Consideration Options to be issued to the Vendors under the Term Sheets in partial consideration for interests in the Projects. Consideration Options will have an exercise price of \$0.03 and expire 3 years from issue. See section 1.2 for further information on the Term Sheets.
6. Adviser Options to be issued to advisers and brokers to be identified by the Company in full or partial consideration of providing services in connection with, or otherwise facilitating, the Proposed Transaction. Adviser Options will have an exercise price of \$0.03 and expire 3 years from issue.
7. Performance Rights to be granted to remaining and incoming officers of the Company as partial remuneration for facilitating the Proposed Transaction, and to incentivise their performance. See schedule 2 for vesting conditions and other terms and conditions of the Performance Rights.

## 1.8 Restricted securities

Certain persons (including the Vendors, promoters and related parties) will enter into any escrow agreements required by ASX.

## 1.9 Pro forma balance sheet

The Company's pro forma statement of financial position as at 31 December 2017, based on reviewed 31 December 2017 accounts for the Company and the Proposed Transaction, is set out in schedule 3.



## 1.10 Indicative timetable

An indicative timetable for the Proposed Transaction is set out below.

Event	Date
Announcement of the Proposed Transaction	15 February 2018
Notice of Meeting sent to Shareholders	15 March 2018
Lodgement of the Prospectus with ASIC	26 March 2018
Public Offer opens	5 April 2018
General Meeting to approve the Proposed Transaction	13 April 2018
Public Offer closes	19 April 2018
Completion of the Proposed Acquisition and issues of new securities	24 April 2018
Shares re-commence trading on the ASX	3 May 2018

**Note:** This timetable is indicative only and the Company reserves the right to amend the timetable, subject to applicable laws and regulations.

## 1.11 Board changes

At completion of the Proposed Acquisition, the Company will make changes to its Board, with existing Directors, Greg Bandy and Nathan Rayner, stepping down from their positions.

At the same time, two new directors will be appointed to the Board as a non-executive Directors, being Justin Tremain and Andrew Radonjic. Shareholder approval for these appointments is being sought pursuant to Resolutions 6 and 7.

Brief profiles of the current Directors and the Proposed Directors are set below.

### Greg Bandy

Mr. Bandy has over 15 years of experience in retail, corporate and capital markets, both in Australia and overseas. Mr. Bandy worked as a Senior Client Advisor at Montagu Stockbrokers and Patersons Securities for over 10 years before moving to the corporate sector. A former director of Empire Beer Group Limited, Mr. Bandy oversaw the acquisition of Car Parking Technologies (now Smart Parking Limited ASX: SPZ) before stepping down as an Executive Director. Mr. Bandy is also currently the Managing Director of Red Emperor Resources NL (ASX: RMP).

### Nathan Rayner

Mr. Rayner is a Petroleum Engineer with over 15 years of experience, specialising in managing technical teams, resource evaluations and developing gas projects globally. Mr. Rayner held the position of Evaluation Manager for Addax Petroleum Ltd, based in Geneva, managing its West African new discovery field development planning, appraisal programs and resource portfolio. Mr. Rayner previously held the positions of Chief Operating Officer with both Dart Energy Ltd, based in Singapore and Sunbird Energy Limited (now Interpose Holdings Limited). Mr Rayner is also currently a director of Red Emperor Resources NL (ASX: RMP).

### Jason Bontempo

Mr Bontempo has worked in investment banking and corporate advisory since qualifying as a Chartered Accountant with Ernst & Young in 1997. Mr Bontempo has worked for investment banks in Australia and the UK and has been closely involved with the advising and financing of companies in the resources industry specialising in asset sales and AIM | ASX listings. Mr

Bontempo is also currently a director of Cobalt One Limited (ASX: CO1) and Red Emperor Resources NL (ASX: RMP)

### **Justin Tremain**

Mr Tremain graduated from University of Western Australia with a Bachelor of Commerce degree. Mr Tremain co-founded ASX listed Renaissance Minerals Limited in June 2010 and served as Managing Director until its takeover by Emerald Resources NL in November 2016.

Mr Tremain is the Managing Director of ASX listed Novo Lito Limited (ASX:NLI), a Non-Executive Director of Emerald Resources NL (ASX:EMR) and the Non-Executive Chairman of Berkut Minerals Limited (ASX:BMT).

Prior to founding Renaissance Minerals, he had over 10 years' investment banking experience in the natural resources sector. He has held positions with Investec, NM Rothschild & Sons and Macquarie Bank and has extensive experience in the funding of natural resource projects in the junior to mid-tier resource sector.

Mr Tremain has undertaken numerous advisory assignments for resource companies, including acquisition and disposal assignment and project advisory roles.

### **Andrew Radonjic**

Mr Radonjic is a geologist and holds a master's degree in Mineral Economics. He has over 30 years of experience in mining and exploration, with a specific focus on gold and nickel in the Eastern Goldfields of Western Australia. During Mr Radonjic's career he has been instrumental in the discovery of three significant gold deposits as well as a majortin/tungsten deposit

## **1.12 Advantages of the proposals in the Resolutions**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) The Company will be exposed to the gold, base metals and graphite industries.
- (b) The Company's ability to raise funds and attract expertise will be improved.
- (c) The Proposed Acquisition and Public Offer will result in a larger market capitalisation, enhanced Shareholder base and a more liquid market for the Company's Shares, and may encourage new investors in the Company because the Company is pursuing a new strategic direction.
- (d) The change in nature of the Company's activities could attract new investors and may allow the Company to more readily raise additional working capital (if required) as such, the Company may increase its ability to acquire further projects.
- (e) The Company may be exposed to further debt and equity opportunities that it did not have prior to the Proposed Acquisition.
- (f) The Company will secure the services of additional Board members. The appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company.
- (g) The Company will secure the services of experienced international management and technical personnel which will add to the depth and quality of the knowledge base of the Company, increasing its ability to execute on core projects.
- (h) The Company will effectively incentivise its Board and management team to outperform market expectations.

### 1.13 Disadvantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) The Projects have a different risk and reward profile to that historically attributed to the Company. The new risk profile may not suit all Shareholders.
- (a) Upon completion of the Proposed Transaction, the Company will be changing the nature of its activities, which may not be consistent with the objectives of Shareholders.
- (b) Should the Proposed Acquisition be completed, the Shareholders will have their voting power reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets, will be reduced accordingly.
- (c) The Company will be exposed to the risks associated with the Projects (refer to section 1.14 for further information).

### 1.14 Risk Factors

Shareholders should be aware that if the Proposed Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Proposed Transaction is set out below.

#### (a) Completion risk

Pursuant to the Term Sheets, the Company has agreed to acquire interests in the Projects completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Proposed Transaction cannot be fulfilled and, in turn, that completion of the Proposed Acquisition does not occur.

If the Proposed Transaction is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

#### (b) Re-quotations of Shares on ASX

As part of the Company's change to the nature and scale of its activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. It is anticipated that the Company's securities will be suspended from the date of the Meeting convened to seek Shareholder approval for the Proposed Transaction until completion of the Proposed Transaction, the Public Offer, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation.

#### (c) Liquidity risk

On completion of the Proposed Transaction, the Company proposes to issue securities to the Vendors. The Company understands that ASX will treat some of these securities as restricted securities in accordance with Chapter 9 of the Listing Rules.

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) **Risks associated with operations in Australia**

(i) Government and political risk

The Company's operating activities will be subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Company believes that it will be in substantial compliance with all material current laws and regulations affecting its proposed exploration activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

(ii) Permits

The Company's proposed operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits from any existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, the Company must receive licences/permits from appropriate Governmental authorities. There is no certainty that the Company will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

(iii) Government regulation of the mining industry

The activities of the Company will be subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various

factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

(iv) **Access**

Land access is critical for exploration and mining operations. Access to land can be affected by land ownership, including private (freehold) land, pastoral lease, regulatory requirements within Australia, and competing or underlying claim interests.

