



*Not for release to US wire services or for distribution in the United States*

5 March 2021

Dear Shareholder

## **INVITATION TO PARTICIPATE IN SHARE PURCHASE PLAN**

On 18 January 2021, DiscovEx Resources Limited (ASX:DCX) (**DiscovEx** or the **Company**) announced a A\$4 million capital raising comprising of a A\$3.5 million placement to institutional and sophisticated investors of fully paid ordinary shares in the Company at a price of A\$0.004 per share (**Placement**) and a A\$0.5 million share purchase plan (**SPP**) (together, the **Capital Raising**).

The Capital Raising was announced in conjunction with the Company's announcement that it is proposing to acquire Lighthouse Resource Holdings Pty Ltd (**Lighthouse**) (**Transaction**), which has various rights to acquire certain granted, application (subject to grant) and JV interests in mineral tenements in Western Australia as described in Schedule 2 of the Notice of General Meeting lodged on ASX on 3 February 2021, known as the Sylvania / Billinooka Project (together the **Sylvania Project**). The Sylvania Project is a gold and base metals project located in the southern Pilbara with tenements covering approximately 2,250km<sup>2</sup>. The Sylvania Project is in close proximity to the Karlawinda Gold Project which is owned by Capricorn Metals Ltd. Lighthouse is an Australian company, incorporated on 15 April 2020.

In order to provide eligible shareholders with the opportunity to apply to participate in the SPP, the Company is pleased to provide details of its SPP offer (**Offer**). Under the Offer, DiscovEx is giving each Eligible Shareholder (as defined below) the opportunity to apply to purchase up to A\$30,000 worth of fully paid ordinary shares in the Company (**New Shares**), irrespective of the size of their shareholding, without incurring brokerage or other transaction costs.

The Offer is intended to raise up to A\$500,000 (before costs of the Offer) via the issue up to 125,000,000 New Shares on the SPP terms and conditions (**Terms and Conditions**) enclosed with this letter. The Offer is not underwritten.

The SPP entitles Eligible Shareholders to apply to purchase up to A\$30,000 of New Shares at an issue price of A\$0.004 per New Share (**Issue Price**), being the same price as the Shares to be issued under the Placement.

The Issue Price represents a:

- 50% discount to the closing market price of the Shares on the last day on which Shares were traded on the ASX immediately prior to the SPP being announced;
- 49% discount to the volume weighted average market price of Shares of the last five days on which Shares were traded on the ASX immediately prior to the SPP being announced; and
- 43% discount to the closing market price of the Shares on 4 March 2021.

The Offer is offered exclusively to eligible shareholders (including custodians), being registered holders of Shares as at 7.00pm (Sydney time) on 15 January 2021 (**Record Date**) with a registered address in **Australia or New Zealand** and not resident or located in the United States or any other jurisdiction in or into which an offer of New Shares would be unlawful, who meet certain other conditions as expressly prescribed in the Terms & Conditions (**Eligible Shareholders**).

The Offer opens on 9 March 2021 and is currently scheduled to **close at 5.00pm (Perth time) on 8 April 2021**. The New Shares are expected to be issued on Thursday, 15 April 2021 and commence trading on the ASX on Friday, 16 April 2021.

The SPP Offer is made in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act 2001 (Cth).

The Board urges you to monitor the Company's ASX announcements on an ongoing basis for updates in relation to the Company and Lighthouse.

### Indicative Timetable

The indicative timetable for the SPP is below:

| Details                                                                                                              | Date                                                |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| <b>Record Date</b><br>The date on which the Company determines Eligible Shareholders                                 | 4:00pm (Perth time) on 15 January 2021              |
| <b>Announcement of SPP</b>                                                                                           | 18 January 2021                                     |
| <b>Despatch Date</b><br>SPP Offer document announced and made available to Eligible Shareholders.                    | 9 March 2021                                        |
| <b>Opening Date</b><br>The date on which the Offer opens                                                             | 9 March 2021                                        |
| <b>Closing Date</b><br>The date on which the Offer closes<br>Applications and payments must be received by this date | 5:00pm (Perth time) on 8 April 2021                 |
| <b>Announcement of SPP results</b>                                                                                   | As soon as possible but no later than 13 April 2021 |
| <b>Issue Date</b><br>The date New Shares are intended to be issued                                                   | 15 April 2021                                       |
| <b>Quotation of New Shares on ASX</b>                                                                                | 16 April 2021                                       |

