

ASX Release

2nd October 2019

West Kimberley JV Restructure

- **Buxton and IGO strike new Joint Venture over Merlin**
- **All Buxton's remaining West Kimberley tenure, which covers most known occurrences of the prospective Ruins Dolerite, is now to be vested into the West Kimberley Joint Venture.**
- **The WKJV to be managed by IGO with exploration to be accelerated substantially.**
- **Buxton to be free carried to the completion of a feasibility study**
- **Buxton to receive \$1,275,000 consideration from IGO for the Quick Shears Tenements, Fissure Tenement and Buxton's Kimberley-based field equipment**
- **Buxton's cash reserves will be >\$6m at bank**
- **Major exploration push by IGO intended to continue on Buxton's assets at both the Fraser Range and now, West Kimberley, without further expenditure by Buxton**

Buxton Resources Limited (**Buxton**) (ASX:BUX) is pleased to update shareholders on significant progress in accelerating exploration in the West Kimberley. Buxton has entered into three further commercial binding agreements with Independence Newsearch Pty Ltd (**INPL**), a wholly owned subsidiary of Independence Group NL (**IGO**) (ASX:IGO), with respect to Buxton's Merlin and Quick Shears assets as well as amending the broader West Kimberley Joint Venture (Figure 1).

Buxton Managing Director Eamon Hannon said,

"Buxton has made a great choice of JV partner with IGO. Not only will Buxton's cash reserves now be over \$6 million, IGO has already spent more than anything Buxton could have sensibly raised for work on our ground in the West Kimberley or the Fraser Range. These binding deals mean that exploration will be accelerated still further, while also freeing Buxton from any ongoing financial or management commitments. Buxton has reduced operational expenses to a drip, has ample cash at bank, a solid share structure and has two multi-billion-dollar corner stone investors owning a combined 23% of our register. Buxton will now be actively looking for the company's next frontier, re-applying the formula which has been so successful for us in the West Kimberley since 2015."