While access issues are faced by many mining exploration companies and are not considered unusual, the ability of the Company to explore its claims and exploit any deposits that may be discovered through the access to critical infrastructure such as roads, may be affected by any ownership rights, regulatory requirements, underlying claim interests, or any other land access rights being enforced.

(e) **Early stages of exploration**

The Projects are at an early stage of exploration and success will depend on the Company's ability to implement its exploration strategy and define exploration results from its Projects that are compliant with the JORC Code 2012 Edition. There can be no guarantee that the Company can or will be able, or that it will be commercially advantageous for the Company, to develop the Projects.

(f) **Exploration risks**

Mining exploration is a high-risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining claims and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration of claims may be unsuccessful, resulting in a reduction of the value of those claims, and diminution in the cash reserves of the Company. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(g) **Further exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(h) **Operational risk**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its claims interests. Until the

Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.

(i) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or forest fires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(j) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects.

(k) **Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including, inflation rates and interest rates, variations in the general market for listed stocks, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company

specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(l) **Additional requirements for capital**

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in addition to amounts raised under the Public Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(m) **Reliance on Key Management Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

If such contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, the Company would need to engage alternative staff, and the Company's operations and business may be adversely affected.

(n) **Litigation risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(o) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(p) **Economic risks**

General economic conditions, movements in interest and inflation rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry, or the cobalt and gold sectors within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(q) **Force majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(r) **Proposed Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, assets or projects complementary to the Company's existing operations. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, assets and projects, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the short term operational goals and retaining key staff and customer and supplier relationships.

(s) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities

## 1.15 ASX waivers

The Company intends to seek the following waivers from ASX:

- (a) a waiver with respect to Listing Rule 1.1 condition 12, to enable the Company to issue the Consideration Options and Adviser Options with an exercise price of \$0.03 each, being a price that is less than \$0.20;
- (b) a waiver with respect to Listing Rule 1.1 condition 12, to enable the Company to grant the Performance Rights with an exercise price of \$0.001 each, being a price that is less than \$0.20;
- (c) a waiver with respect to Listing Rule 2.1 condition 12 to enable the Company to issue Shares under the Public Offer at \$0.02 each, being a price that is less than \$0.20; and
- (d) a waiver with respect to Listing Rule 10.13.3 (or Listing Rule 14.7) to enable the Company to grant Performance Rights to related parties up to 3 months after the General Meeting, instead of 1 month.



## 1.16 Recommendations of the Directors

Unless otherwise stated in this Explanatory Statement, no Director has a material personal interest in the Proposed Transaction. Further, no Director has a legal or beneficial interest in any of the Projects.

Based on the information available, including that contained in this Explanatory Statement and the advantages and disadvantages outlined in sections 1.12 and 1.13, the Directors consider that the Proposed Transaction is in the best interests of the Company and its Shareholders and recommend that Shareholders vote in favour of each of the Resolutions (other than Resolution 14 and, in the case of Jason Bontempo only, Resolution 9).

The Directors do not make any recommendation in relation to Resolution 14 on the basis that the Resolution relates to the remuneration of Directors and they therefore have a material personal interest in its outcome.

Jason Bontempo makes no recommendation on Resolution 9 on the basis that the Resolution relates to Performance Rights to be issued to him and he therefore has a material personal interest in its outcome.

## 2. RESOLUTION 1 – CONSOLIDATION OF SECURITIES

Resolution 1 is an ordinary resolution which proposes that the issued capital of the Company be altered by consolidating the existing securities on a 1 for 2 basis (**Consolidation**). The record date for determining the Consolidation will be 5.00pm on 18 April 2018. Any fractional entitlements as a result of holdings not being evenly divisible by 2 will be rounded down to the nearest whole number.

### Section 254H of the Corporations Act

Section 254H of the Corporations Act enables a company to convert all of its ordinary securities into a smaller number of securities by a resolution passed at a general meeting. The conversion proposed by Resolution 1 is permitted under section 254H of the Corporations Act.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders. The purpose of the Consolidation is to satisfy ASX's requirements in order to qualify for a waiver of the '20 cent rule' and enable the Company to offer Shares under the Public Offer for \$0.02 each. The Consolidation is also required for the purposes of re-complying with Chapters 1 and 2 of the Listing Rules.

The Consolidation will reduce the number of existing securities on issue. For example, a Shareholder currently holding 1,000 Shares will, as a result of the Consolidation, hold 500 Shares.

The Company's balance sheet and tax position will remain unaltered as a result of the Consolidation.

#### (a) Shares

The Company's issued share capital as a result of the Consolidation on a 1 for 120 basis will be as follows (subject to rounding):

	Pre-Consolidation	Post-Consolidation
Shares on issue	463,382,876	231,691,438

#### (b) Holding statements

Following the Consolidation, all holding statements for existing Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares (on a post-Consolidation basis). After the Consolidation becomes effective, the

Company will arrange for new holding statements for Shares to be issued to Shareholders.

(c) **Timetable**

If Resolution 1 is passed, the Consolidation will take effect in accordance with the timetable set out in paragraph 8 of Appendix 7A of the Listing Rules. The anticipated timetable for the Consolidation is set out below.

<b>Event</b>	<b>Date</b>
Company notifies ASX that Shareholders have approved the Consolidation	13 April 2018
Trading would normally commence in the reorganised Shares on a deferred settlement basis	17 April 2018
Last day for the Company to register transfers on a pre-Consolidation basis	18 April 2018
Securities registered on a post-Consolidation basis	19 April 2018
Issue of new holding statements for consolidated Shares	25 April 2018

**Note:** The above dates are indicative only and are subject to change.

### **3. RESOLUTION 2 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

#### **3.1 General**

This Resolution seeks approval from Shareholders under Listing Rule 11.1.2 for the significant change to the nature and scale of the activities of the Company as a result of the Proposed Transaction.

This Resolution is an ordinary resolution. This Resolution is subject to the approval of each of the other Essential Resolutions.

#### **3.2 Listing Rule 11.1 requirements**

Chapter 11 of the Listing Rules sets out the requirements to be followed by a listed company that proposes to make any significant change in the nature or scale of its activities. The Proposed Acquisition will have the effect of increasing the scale and changing the nature of the Company's activities.

This Resolution seeks Shareholder approval to allow the Company to complete the Proposed Transaction. As the Proposed Transaction will change the nature and scale of the Company's activities, the Company must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX. The ASX has confirmed that the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake the Public Offer pursuant to Resolution 4 to meet some of the requirements of re-compliance.

Accordingly, Resolution 2 seeks approval from Shareholders for a change to the nature and scale of the activities of the Company.

### 3.3 Technical information required by ASX Guidance Note 12

For the purposes of ASX Guidance Note 12: Significant Changes to Activities, the following information is provided in relation to Resolution 2:

(a) **Material terms of the transaction**

Summaries of the key terms of the Term Sheets are set out in section 1.2, and a summary of the Proposed Transaction generally is set out in section 1.

(b) **Financial effect of the transaction on the entity and on the interests of security holders**

The effect of the Proposed Transaction on the capital structure of the Company is set out in section 1.7. The Proposed Transaction will result in the relevant interests of Shareholders who do not receive Shares under the Proposed Transaction (including those Shareholders who do not apply under the Public Offer) being diluted by approximately 30.15% on a fully diluted basis. This will in turn reduce the voting power of such Shareholders and may therefore reduce their influence on the Company.