*The above dates are indicative only and, subject to compliance with applicable law, may be changed at the Company's discretion. Any changes will be advised to shareholders.*

### Current Activities and Use of Funds

Further information on the Company's current activities are set out in the announcements made by DiscovEx to the ASX and are available directly from the ASX website [www.asx.com.au](http://www.asx.com.au).

The funds to be raised pursuant to the Placement and to be raised pursuant to the SPP are presently indicatively intended to be primarily used for the following purposes (noting that these are subject to change, as with any budget):

- 1 **Sylvania Project** (Lighthouse project):
  - 1.1 ~A\$300,000 for drilling key RC/diamond drill holes testing potential gold (+/- copper) zones;
  - 1.2 ~A\$500,000 for soil sampling and associated mapping;
  - 1.3 ~A\$200,000 for initial evaluation and additional mapping;

- 1.4 ~A\$300,000 for detailed airborne geophysics across the project package; and
- 1.5 ~A\$500,000 for initial AC/RC/diamond drilling on targets identified as a result of regional work;
- 2 **Edjudina** (existing Company project):
  - 2.1 ~A\$200,000 for follow-up RC drilling at the Hornet Prospect;
  - 2.2 ~A\$200,000 for regional soil geochemistry (target generation); and
  - 2.3 ~A\$500,000 for first pass drilling on new targets resulting from a combination of surface geochemistry and airborne geophysics;
- 3 **Newington** (existing Company project):
  - 3.1 ~A\$500,000 on future follow-up RC/diamond drilling at both the Hawthorn and Dawsons prospects with included potential Resource Drilling at either or both; and
  - 3.2 ~A\$200,000 on continued regional target generation including surface geochemistry and detailed ground based geophysics at selected prospects; and
- 4 General working capital expenditure (including capital raising costs) of ~A\$600,000.

The details above are indicative only and the Company's Board reserves the right to repurpose the funds from the Capital Raising at its discretion.

### **Important Information**

The SPP is governed by the enclosed Terms and Conditions. The Board urges you to read the Terms and Conditions carefully and in its entirety, together with announcements made by the Company to the ASX, before deciding whether to participate in the Offer.

If you are uncertain whether Shares are a suitable investment for you, you should consult your financial or other professional adviser. The Board recommends that you obtain your own financial advice in relation to the SPP and consider price movements of Shares in the Company prior to electing to participate in the Offer.

The forward looking statements in this Letter are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Letter. These risks include but are not limited to, the risks detailed in paragraph 11 of the Terms and Conditions. Forward looking statements generally (but not always) include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions

### **Actions required to participate in the SPP**

Eligible Shareholders may participate in the SPP by applying to the Offer directly via BPAY® (for Eligible Shareholders with an eligible Australian bank account). The following parcels of New Shares are available under the Offer:

|          | Subscription Amount (A\$) | Number of Shares |
|----------|---------------------------|------------------|
| Parcel A | 30,000                    | 7,500,000        |
| Parcel B | 20,000                    | 5,000,000        |
| Parcel C | 15,000                    | 3,750,000        |
| Parcel D | 10,000                    | 2,500,000        |
| Parcel E | 5,000                     | 1,250,000        |
| Parcel F | 2,000                     | 500,000          |
| Parcel G | 1,000                     | 250,000          |

To apply for Shares under the SPP, please follow the instructions on the enclosed personalised Application Form. This document and its attachments set out the details and Terms and Conditions of the SPP. We encourage you to read the enclosed material, including in particular the summary of key risks in section 4, and seek your own financial and tax advice in relation to the SPP before you decide whether to participate.