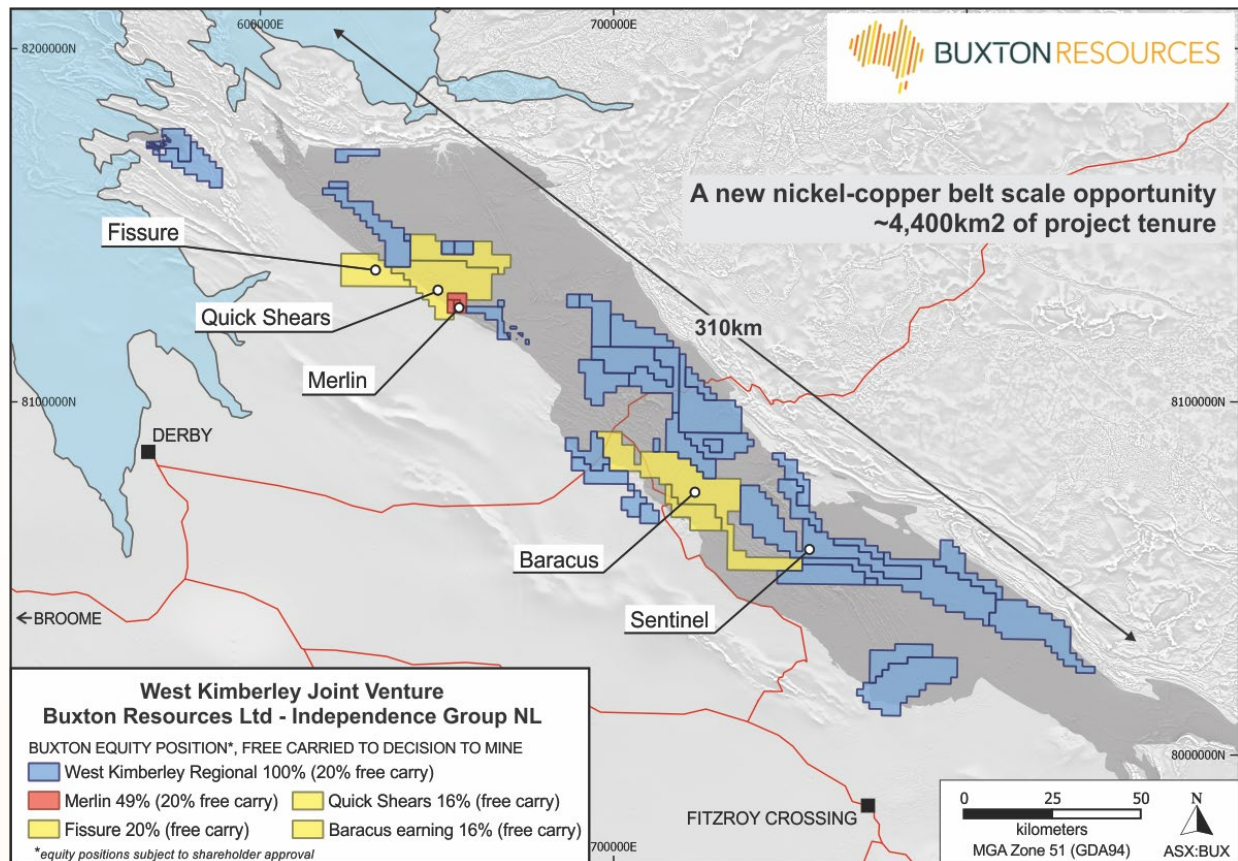


Figure 1. West Kimberley Joint Venture location

Whilst the transactions have been fully endorsed by Buxton's Senior Management and Board, Buxton shareholder approval is still required in order to complete these deals, with a formal notice to shareholders to be issued imminently. High level terms are summarised in Appendices 1, 2 and 3.

Buxton will be released from any further financial contributions and will either be free carried to completion of feasibility studies for both the Merlin JVA and WKJVA or, with respect to any newly acquired properties within the WKJVA, granted a net smelter royalty (NSM) of 0.25% (where held by IGO and other parties) and 0.5% (where acquired wholly by IGO).

Buxton plans to hold the necessary Shareholder Approval meeting for these transactions in late November 2019.

Buxton intends to use funds received from these transactions to fund work on existing projects as well as assessing and/or acquiring further resource projects which complement existing activities of the Company.