The effect of the Proposed Transaction on the statement of financial position of the Company is set out in schedule 3.

The anticipated effect of the Proposed Transaction on the Company's total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax is set out below.

Item	Existing	Change	Completion	% change
<b>Total assets<sup>1</sup></b>	\$3,695,528	\$1,306,051	\$5,001,579	35.3%
<b>Total equity interests<sup>1</sup></b>	\$3,610,345	\$1,246,051	\$4,856,396	34.5%
<b>Annual revenue<sup>2</sup></b>	-	-	-	-
<b>Annual expenditure<sup>3</sup></b>	-	-	\$1,825,000	-
<b>Annual profit before tax<sup>2</sup></b>	-	-	-	-

**Notes:**

1. The existing figures are drawn from the Company's reviewed statement of financial position as at 31 December 2017. See schedule 2 for further information. The change figures assume a market price for Shares of \$0.02 each, being the issue price under the Public Offer.
2. The Company is in the growth stage of its development and has not generated material revenue or profits, or incurred material expenditure, as a mineral exploration company. The Company's revenues and profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future revenues and profits (if any) and the time required to achieve sustained revenues and profits are uncertain and cannot be reliably predicted.
3. The annual expenditure figure assuming that completion occurs is an estimate of cash expenditure (including exploration) and a statement of current intentions as at the date of this Notice. Shareholders should note that, as with any budget, annual expenditure may change depending on a number of factors including, but not limited to, the success of the Company's exploration and asset evaluation programs, as well as regulatory developments and economic conditions. In light of this, the Board reserves the right to alter the amount of annual expenditure it incurs.

(c) **Changes the entity will be making to its business model**

The Company will change its focus from oil and gas exploration to mineral exploration following completion of the Proposed Acquisition. The Company intends to undertake exploration activities on the Projects, as described in section 1.3.

(d) **How the entity will pay for the acquisition**

To complete the Term Sheets and acquire initial majority interests in the Projects, the Company will issue 10,000,000 Shares and 20,000,000 Consideration Options to the Vendors. No cash consideration is payable to the Vendors at completion.

As at 31 December 2017, the Company had \$3,692,000 in cash. The Company will also raise up to \$1,000,000 under the Public Offer. The Company intends to draw on these funds to fund exploration activities on the Projects, and potentially earn-in to additional interests in the Projects in accordance with the Terms Sheets.

The Company may be required, and reserves the right, to raise further funds either through equity or debt markets in order to fund its activities. Additional equity may further dilute Shareholders. There can be no assurance that additional funding will be available at the relevant time on reasonable terms or at all.

The Company's obligation to pay the royalties under the Term Sheets is contingent on the Company producing minerals. Therefore, these payments are likely to be drawn from sales revenue or cash reserves which exist at the relevant time.

(e) **Changes proposed to the entity's board or senior management**

At completion of the Proposed Transaction, Greg Bandy will step down as Managing Director, and Nathan Rayner will step down as a Non-Executive Director. At the same time, Justin Tremain and Andrew Radonjic will be appointed as Non-Executive Directors.

It is not anticipated that there will be any other immediate changes to the management of the Company as a result of the Proposed Transaction.

(f) **Timetable for implementing the transaction**

An indicative timetable for the Proposed Transaction is set out in section 1.10.

#### **4. RESOLUTION 3 – ISSUE OF CONSIDERATION SECURITIES**

##### **4.1 General**

This Resolution seeks Shareholder approval for the issue of:

- (a) 10,000,000 Shares; and
- (b) 20,000,000 Consideration Options,

**(Consideration Securities)** in consideration for interests in the Projects in accordance with the Term Sheets.

Each Consideration Option is exercisable at \$0.03 and will expire 3 years from issue. Full terms and conditions of the Consideration Options are set out in schedule 1.

Two of the Vendors, Neon Space and Crosspick Resources, will also receive 2% net smelter royalties over the South Big Bell Project and the Sentinel Project (as applicable) in accordance with their respective Term Sheets.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which

represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

The effect of this Resolution will be to allow the Company to issue the Consideration Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Directors understand that ASX may treat each of the Consideration Securities as restricted securities for the purpose of the Listing Rules.

#### **4.2 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Securities:

- (a) the maximum number of securities to be issued at completion is:
  - (i) 10,000,000 Shares; and
  - (ii) 20,000,000 Consideration Options;
- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of all the Consideration Securities will occur on the same date;
- (c) the Consideration Securities will be issued for nil cash consideration for interests in the Projects in accordance with the Term Sheets;
- (d) the Consideration Securities will be issued to the Vendors (and/or their nominees) as consideration for interests in the Projects, none of whom are related parties of the Company;
- (e) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Consideration Options to be issued will be issued on the terms and conditions set out in schedule 1;
- (g) no funds will be raised from the proposed issue as the Consideration Securities are proposed to be issued as consideration for the acquisition by the Company of interests in the Projects and in accordance with the terms of the Term Sheets. The proceeds from any future exercise of the Consideration Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Consideration Options at the discretion of the Board.

### **5. RESOLUTION 4 – ISSUE OF SHARES – PUBLIC OFFER**

#### **5.1 General**

This Resolution seeks Shareholder approval for the issue of up to 50,000,000 Shares at \$0.02 per Share to raise up to \$1,000,000 before costs.

A summary of Listing Rule 7.1 is set out in section 4.1.

The effect of this Resolution will be to allow the Company to issue the Shares pursuant to the Public Offer during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **5.2 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Public Offer:

- (a) the maximum number of Shares to be issued is 50,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of all the Shares pursuant to the Public Offer will occur on the same date;
- (c) the issue price of the Shares will be \$0.02 per Share;
- (d) the Shares will be issued to persons who apply for Shares under the Public Offer. Subject to foreign investor restrictions, the Public Offer will be open to members of the general public. No Shares will be issued to related parties of the Company except to the extent permitted by an exception in Listing Rule 10.12 (if at all);
- (e) the Shares proposed to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Public Offer towards the budgeted expenditure described at section 1.6.

## **6. RESOLUTION 5 – CHANGE OF COMPANY NAME**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

This Resolution seeks the approval of Shareholders for the Company to change its name to "Fin Resources Limited". The Board proposes this change of name on the basis that it more accurately reflects the proposed operations of the Company following completion of the Proposed Acquisition.

If this Resolution is passed, the change of name will take effect after ASIC alters the details of the Company's registration.

The ASX code "FIN" has been reserved by the Company and if this Resolution is passed, the Company will lodge a copy of the special resolution with ASIC following completion in order to effect the change.

## **7. RESOLUTIONS 6 AND 7 – ELECTION OF DIRECTORS**

Clause 6.2(c) of the Constitution allows the Company to elect a person or persons as a Director by resolution passed in general meeting. A Proposed Director elected at a general meeting is taken to have been elected with effect immediately after the end of that general meeting unless the resolution by which the Proposed Director is appointed or elected specifies a different time.

Clause 6.2(c)(b) of the Constitution provides that a person is eligible for election as a Director at a general meeting of the Company, provided that that person or persons are recommended for election by the Directors.

Each of the current Directors recommend the election of Justin Tremain and Andrew Radonjic.

Pursuant to these Resolutions, Justin Tremain and Andrew Radonjic seek election from Shareholders to be appointed as Directors upon completion of the Proposed Acquisition.

Brief profiles of the Proposed Directors are set out in section 1.11.

## 8. RESOLUTION 8 – ISSUE OF ADVISER OPTIONS

### 8.1 General

This Resolution seeks Shareholder approval for the issue of up to 12,000,000 Adviser Options at an issue price of \$0.0001 each to brokers and advisers to be identified by the Company in full or partial consideration of providing services in connection with, or otherwise facilitating, the Proposed Transaction.