**You should be aware that your own financial institution may implement earlier cut-off times for electronic payments, and you should therefore take this into consideration when making a payment.**

**DiscovEx also reserves the right to close the Offer early or extend the Offer in its discretion. Eligible Shareholders who wish to participate in the SPP are therefore encouraged to apply early.**

If you are a 'custodian', you may be required to submit a custodian certificate to the Company in order to participate on behalf of any beneficiaries. Please refer to the Terms and Conditions for further details.

#### **Queries and further information**

If you have any questions in relation to the SPP, please call your stockbroker, accountant or other professional advisor. If you require information on how to complete the Application Form, please contact the company secretary on +61 8 9380 9440 or [info@discovexresources.com](mailto:info@discovexresources.com) between 8.30am and 5.30pm (WST), Monday to Friday while the Offer remains open for acceptance.

Thank you for your continuing support as a valued Shareholder.

Yours faithfully



**Nerida Schmidt  
Company Secretary  
DiscovEx Resources Limited**

# SHARE PURCHASE PLAN

## IMPORTANT NOTICES

### General

This document is dated 5 March 2021.

This document is not a prospectus and has not been lodged with ASIC. Accordingly, this document does not contain all the information that an investor would find in a prospectus or that may be required in order to make an informed investment decision regarding whether or not to invest in the New Shares offered by this document.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand or are in doubt about the contents of this document, or the action you should take, you should consult your financial or other professional adviser without delay.

The market price of Shares may rise or fall between the date of this document and the date the Company issues New Shares to you. Accordingly, the value of New Shares applied for is likely to rise or fall. In addition, fluctuations in the market price of Shares means that up to or after the date on which the Company issues New Shares to you, you may be able to buy Shares on the market at a lower price than the Issue Price.

The Company and its Directors do not offer any recommendation or advice regarding participation in the Offer.

The information contained in this document is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any Eligible Shareholder. This document should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

This document does not, and is not intended to, constitute an Offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or to issue this document. No action has been taken to permit the Offer in any jurisdiction other than Australia and New Zealand.

The New Shares offered under the SPP are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand and to whom the Offer is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand) (as amended by the Financial Markets Conduct (Incidental Offers) Exemption Amendment Notice 2018). This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain. The distribution of this document in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document should observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any other jurisdiction.

In particular, this document may not be distributed in the United States. The New Shares have not been, and will not be, registered under the US Securities Act 1933 (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold or otherwise transferred in the United States except in a transaction exempt from, or not subject to, the registration of the US Securities Act and the applicable laws of any state or other jurisdiction in the United States. The New Shares will not be offered, sold, directly or indirectly, to any person in the United States.

Application will be made for the New Shares to be quoted on ASX. The New Shares have not been and will not be registered under any other applicable securities laws and they may not, subject to certain

exceptions, be offered or sold directly or indirectly in any jurisdiction outside Australia and New Zealand and as provided below.

### **No Recommendation**

The information in this document is not a recommendation to accept the Offer and does not constitute financial advice. Eligible Shareholders should therefore conduct their own investigations, assessment and analysis of the Company and its operations and prospects and must base their investment decision solely on those investigations and that assessment and analysis.

If, after reading this document, Eligible Shareholders have any questions regarding the Offer, they should contact their financial or other professional adviser before deciding whether to accept the Offer.

Capitalised terms in this document are defined in the Glossary.

## **DISCOVEX RESOURCES LIMITED (ACN 115 768 986) SHARE PURCHASE PLAN - TERMS & CONDITIONS**

The following are the terms and conditions of the Offer. By accepting the Offer, you agree to be bound by these Terms & Conditions and the constitution of the Company.

### **1. ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547**

The Offer is offered in compliance with *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* (**ASIC Instrument 2019/547**). ASIC Instrument 2019/547 provides relief from the requirement for the Company to provide a prospectus when offering shares to existing shareholders of a company pursuant to a share purchase plan.

### **2. Opening Date and Closing Date of the Offer**

The Offer opens on 9 March 2021 (**Opening Date**).