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Appendix: Transaction 1

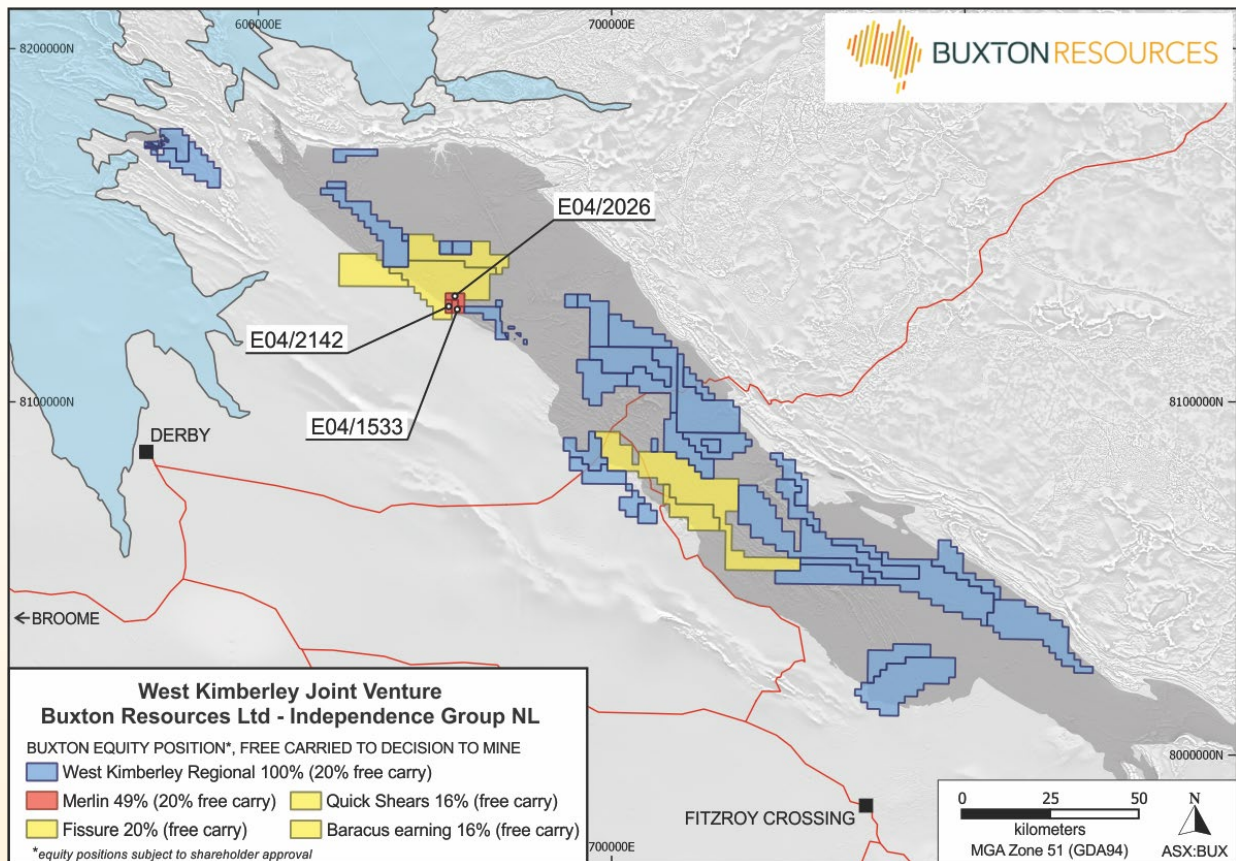
Merlin Project Transaction

- On the 1st October 2019 Independence Group NL (**IGO**), Independence Newsearch Pty Ltd (**INPL**) (a wholly owned subsidiary of IGO), Buxton Resources Limited (**Buxton**) and Alexander Creek Pty Ltd (**ACPL**) (a wholly owned subsidiary of Buxton) entered into an acquisition and joint venture agreement for the Merlin Project (**Merlin JVA**) by which ACPL as a holder of the Merlin Project Tenements (refer to table 1 below) agrees to sell and INPL agrees to buy, a 51% interest in the Merlin Project Tenements.
- Buxton to be released from spending subscription funds pursuant to the Subscription Agreement between Buxton, ACPL, IGO and INPL dated 28 November 2018 (**Subscription Agreement**), on the Merlin Project Tenements. This transaction terminates the current option to enter into a farm and joint venture agreement in respect of the Merlin Project Tenements (**Option**), which was granted to INPL by ACPL under the Subscription Agreement announced on 29 November 2018. One consequence for Buxton being that it is released from its obligation to spend \$2,967,862 on the Merlin Project Tenements.
- The Merlin JVA features a Buxton subsidiary, ACPL, selling its 51% interest in the Merlin Project Tenements to an IGO subsidiary, INPL, and a 51/49 joint venture forming on that basis. INPL has the right to sole fund \$5,000,000 of joint venture expenditure to take its interest in the Merlin Project Tenements and the Merlin JVA to 80%, whereupon ACPL will be free carried until completion of a feasibility study.
- The Merlin Project Transaction and the NWC Project Transaction (Appendix 2.0) (together with the West Kimberley Variation (Appendix 3), the **IGO Transactions**) are interdependent and are conditional upon Buxton shareholder approval under Listing Rule 10.1 as IGO holds 15% of the shares in Buxton.
- The conditions precedent that must be satisfied or waived prior to completion include:
 - (a) Buxton obtaining all necessary shareholder approvals, including the approval of its shareholders under Listing Rule 10.1 for the disposal of substantial assets under the IGO Transactions.
 - (b) ACPL obtaining the consent of the ACPL vendors and the relevant parties executing a deed of covenant. The ACPL vendors currently have the benefit of a 3% net profit royalty granted by ACPL in respect of the Merlin Project Tenements and need to provide their consent to the transaction.
 - (c) All the conditions precedent to the NWC Project Transaction being satisfied or waived.
- Upon INPL acquiring a 51% of the Merlin Project Tenements, there will be a 51/49 joint venture formed between INPL and ACPL and INPL will have the right to sole \$5,000,000 on joint venture operations over 4 years to earn a further 29% (to take it to 80%). At this point, there will be an 80/20 joint venture between INPL and ACPL.

- Once the 80/20 joint venture is operative, ACPL will be free carried until completion of a feasibility study. Upon completion of the feasibility study, the joint venture parties will be required to contribute to joint venture expenditure in proportion to their respective joint venture interests.
- INPL will be the manager of the joint venture.

Table 1: Merlin Project Tenements

Project	Tenement ID	Type	Status	Holder
Merlin	E04/1533	EXPLORATION LICENCE	LIVE	ALEXANDER CREEK PTY LTD
Merlin	E04/2026	EXPLORATION LICENCE	LIVE	ALEXANDER CREEK PTY LTD
Merlin	E04/2142	EXPLORATION LICENCE	LIVE	ALEXANDER CREEK PTY LTD



Appendix: Transaction 2

NWC Project Transaction

On the 1st October 2019 Independence Group NL (**IGO**), Independence Newsearch Pty Ltd (**INPL**), a wholly owned subsidiary of IGO and Buxton Resources Limited (**Buxton**) entered into an acquisition and joint venture agreement for the NWC Project Tenements (**NWC Project Agreement**). By this transaction, Buxton is selling:

- (a) 80% of its interest in the NWC Project Tenements (set out in table 2 below) to INPL for \$1,000,000 cash initially, with 3 further cash payments of \$500,000 each as deferred payments conditional upon satisfaction of milestones as set out below (being total deferred payments of up to \$1,500,000); and
- (b) 100% of its interest in the operational field equipment to INPL for \$275,000 cash at deal completion.