Each Adviser Option is exercisable at \$0.03 and will expire 3 years from issue. Full terms and conditions of the Adviser Options are set out in schedule 1.

A summary of Listing Rule 7.1 is set out in section 4.1.

The effect of this Resolution will be to allow the Company to issue the Adviser Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 8.2 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Public Offer:

- (a) the maximum number of Adviser Options to be issued is 12,000,000;
- (b) the Adviser Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of all the Shares pursuant to the Public Offer will occur on the same date;
- (c) the Adviser Options will be issued for \$0.0001 per Adviser Option to brokers and advisers to be identified by the Company in full or partial consideration of providing services in connection with, or otherwise facilitating, the Proposed Transaction;
- (d) the Adviser Options will be issued to brokers and advisers to be identified by the Company who have a role in providing services in connection with, or otherwise facilitating, the Proposed Transaction. No Adviser Options will be issued to related parties of the Company;
- (e) each Adviser Option will be exercisable at \$0.03 and will expire 3 years from issue. Full terms and conditions of the Adviser Options are set out in schedule 1; and
- (f) \$1,200 will be raised from the issue of the Adviser Options which will be used towards meeting working capital requirements of the Company at the time of issue of the Adviser Options. The proceeds from any future exercise of the Adviser Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Adviser Options at the discretion of the Board.

## 9. RESOLUTIONS 9 TO 11 – PERFORMANCE RIGHTS TO SPECIFIED DIRECTORS

### 9.1 General

Resolutions 9 to 11 seek Shareholder approval for the grant of 6,000,000 Performance Rights (in aggregate) to Jason Bontempo, Justin Tremain and Andrew Radonjic (and/or their nominees) (**Specified Directors**) as partial remuneration for facilitating the Proposed Transaction, and to incentivise their performance.

The Specified Directors are related parties of the Company for the purposes of section 228 of the Corporations Act as they are, or are proposed to be, Directors.

## Chapter 2E of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

The Specified Directors are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, the Company is seeking Shareholders approval for the purposes of section 208 of the Corporations Act.

### 9.2 Technical information required by section 219

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolutions 9 to 11:

(a) **Related party to whom the financial benefit is to be given**

Jason Bontempo, Justin Tremain and Andrew Radonjic (and/or their nominees).

(b) **Nature of the financial benefit**

The financial benefits are 6,000,000 Performance Rights, which will be granted to Specified Directors as follows:

Specified Director	Amount
Jason Bontempo	2,000,000
Justin Tremain	2,000,000
Andrew Radonjic	2,000,000

(c) **Valuation of the financial benefit**

The Company has engaged an expert who is qualified in the relevant field to determine a value for the Performance Rights using the Hoadley Barrier option valuation model, developed by Hoadley Trading & Investment Tools, which uses a trinomial lattice calculation. The expert has determined that the value of each Performance Right is \$0.018 based on the following assumptions and inputs:

Item	Value
Indicative grant date	27-Feb-18
Spot price	\$0.02
Exercise price	\$0.001
Vesting hurdle (20-day VWAP)	\$0.03
Expiry date	27-Feb-23
Expected future volatility	80%
Risk free rate	2.34%
Dividend yield	Nil



Accordingly, the value of the financial benefits to be given to the Specified Directors under Resolutions 9 to 11 is set out below.

<b>Director</b>	<b>Performance Rights</b>	<b>Total value</b>
Jason Bontempo	2,000,000	\$36,020
Justin Tremain	2,000,000	\$36,020
Andrew Radonjic	2,000,000	\$36,020
<b>Total</b>	<b>6,000,000</b>	<b>\$108,060</b>

(d) **Reason for the financial benefit**

The Performance Rights are being granted to the Specified Directors as partial remuneration for facilitating the Proposed Transaction, and to incentivise their performance.

(e) **Current remuneration and relevant interests**

Details of the current or proposed annual remuneration of the Specified Directors, as well as their relevant interests in the securities of the Company as at the date of this Notice, are set out below.

<b>Name</b>	<b>Salary / fees</b>	<b>Shares</b>	<b>Options</b>
Jason Bontempo	\$30,000	Nil	Nil
Justin Tremain	\$30,000	Nil	Nil
Andrew Radonjic	\$30,000	Nil	Nil

(f) **Terms of the securities**

The Performance Rights are subject to certain vesting conditions and are otherwise on the terms and conditions set out in schedule 2.

(g) **Dilution**

If all Securities are issued pursuant to the Resolutions and no other Shares are issued by the Company, then the Shares to be issued pursuant to the exercise of all Performance Rights under Resolutions 9 to 11 (i.e. assuming all vesting conditions are satisfied) would dilute Shareholders by approximately 1.81% (on a fully diluted basis).

(h) **Opportunity costs to the Company**

If Shareholders do not approve the grant of Performance Rights then the Company may be required to increase the cash remuneration payable to the Specified Directors accordingly. The Company notes its desire to preserve its cash reserves as much as possible at its current stage of growth.

The Company does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights under Resolutions 9 to 11.

(i) **Intended use of funds raised**

No funds will be raised from the grant of the Performance Rights as they are being granted to the Specified Directors as partial remuneration for facilitating the Proposed Transaction, and to incentivise their performance.

(j) **Directors' interests**

Jason Bontempo has a material personal interest in Resolution 9 as the proposed recipient of 2,000,000 Performance Rights.

No other Director has a material personal interest in any of Resolutions 9 to 11.

(k) **Directors' recommendations**

Jason Bontempo abstains from expressing an opinion or making a recommendation on Resolution 9 due to having a material personal interest in its outcome. Subject to the foregoing, the Directors recommend that Shareholders vote in favour of Resolutions 9 to 11 on the basis of the following:

- the terms and conditions of the Performance Rights are considered to be reasonable in the circumstances if the Company were dealing at arm's length;
- by partially remunerating the Specified Directors via Performance Rights, the Company will be able to preserve cash reserves which it considers important at this stage of its development; and
- there are benefits to the Company in the Specified Directors in holding or otherwise having an interest in the Performance Rights as this will help to incentivise their performance as Directors and, in doing so, further align their interests with those of Shareholders.

(l) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolutions 9 to 11.

### **9.3 Listing Rule 10.11**

Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

As Resolutions 9 to 11 involves the grant of Performance Rights to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

### **9.4 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 9 to 11:

- (a) the Performance Shares will be granted to Jason Bontempo, Justin Tremain and Andrew Radonjic (and/or their nominees);

- (b) the maximum number of Performance Rights to be granted is:
  - (i) 2,000,000 Performance Rights to Jason Bontempo (and/or his nominee);
  - (ii) 2,000,000 Performance Rights to Justin Tremain (and/or his nominee); and
  - (iii) 2,000,000 Performance Rights to Andrew Radonjic (and/or his nominee);
- (c) the Performance Rights are anticipated to be granted at completion of the Proposed Acquisition. This is expected to occur on or around 24 April 2018 and, in any event, will occur within 1 month of the date of the Meeting (or such longer time permitted by ASX);
- (d) the Performance Rights will be granted for nil cash consideration as they are being granted to the Specified Directors as partial remuneration for facilitating the Proposed Transaction, and to incentivise their performance;
- (e) the Performance Rights will be subject to certain vesting conditions and will otherwise be on the terms and conditions set out in schedule 2; and
- (f) no funds will be raised from the grant of the Performance Rights as they are being granted to the Specified Directors as partial remuneration for facilitating the Proposed Transaction, and to incentivise their performance. Each Performance Right is exercisable at \$0.001 upon satisfaction of the performance milestone, as such the Company will receive a maximum of \$6,000 upon exercise of the Performance Rights to the Specified Directors.