The Offer closes at 5:00pm (Perth time) on 8 April 2021 (**Closing Date**).

The Company will not accept late applications. However, the Directors reserve their right, subject to the Corporations Act and the ASX Listing Rules, to vary the Closing Date without prior notice including closing the Offer early. Accordingly, the Directors encourage any Eligible Shareholders (including Custodians) wishing to participate in the Offer to lodge their Application Forms and/or remit their Application Monies as soon as possible. If the Closing Date is varied, subsequent dates may also be varied accordingly.

### **3. Who is eligible to participate in the Offer?**

You are eligible to apply for New Shares under the Offer if you were registered as a holder of Shares as at the Record Date on the Register and if your registered address, as recorded in the Register, is in Australia or New Zealand and you are not resident or located in the United States or any other jurisdiction in or into which an offer of New Shares would be unlawful.

The Offer to each Eligible Shareholder is made on the same terms and conditions.

Your rights under the Offer are personal to you and the Offer is non-renounceable (i.e. you may not transfer your right to subscribe for New Shares to anyone else).

### **4. Shareholder approval**

The Company has obtained shareholder approval via a resolution approved at its General Meeting held 5 March 2021 for the issue of the New Shares pursuant to the Offer.

The Company reserves the right to scale back applications in such manner as the Directors see fit. Consequently, you may not receive the New Shares which you apply for pursuant to the Offer.

### **5. Voluntary participation**

The Offer is entirely voluntary and is subject to the Terms & Conditions. You are not obliged to participate in the Offer.

### **6. Issue Price**

The Issue Price represents a discount of 50% to the closing price of Shares on ASX immediately prior to 18 January 2021 (being the date on which the Company announced the Offer and the Placement). The method used to calculate the Issue Price was to match it to the issue price per Share offered pursuant to the Placement.

## 7. Important information on price risk to consider

Before deciding whether to accept the Offer, you should refer to the current market price of the Shares, which can be obtained from your stockbroker, your financial adviser or via the ASX website.

Subscription for New Shares is a speculative investment and the market price may change between the date you apply for New Shares and the issue of New Shares to you. Accordingly, the value of New Shares applied for is likely to rise or fall. Importantly, there is a risk that during the period between the time of the Offer and when the New Shares are issued to you, the price at which Shares are traded on ASX may be less than the Issue Price. You must rely on your own knowledge of the Company and previous disclosures made by the Company to ASX.

***In determining whether you wish to participate in the Offer and the extent to which you participate, you should seek your own personal financial and/or taxation advice referable to your personal circumstances.***

## 8. How much can you invest in the Offer?

Subject to paragraph 12, if you are an Eligible Shareholder, you may subscribe for a maximum of A\$30,000 worth of New Shares.

There is a minimum amount for which you may subscribe under the Offer which is A\$1,000 worth of New Shares.

The following parcels of New Shares are available under the Offer:

|          | Subscription Amount (A\$) | Number of Shares |
|----------|---------------------------|------------------|
| Parcel A | 30,000                    | 7,500,000        |
| Parcel B | 20,000                    | 5,000,000        |
| Parcel C | 15,000                    | 3,750,000        |
| Parcel D | 10,000                    | 2,500,000        |
| Parcel E | 5,000                     | 1,250,000        |
| Parcel F | 2,000                     | 500,000          |
| Parcel G | 1,000                     | 250,000          |

The maximum limit of A\$30,000 worth of New Shares applies to you even if you receive more than one Offer. For example, if as at the Record Date, you are both a sole and a joint Shareholder, you can only apply for New Shares once, either in your capacity as sole Shareholder or joint Shareholder, not both.

The Company will not issue any fraction of New Shares. Eligible Shareholders applying for New Shares must pay all Application Monies in Australian dollars.

No brokerage, stamp duty or other costs are payable by applicants in respect of an application for New Shares.

## 9. Scale Back or refusal of application

The Company intends to raise up to A\$0.5 million by the issue of New Shares. However, if total demand for the offer exceeds A\$0.5 million, the Directors may in their absolute discretion, undertake a scale back to the extent and in the manner they see fit.