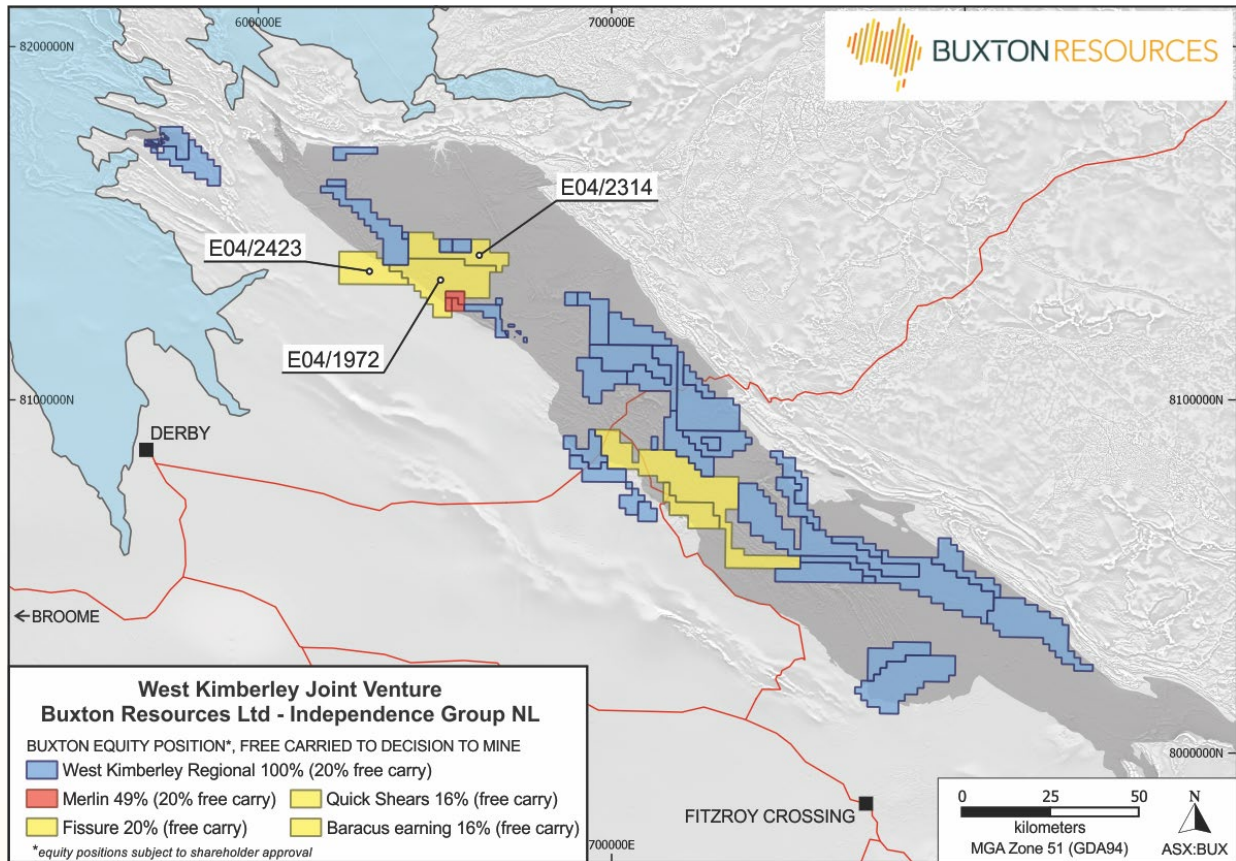
The conditions precedent that must be satisfied or waived prior to deal completion include:

- (a) Buxton perfecting its title to the NWC Project Tenements by becoming the registered holder of a 100% interest in the Fissure Tenement and an 80% interest in the Quick Shears Tenements;
 - (b) Buxton obtaining all necessary shareholder approvals, including the approval of its shareholders under Listing Rule 10.1 for the disposal of substantial assets under the IGO Transactions;
 - (c) parties with interests in the NWC Project Tenements (refer to table 2 below) including Tim Tatterson executing a deed of consent, assignment, assumption and variation;
 - (d) the Minister consenting under the *Mining Act* to the transfer of a sale interest in one of the tenements from Buxton to INPL during the first year of its term; and
 - (e) all the conditions precedent to the Merlin Project Transaction being satisfied or waived.
- As noted above, Buxton is to be paid \$500,000 upon the satisfaction of each of 3 deferred payment milestones. The milestones in respect of the sale of 80% of Buxton's interest in the NWC Project Tenements are:
 - (a) the first time IGO or its subsidiaries identifies that it has intersected in drilling on the NWC Project Tenements, on a grade-thickness basis, $\geq 20\%$ Ni equivalent provided the grade of the mineralisation intersected is $\geq 1.5\%$ Ni equivalent (e.g. $\geq 10\text{m}$ @ 2.0% Ni, or $\geq 13.33\text{m}$ @ 1.5% Ni). Ni equivalent is to be based on the spot price for the relevant metals as published by the London Metals Exchange (LME) on the date of the relevant calculation;
 - (b) the first time IGO or its subsidiaries identifies a JORC compliant resource (inferred, indicated and/or measured; of any size and/or grade; for any commodity) within the NWC Project Tenements; and

- (c) the first time IGO or its subsidiaries identifies a JORC compliant resource that exceeds 15,000 tonnes of contained nickel equivalent within the NWC Project Tenements. Contained nickel equivalent is to be calculated based on the spot price for the relevant metal as published by the LME on the date of the relevant calculation.
- The total cash consideration which BUX is to receive by reason of the NWC Project Transaction is up to \$2,775,000 (being up to \$2,500,000 for the sale of 80% of its interest in the NWC Project Tenements (\$1,000,000 up front and up to \$1,500,000 as conditional deferred payments) and \$275,000 cash for the sale of the operational field equipment.
 - On deal completion, the interests in the Fissure Tenement (see Tenure map below) will be Buxton – 20% and INPL – 80%.
 - On deal completion, the interests in the Quick Shears Tenements will be Tatterson – 20%, Buxton – 16% and INPL – 64%.
 - Upon deal completion, a joint venture will be formed in respect of the Fissure Tenement with INPL as manager. The initial joint venture will continue until the joint venture is formed under the West Kimberley Regional Project Agreement (being the joint venture which may be entered into under the terms of the earn-in and joint venture agreement announced on 29 November 2018), at which time the Fissure Tenement will be brought into that joint venture. The terms of the joint venture under the West Kimberley Regional Project Agreement provides that INPL will sole fund (and Buxton will be free carried) until completion of a feasibility study. An operating committee will be formed where the parties will vote in accordance with their percentage interest in the joint venture. Upon completion of a feasibility study, the parties will become liable to contribute to joint venture expenditure in proportion to their respective joint venture interests.
 - Upon deal completion, INPL will also become a party to the existing joint venture between Buxton and Mr Timothy Tatterson in respect of the Quick Shears Tenements. After joining the joint venture, INPL will become the manager. Buxton will be free carried until completion of a feasibility study and Mr Timothy Tatterson will be free carried until a decision to mine.
 - The Merlin Project Transaction and the NWC Project Transaction are interdependent and are conditional upon Buxton shareholder approval under Listing Rule 10.1 as IGO holds 15% of the shares in Buxton.

Table 2: NWC Project Tenements

Project	Tenement ID	Type	Status	Holder
Quick Shears	E04/1972	EXPLORATION LICENCE	LIVE	TATTERSON, TIMOTHY VINCENT
Quick Shears	E04/2314	EXPLORATION LICENCE	LIVE	TATTERSON, TIMOTHY VINCENT
Fissure	E04/2423	EXPLORATION LICENCE	LIVE	FISSURE EXPLORATION PTY LTD



Appendix: Transaction 3

Regional JV Enhancement

With effect from completion under the NWC Project Agreement, the current area of interest provision in the WKJVA will be varied such that:

- Buxton and ACPL will collectively be granted a free-carried 0.5% NSR on any further tenements pegged by IGO within WKJV Area of Influence (being the area outlined in dashed black below) in the next 4 years.
- Buxton and ACPL will collectively be granted a free-carried 0.25% NSR on IGO's interest in any existing properties acquired by IGO within the WKJV Area of Influence in the next 4 years.
- Buxton and ACPL must not apply for or acquire, directly or indirectly, any mining tenements within the WKJV Area of Influence in the next 4 years.