Approval pursuant to Listing Rule 7.1 is not required for Resolutions 9 to 11 as approval is being obtained under Listing Rule 10.11. Accordingly, the grant of the Performance Rights, and any subsequent issue of Shares pursuant to their exercise, will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

## **10. RESOLUTION 12 – PERFORMANCE RIGHTS TO AARON BERTOLATTI**

### **10.1 General**

Resolution 12 seeks Shareholder approval for the grant of 2,000,000 Performance Rights to the Company Secretary, Aaron Bertolatti (and/or his nominees), as partial remuneration for facilitating the Proposed Transaction, and to incentivise his performance.

A summary of Listing Rule 7.1 is set out in section 4.1.

The effect of this Resolution will be to allow the Company to grant the Performance Rights during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **10.2 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 12:

- (a) the maximum number of Performance Rights to be granted is 2,000,000;
- (b) it is anticipated that the Performance Rights will be granted at completion of the Proposed Acquisition. In any event, no Performance Rights will be granted later than 3 months after the date of the Meeting (or any later date permitted by ASX);
- (c) the Performance Rights will be granted for nil cash consideration as they are being granted to Aaron Bertolatti Directors as partial remuneration for facilitating the Proposed Transaction, and to incentivise his performance;

- (d) the Performance Rights will be granted to Aaron Bertolatti (and/or his nominees) as partial remuneration for facilitating the Proposed Transaction, and to incentivise his performance;
- (e) the Performance Rights will be subject to certain vesting conditions and will otherwise be on the terms and conditions set out in schedule 2; and
- (f) no funds will be raised from the grant of the Performance Rights as they are being granted to Aaron Bertolatti Directors as partial remuneration for facilitating the Proposed Transaction, and to incentivise his performance. Each Performance Right is exercisable at \$0.001 upon satisfaction of the performance milestone, as such the Company will receive a maximum of \$2,000 upon exercise of the Performance Rights to Aaron Bertolatti.

## **11. RESOLUTION 13 – CHANGE OF CONSTITUTION**

### **11.1 General**

Resolution 13 is a special resolution which seeks Shareholder approval to repeal the Company's existing Constitution and adopt the New Constitution as the Constitution of the Company.

The Company's existing Constitution was adopted on 27 November 2002 and contains a number of outdated references to names including the Company's name and various corporate law and regulatory bodies.

Further, the Company considers that it is appropriate to replace the existing Constitution with the New Constitution to reflect contemporary corporate practice and conform with current Australian corporate law (including the Corporations Act and the Listing Rules). The New Constitution is in a usual and standard form for an ASX-listed company of the size and nature of the Company, and has been approved by ASX in accordance with Listing Rule 15.3.

#### **Summary of material changes**

##### ***Minimum Shareholding (clause 3)***

Clause 3 of the New Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The New Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the New Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

##### ***Fee for registration of off market transfers (clause 8.4(c))***

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4(c) of the New Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### **Dividends (clause 22)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The New Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Section 136 of the Corporations Act**

Section 136(2) of the Corporations Act provides that a company can repeal its constitution by shareholders passing a special resolution in general meeting. Section 136(1)(b) provides that a company can then adopt a constitution after registration by passing a special resolution. Accordingly, Resolution 13 seeks Shareholder approval to repeal the existing Constitution and adopt the New Constitution for the purposes of sections 136(2) and 136(1)(b) of the Corporations Act.

As Resolution 13 is a special resolution, at least 75% of the votes cast on Resolution 13 must be cast in favour of the Resolution in order for it to be passed.

If Shareholders pass Resolution 13 then the New Constitution will become the Constitution of the Company with immediate effect following the General Meeting.

A full copy of the New Constitution is available to Shareholders free of charge. To request a copy of the New Constitution, please contact the Company Secretary, Aaron Bertolatti, by email at [aaron@orcaenergy.com.au](mailto:aaron@orcaenergy.com.au). Alternatively, the New Constitution can be viewed on the Company's website at [www.orcaenergy.com.au](http://www.orcaenergy.com.au).

## **12. RESOLUTION 14 – NON-EXECUTIVE DIRECTORS' REMUNERATION**

### **12.1 General**

Clause 6.5(a) of the Constitution requires that remuneration payable to the non-executive Directors will not exceed the sum from time to time determined by the Company in general meeting. The aggregate amount of fees available to be paid to non-executive Directors is currently set at \$50,000 per annum.

For the purpose of clause 6.5(a) of the Constitution and Listing Rule 10.17, Shareholder approval is sought to increase the maximum aggregate remuneration payable to non-executive Directors by \$150,000, from \$50,000 per annum to \$200,000 per annum.

## 12.2 Reason for the increase

The Board believes that the remuneration of non-executive Directors must be maintained at a level consistent with similarly sized ASX listed companies, taking into account the time commitment of their role and the Company's performance. The increase in the annual aggregate remuneration pool sought by Resolution 14 is designed to:

- (a) accommodate the expected growth of the Company following the Proposed Transaction and increased responsibilities for non-executive Directors;
- (b) ensure that the fees are at a level commensurate with the Company's size and industry to attract and retain suitably qualified and experienced directors;
- (c) accommodate an increase in the number of non-executive Directors, if such an increase is considered appropriate; and
- (d) allow for future increase in remuneration to current or future non-executive Directors, should this be considered appropriate.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

Resolution 14 if passed, will ensure the Company has adequate flexibility to increase the size of the Board or the remuneration of non-executive Directors, as and when the business of the Company requires.

Additional information regarding the remuneration paid to each non-executive Director for the financial year ender 30 June 2017, and the Company's approach to the remuneration of non-executive Directors, is detailed in the Remuneration Report which forms part of the Directors' Report contained in the Annual Report for the Company which was announced to ASX on 20 September 2017.

## 12.3 Listing Rule 10.17

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under Listing Rule 10.11 or 10.14 with approval of Shareholders.

Pursuant to and in accordance with Listing Rule 10.17, the following information is provided in relation to this Resolution:

- (a) the amount of increase sought is \$150,000 per annum;
- (b) the maximum aggregate amount of Directors' fees that may be paid to all of the Company's non-executive Directors is \$200,000 per annum; and
- (c) the following securities have been issued to non-executive Directors' under Listing Rule 10.11 or 10.14 (with Shareholder approval) within the last three years:

<b>Director<sup>1</sup></b>	<b>Status</b>	<b>Shares</b>	<b>Options</b>
Greg Bandy	Outgoing	Nil	Nil
Jason Bontempo	Continuing	Nil	Nil
Nathan Rayner	Outgoing	Nil	7,500,000 <sup>2</sup>

**Notes:**

1. At completion of the Proposed Acquisition, Greg Bandy and Nathan Rayner will step down from their positions as Directors.
2. Issue to Mrs Allison Jane Rayner <Rayner Investment Trust A/C> as approved by Shareholders on 30 April 2015.

## GLOSSARY

**Adviser Option** means an Option on the terms and conditions set out at schedule 1.

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

**ASX** means ASX Limited ACN 008 624 691, or the financial market operated by ASX Limited, as the context requires.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Public Offer Shares** means the Shares to be issued pursuant to the Public Offer.

**Chair** means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

**Company** or **Orca** means Orca Energy Limited ACN 009 121 644 (to be renamed "Fin Resources Limited").

**Company Secretary** means the company secretary of the Company.

**Consideration Option** means an Option on the terms and conditions set out at schedule 1.

**Consideration Securities** means the Shares and the Consideration Options to be issued to the Vendors under Resolution 3, or any one or more of them, as the context requires.

**Consolidation** means consolidation of the existing securities on a 1 for 2 basis, with any fractional entitlements being rounded down.

**Constitution** means the existing constitution of the Company.

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

**Director** means a director of the Company.

**Essential Resolutions** means all Resolutions as set out in this Notice other than Resolutions 5 and 13.

**Excluded Person** has the meaning given in the relevant voting exclusion statement below the Resolution (as applicable).

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the general meeting of Shareholders convened by the Notice.



**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is a part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the official listing rules of ASX.

**McKenzie Springs Project** means Western Australian exploration licence E80/4808.

**New Constitution** means the constitution proposed to be adopted by the Company pursuant to Resolution 13.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Performance Right** means a performance right granted by the Company on the terms and conditions set out in schedule 3.

**Projects** means the McKenzie Springs Project, the South Big Bell Project and the Sentinel Project, and **Project** means any one or more of them, as the context requires.

**Proposed Acquisition** means the Company's proposed acquisition of interests in the Projects, as described in section 1.2.

**Proposed Directors** means Justin Tremain and Andrew Radonjic.

**Prospectus** means a prospectus to be lodged with ASIC and issued by the Company for the purposes of the Public Offer and any other offers of securities in connection with the Proposed Transaction.

**Proxy Form** means the proxy form accompanying the Notice.

**Public Offer** means the proposed offer to the public of up to 50,000,000 Shares at an issue price of \$0.02 each to raise up to \$1,000,000 before costs.

**Resolution** means a resolution set out in the Notice.

**Sentinel Project** means Western Australian exploration licence E28/2652.

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

**Shareholder** means a holder of one or more Shares.

**South Big Bell Project** means Western Australian exploration licence E20/900.

**Specified Director** has the meaning given in section 9.1.

**Proposed Transaction** has the meaning given in section 1.1.

**Vendors** means Sammy Resources, Neon Space and Crosspick Resources, and **Vendor** means any one or more of them, as the context requires.

**VWAP** means the volume weighted average price of Shares.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1 – CONSIDERATION OPTIONS AND ADVISER OPTIONS

(a) **Entitlement and issue price**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option. Each Consideration Option will be issued for nil cash consideration. Each Adviser Option will be issued for \$0.0001.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is 3 years after issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors,

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 2 – PERFORMANCE RIGHTS

### 1. Grant price

Each Performance Right will be granted by the Company for nil cash consideration.

### 2. Rights

- (a) The Performance Rights do not carry any voting rights in the Company.
- (b) The Performance Rights confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders of Performance Rights have the right to attend general meetings of shareholders.
- (c) The Performance Rights do not entitle the holder to any dividends.
- (d) The Performance Rights do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (e) The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) The Performance Rights do not confer the right to participate in new issues of securities such as entitlement issues. If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the exercise of a Performance Right will be increased by the number of Shares which the holder would have received if the Performance Right had been exercised before the record date for the bonus issue.
- (g) If at any time the issued capital of the Company is reorganised, the Performance Rights are to be treated in the manner set out in Listing Rule 7.21 (assuming that the Listing Rules apply), being that the number of Performance Rights or the conversion ratio or both will be reorganised so that the holder of the Performance Rights will not receive a benefit that holders of ordinary shares do not receive and so that the holders of ordinary shares will not receive a benefit that the holder of the Performance Rights does not receive.
- (h) The Performance Rights give the holder no rights other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

### 3. Exercise

- (a) Subject to section 3(b), a class of Performance Rights (**Class**) immediately vests and becomes exercisable by the holder into Shares (**Conversion Shares**) on a one for one basis upon and subject to the Company providing written notice (**Vesting Notice**) to the holder that the Company has satisfied the relevant condition (**Condition**) by the relevant deadline (**Deadline**) set out below.

Class	Condition	Deadline
Class A	The Company achieving a VWAP of at least \$0.03 over a period of 20 trading days.	5 years from the date of grant.

- (b) A Performance Right cannot vest within 3 months of the Performance Right being granted.

- (c) In order to exercise a Class into Conversion Shares following receipt of a Vesting Notice, the holder must provide written notice (**Exercise Notice**) to the Company of its election to exercise the Class into the Conversion Shares. The holder must pay \$0.001 upon exercise for each Performance Right (**Exercise Price**). A Class may only be exercised into Conversion Shares once.
- (d) Despite any other provision, the exercise of any Performance Rights is subject to the Company obtaining any required shareholder or regulatory approval for the purpose of issuing the Conversion Shares. If exercise of all or part of the Performance Rights would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) then the exercise of each Performance Right that would cause the contravention will be deferred until such time or times that the exercise would not at a later date result in a contravention of section 606(1) of the Corporations Act. The holder must give prior written notice to the Company if it considers that the exercise of all or part of its Performance Rights may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Performance Rights under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.
- (e) The Company must issue Conversion Shares in the name of the holder (or its nominee) within 7 days of receiving a valid Exercise Notice and the Exercise Price.
- (f) Each Conversion Share will rank equally with a fully paid ordinary share in the capital of the Company.
- (g) The Performance Rights will not be quoted on any securities exchange and the Company will not make an application for quotation in respect of them. However, if the Company is listed on the ASX at the relevant time, the Company must apply for quotation of any Conversion Shares on the ASX in accordance with the Listing Rules, subject always to the requirements of the Listing Rules, including those relating to escrow.

#### 4. **Expiry**

Despite any other provision, any Performance Rights which have not been validly exercised into Conversion Shares on or before the earlier of:

- (a) the date that the holder ceases to be engaged for services by the Company in any capacity; and
- (b) the date that is 5 years from the grant of the Performance Rights,

will automatically be deemed to be cancelled by the Company for nil cash consideration.

#### 5. **Transferability**

The Performance Rights are not transferable.

#### 6. **Compliance with Corporations Act, Listing Rules and Constitution**

- (a) Despite anything else contained in these terms and conditions, if the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.
- (b) Nothing contained in these terms and conditions prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.
- (c) If the Corporations Act, Listing Rules or Constitution conflict with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

- (d) The terms of the Performance Rights may be amended as necessary by the directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms.

## **7. Change of Control Event**

- (a) A change of control event (**Change of Control Event**) occurs where:
  - (i) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
  - (ii) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies.
- (b) If a Change of Control Event occurs, the Company may in its sole and absolute discretion, and subject to the Listing Rules and 7(c) below, determine how unvested Performance Rights will be treated, including but not limited to determining that unvested Performance Rights (or a portion of unvested Performance Rights) will become immediately exercisable into Conversion Shares with such exercise deemed to have taken place immediately prior to the effective date of the Change of Control Event.
- (c) The total number of Conversion Shares issued under 7(b) above must not exceed 10% of the issued ordinary capital of the Company as at the date of exercise.
- (d) Whether or not the Company determines to accelerate the vesting of any Performance Rights, the Company must give written notice of any proposed Change of Control Event to the holder.

### SCHEDULE 3 – PRO FORMA BALANCE SHEET

The pro forma Balance Sheet has been prepared to provide information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The pro forma includes the Public Offer of \$1,000,000 reflected in cash, capitalised exploration and evaluation expenditure, and issued capital.

31 December 2017	Notes	OGY (Reviewed) \$	Pro Forma after Acquisition and Capital Raising (Unaudited) \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1	3,692,220	4,392,220
Trade and other receivables		3,208	3,208
Other assets		-	-
Other financial assets		100	100
<b>Total Current Assets</b>		<b>3,695,528</b>	<b>4,395,528</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		-	-
Deferred exploration and evaluation expenditure	2	-	606,051
Other		-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>606050.9452</b>
<b>TOTAL ASSETS</b>		<b>3,695,528</b>	<b>5,001,579</b>
<b>CURRENT LIABILITIES</b>			
Creditors and borrowings		24,038	84,038
Provisions		61,145	61,145
<b>Total Current Liabilities</b>		<b>85,183</b>	<b>145,183</b>
<b>TOTAL LIABILITIES</b>		<b>85,183</b>	<b>145,183</b>
<b>NET ASSETS</b>		<b>3,610,345</b>	<b>4,856,396</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued Capital	3	28,786,786	29,686,786
Reserves		2,297,449	2,643,500
Retained Losses		(27,473,890)	(27,473,890)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,610,345</b>	<b>4,856,396</b>

## NOTES TO PRO FORMA BALANCE SHEET:

<b>1 Cash &amp; cash equivalents</b>	<b>\$</b>
Opening balance	3,692,220
Placement	950,000
Compliance costs	(250,000)
<b>Closing balance</b>	<b>4,392,220</b>

<b>2 Exploration and evaluation assets</b>	<b>\$</b>
Opening balance	-
<u>Add:</u>	
McKenzie Springs Project consideration	208,141
Sentinel Gold consideration	104,070
South Big Bell consideration	104,070
Options to advisers and brokers	129,769
Geological services	60,000
<b>Closing balance</b>	<b>606,051</b>

<b>3 Issued Capital</b>	<b>\$</b>
Opening balance	28,786,786
<u>Add:</u>	
McKenzie Springs Project Consideration Shares	100,000
Sentinel Gold Consideration Shares	50,000
South Big Bell Consideration Shares	50,000
Placement	1,000,000
Costs of issue	(300,000)
<b>Closing balance</b>	<b>29,686,786</b>



## SCHEDULE 4 – DRILLHOLE DETAILS

HOLE ID	EAST	NORTH	EOH	Drill Type	INTERSECTION				
	(m)	(m)	(m)		From (m)	To (m)	Width (m)	Ni ppm	Cu ppm
06BEKC0008	379793	8063241	100	RC	1	3	2	1181	366
06BEKC0009	379760	8063280	94	RC	0	42	42	1334	506
06BEKC0010	379733	8063323	118	RC	0	93	93	1597	418
06BEKC0011	379707	8063358	112	RC	45	88	43	2271	587
06BEKC0012	381775	8064859	88	RC				NSI	
06BEKC0013	381752	8064896	103	RC				NSI	

### Notes:

1. Company - Breakaway Resources Ltd
2. RL all 493m
3. All holes drilled -60° towards 150°
4. NSI refers to No significant intercepts
5. All coordinates are in AMG84 Zone 52
6. McKenzie Springs significant intercepts calculated using the following parameters: Ni≥1000ppm, minimum width of 2m, internal dilution up to 5m consecutive

## SCHEDULE 5 – JORC CODE TABLE 1

The following tables are provided to ensure compliance with the JORC Code (2012) edition requirements for the reporting of the Exploration Results at the McKenzie Springs Project.

### Section 1: Sampling Techniques and Data (Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Several generations of sampling have been undertaken on the McKenzie Springs Project since the 1970s. Historical exploration across the Project includes geological mapping, geochemical sampling (rock, stream and soil), ground and aerial geophysical surveys, costeaning and percussion drilling.  The drilling results detailed in this report were from drilling undertaken by Breakaway Resources Ltd during 1996. Reverse Circulation (RC) drilling was completed by Peak Drilling Surfaces. The drilling rig used was a custom designed AC/RC drilling rig (350-650psi with booster).
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	RC drill holes were sampled and geologically logged on 1m intervals.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	All aspects of the determination of mineralisation are described in this table.  The core sampling method and the RC sampling method is considered appropriate for the style mineralisation.  All of the drill samples were sent to a commercial laboratory for crushing, pulverising and chemical analysis by industry standard practises.
<b>Drilling techniques</b>	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple of standard tube, depth of diamond tails, face-sampling bit or other type, whether core is orientated and if so, by what method, etc).</i>	Reverse Circulation (RC) drilling was completed by Peak Drilling Surfaces for Breakaway Resources Ltd during 1996. The drilling rig used was a custom designed AC/RC drilling rig (350-650psi with booster).  RC drilling used an industry standard 5.5 inch face sampling hammer.
<b>Drill sample recovery</b>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	RC samples were collected to industry standards of the day. The locations of intervals of damp or wet samples and/or low recovery were recorded at the drill site and entered into the database.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	RC drilling - the cyclone and splitter were routinely inspected and cleaned during the drilling, ensuring no excessive material build-up. Care was taken to ensure the split samples were of a consistent volume.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	There is no known or reported relationship between sample recovery and grade with the RC drilling.
<b>Logging</b>	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	The RC drill holes were geologically logged at 1m intervals for the total length of the hole using the Breakaway standard logging legend. The logs were recorded on company standard paper logging sheets and entered into the company database.  Logging is appropriate for the stage of the project and sufficiently detailed to support further studies.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging of chips is both qualitative (eg. colour) and quantitative (eg. minerals percentages). Various historical reports contain petrography reports.
	<i>The total length and percentage of the relevant</i>	100% of the RC samples were logged which included

Criteria	JORC Code explanation	Commentary
	<i>intersections logged.</i>	all mineralised intervals.
<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Not applicable.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	All RC drill holes and pre-collars were sampled from the rig via 1m splits to calico bags, with a target weight of between 2kg to 4kg. The bulk sample reject was kept at the drill site.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The sampling techniques for both RC drilling and rockchip sampling are of consistent quality and appropriate.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Sampling and analysis schemes are included in the Breakaway annual reports. Details of QAQC procedures are not included bar the statement to "adhere to full drilling/sampling/analytical QAQC procedures, which include weighing of sample, collection of field duplicates, and insertion of blanks, duplicates and standard".
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	QAQC has been reported to have been routinely conducted throughout historical drilling and geochemical sampling, however methodologies are not documented.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The material and sample sizes are considered appropriate given the style of mineralisation being targeted.
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	<p>The analytic methods for the programs with significant results which have been tabled in Annexure A and are included in Tables within the body of the Report are outlined below.</p> <p>The <b>rock chip samples</b> were sent to Bureau Veritas laboratories in Perth where they were sorted, dried, crushed to 3mm particle size, cone split and a portion pulverized. A 0.2g charge was subjected to four acid digest with an ICP/AES finish for a base metal suite of elements. A 40g charge was used for lead collection fire assay with AAS finish to determine gold and PGE's. TGC have been determined by Total Combustion Analysis. A portion of sample was dissolved in weak acid to liberate carbonate carbon. The residue was dried at 420C driving off organic carbon and then analysed by a Sulphur/Carbon analyser to give total graphitic or elemental carbon (TGC).</p> <p>The four-acid digest for a base metals suite of elements is considered to possibly be a partial result for two high titanium samples (KB04965 and KB04968) due to the observed limitations in the hot box digest.</p> <p>The <b>Reverse Circulation samples</b> collected were sent to Genalysis Laboratories Ltd, Perth for four-acid digest and ICP/OES finish (method code AT/OES) for Ni, Cu, Zn, Cr, As, Mn, Fe, Co, Mg, Al, S. Au, Pt and Pd were analysed by lead collection fire assay and MS finish (method FA25/MS).</p> <p>Sample intervals which returned significant anomalies (&gt;0.5% Cu, &gt;1% Ni, or &gt;100ppb Pt or Pd) using the above scheme are flagged by the geologist and pulps are re-run using the following methods: high precision four-acid digest and high precision AAS finish (method code AX/AAS) for Ni, Cu, Co; high precision four-acid digest and ICP/OES finish (method code AX/OES) for Ni, Cu, Zn, Cr, As, Mn, Fe, Co, Mg, Al, S; nickel sulphide collection fire assay and MS finish (method code NiS*MS) for Au, Pt, Pd, Os, Ir, Rh, Ru.</p>
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Hand held assay devices have not been reported.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory</i>	Laboratory QC procedures for rock chip sample assays has included the use of internal certified reference

Criteria	JORC Code explanation	Commentary
	<i>checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	material as assay standards and replicates.  Breakaway stated that the drilling at McKenzie Springs adhered to their full drilling/sampling/analytical QAQC procedures, which include weighing of sample, collection of field duplicates, and insertion of blanks, duplicates and standards. Further details are not available.
<b>Verification of sampling and assaying</b>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The results of rock chip samples are in line with historical data.  No verification of sampling and assaying has been undertaken by Orca for the historical drilling.
	<i>The use of twinned holes.</i>	No specific twinned holes have been drilled.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Rockchip data collected by Cazaly is logged in the field into Field Marshal files which are then imported into a SQL database. Data verification occurs at both the data entry level and the importing level.  Detailed procedures for drilling, sampling and geological logging completed by Breakaway are not comprehensively including in Open File reports, although summaries of the processes employed are provided in various drilling reports.
	<i>Discuss any adjustment to assay data.</i>	The digital data shows no indication of assay adjustment being performed.
<b>Location of data points</b>	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Rock samples and drill holes were located in the field with survey control via handheld Global Positioning System (GPS), with an assumed accuracy (dither factor) of $\pm 5\text{m}$ accuracy on easting and northing and $\pm 10\text{m}$ accuracy on RL.  Drillhole deviation for RC drilling was not determined, only the setup dip and azimuth are recorded.  Deviation in the holes drilled is therefore unknown, however due to the shallow nature of the holes it is not believed to be an issue.
	<i>Specification of the grid system used.</i>	The grid system for the McKenzie Springs Project is Map Grid of Australia GDA 94, Zone 52.
	<i>Quality and adequacy of topographic control.</i>	The RL of drill collars (RC) and rockchips was measured by GPS survey to an accuracy of $\pm 10$ meters, in conjunction with the topographic data obtained from the relevant 1:100,000 map which gives a satisfactory control over the topography.
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	Historical drillholes are exploratory only, designed to test the gossan outcrop over a limited extent. No systematic drilling has been completed.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Sample spacing is deemed appropriate for identifying geochemical anomalies but could not be used to establish geological and grade continuity.  Data spacing is deemed insufficient to establish geological and grade continuity to establish a mineral resource estimate.
	<i>Whether sample compositing has been applied.</i>	No mention of sample compositing has been found in Annual Reports.
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The gossan strikes north-northeasterly and the drilling is perpendicular to the gossan which is considered appropriate given the regional and local geological fabric and structures.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	The historical drilling was angled ( $-60^\circ/150^\circ$ ), perpendicular to the gossan outcrop. Orientation of the mineralised domain has been favourable for perpendicular drilling and sample widths are not considered to have added a significant sampling bias.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	For rockchips samples were stored and transported

Criteria	JORC Code explanation	Commentary
		securely. There is no documentation on sample security for the RC samples available in historical reports.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	Cazaly completed an internal review of the sampling techniques and the assay data conclude that methods are appropriate for the mineralisation being tested.  There is no documentation of audits on sampling or data available in historical reports.

**Section 2: Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section)**

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The McKenzie Springs Project comprises a single granted Exploration Licence, namely E80/4808 covering a land area of 134 km <sup>2</sup> . Orca has entered into a term sheet with the current holder, Sammy Resources Pty Ltd (a wholly owned subsidiary of Cazaly Resources Ltd) to acquire a 51% interest in the exploration project and the right to farm-in to an additional 19% interest in the McKenzie Project.  No Aboriginal sites or places have been recorded over the tenements. There are no National Parks or Reserves over the tenement.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenement is in good standing.
<b>Exploration done by other parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Since the 1970s, the McKenzie Springs Intrusion has been the subject of nickel-copper exploration. Exploration completed includes geological mapping, geochemical sampling (rock, stream and soil), ground and aerial geophysical surveys, costeaning and percussion drilling.
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation.</i>	The East Kimberley region has proven potential for hosting magmatic nickel-copper sulphide and PGM (Platinum Group Metals) mineralisation. Two significant mineralised bodies have been discovered in this area to date within intrusive complexes of the Halls Creek Orogen. These are the <i>Panton Project</i> and the <i>Savannah Ni-Cu Mine</i> owned by Panoramic Resources Ltd and are 30km and 9km away from Orca's McKenzie Springs Project respectively.  Mineralisation within Orca's McKenzie Springs tenement is associated with the basal contact of mafic-ultramafic rocks in a similar geological setting to the <i>Savannah Ni-Cu Mine</i> . Over 25 gossans have been defined at different stratigraphic levels in the intrusion through the course of exploration, some with a strike length of more than 200m.
<b>Drill hole Information</b>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li>• <i>easting and northing of the drill hole collar</i></li> <li>• <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>• <i>dip and azimuth of the hole</i></li> </ul>	All hole collar locations, depths, azimuths and dips are provided within this Report (Appendix A) for drilling completed by Breakaway.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>down hole length and interception depth</li> <li>hole length.</li> </ul>	
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	Not applicable.
<b>Data aggregation methods</b>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	Reported intersections are downhole, length-weighted averages that were calculated using a nominal $\geq 1000$ ppm Ni lower cut-off; 2m minimum reported length and up to 5m of consecutive internal waste.  Geochemical sampling results presented are single point data.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	No top cuts have been considered in reporting of grade results, nor was it deemed necessary for the reporting of significant intersections.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values are currently being used for reporting exploration results.
<b>Relationship between mineralisation widths and intercept lengths</b>	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	No information was determined from surface observations and historic trenches regarding the geometry and width of mineralisation
<b>Diagrams</b>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Refer to Figures in body of text.
<b>Balanced reporting</b>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All representative results have been reported.
<b>Other substantive exploration data</b>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All relevant exploration data is shown on figures, in text and in Annexure A.
<b>Further work</b>	<p><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>A follow up exploration work program has been proposed and is outlined in the Report. Future work will largely be focused on geophysical acquisition and interpretation and the subsequent drilling of targets.</p> <p>All relevant diagrams and inferences have been illustrated in this report.</p>

## PROXY FORM

ORCA ENERGY LIMITED ACN 009 121 644  
(TO BE RENAMED "FIN RESOURCES LIMITED")

### GENERAL MEETING

I/We

of:

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

Name:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00am WST, on 13 April 2018 at Level 1, 35 Richardson Street, West Perth WA 6005, and at any adjournment thereof.

**Important for Resolutions 9 to 11:** The Company will disregard any votes cast in favour of these Resolutions by your proxy if your proxy is an Excluded Person, unless you are not an Excluded Person and you mark the appropriate box opposite the Resolution in the panel below (directing your proxy to vote 'for' or 'against', or to 'abstain' from voting).

**Important for Resolutions 9 to 11 and 14:** Subject to the above, where you have appointed the Chair as your proxy (or the Chair becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on these Resolutions (except where you have indicated a different voting intention below) even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**Chair's voting intention in relation to undirected proxies:** The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

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Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Consolidation of securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Consideration Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares – Public Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Justin Tremain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Election of Director – Andrew Radonjic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Adviser Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Grant of Performance Rights – Jason Bontempo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Grant of Performance Rights – Justin Tremain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Grant of Performance Rights – Andrew Radonjic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Grant of Performance Rights – Aaron Bertolatti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Change of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Non-Executive Directors' Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the 'abstain' box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

Signature of Shareholder(s):

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director / Company Secretary

Director

Director / Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail in relation to this Proxy Form:

YES  NO



## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Orca Energy Limited, Level 1, 35 Richardson Street, West Perth WA 6005; or
  - (b) facsimile to the Company on facsimile number +61 8 9324 2400,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**