Factors which the Directors may take into account in determining any scale back include, but are not limited to:

- (a) the extent to which Eligible Shareholders have sold or bought additional Shares after the Record Date and the date the application was made;
- (b) the total Application Monies received;
- (c) the amount applied for by each Eligible Shareholder;
- (d) the number of Shares held by each Eligible Shareholder at the Record Date;
- (e) whether an Eligible Shareholder remains on the register on the Closing Date;
- (f) the date the Company received the Application for Shares; and
- (g) any other such criteria as determined by the Directors in their absolute discretion.

If there is a scale back, you would likely not receive all the New Shares for which you have applied. If a scale back produces a fractional number when applied to the number of New Shares for which you have applied, the number of New Shares issued to you will be rounded down to the nearest whole number of New Shares.

If there is a scale back, the difference between the Application Monies received from you, and the number of New Shares issued to you multiplied by the Issue Price, will be refunded to you in full (in A\$ and without interest and at your sole risk).

The Directors reserve their right (in their absolute discretion) to refuse an Application (in whole or in part) if they consider that:

- (a) it is reasonable and prudent to do so;
- (b) the applicant is not an Eligible Shareholder;
- (c) the issue of those New Shares may contravene any applicable law, rule or regulation in any jurisdiction (including without limitation the Corporations Act or the ASX Listing Rules) or the requirements of any regulatory or governmental body or may require further action to be taken by the Company including, without limitation, registration of Shares or the preparation of a prospectus in any jurisdiction; or
- (d) the applicant has not otherwise complied with the Terms & Conditions.

If an Application is refused in whole or in part, the Application Monies will be returned to the applicant in full (without interest and at the applicant's sole risk).

All Directors' decisions in connection with a scale back or refusal of an application are final.

## **10. Shortfall**

The Offer is not underwritten.

## **11. Risk Factors**

Before deciding whether to accept the Offer, you should refer to the current market price of the Company's Shares, which can be obtained from daily newspapers, your stockbroker or financial adviser or the ASX.

Owning shares in the Company is considered a speculative form of investment and the future price of Shares can rise or fall.

Shareholders should be aware that there is a risk that the market price of the Shares may change between the date of this Offer or the date the Offer is accepted, and the date when the New Shares are issued.

Shareholders should note that the Offer is not made under a prospectus or other disclosure document and does not require the type of disclosure required under the *Corporations Act 2001* (Cth). Shareholders must rely on their own knowledge of the Company and previous disclosures made by the Company on the ASX. You should consult your professional adviser when deciding whether or not to accept the Offer and participate in the SPP. The contents of this document have not been reviewed by ASIC, ASX or any other any regulatory authority in any jurisdiction.

There are specific risks that relate to the Company's business. In addition, there are general risks, many of which are largely beyond the control of the Company and the directors. The following is not intended to be an exhaustive list of risk factors to which the Company is exposed:

### **Company Specific Risks**

#### **(a) Contractual and completion risk**

The Transaction is subject to certain outstanding conditions precedent being satisfied or waived, being no material adverse change having occurred prior to completion and no circumstances arising or existing until completion which would constitute or give rise to a breach of any of the buyer or seller representations and warranties. There can be no assurance that the conditions precedent will be satisfied or waived, failing which the Transaction may not proceed. Should the Transaction not complete, the Company would still bear its costs incurred of negotiating and documenting the Transaction, but would not be able to acquire Lighthouse.

#### **(b) Tenure, access, grant and transfer of applications**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that tenements will be renewed (nor that tenement applications will be granted). There is a risk that the applications for tenements within the Sylvania Project may not be granted (objections have been lodged over some tenement application areas).

The Sylvania Project and the Company's existing projects are subject to relevant mining legislation. The renewal of the term of a granted tenement is also subject to government discretion, the Company's ability to meet the conditions imposed by relevant authorities is not certain, including compliance with the Company's work program requirements which, in turn, is dependent on the Company being sufficiently funded to meet those expenditure requirements. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Sylvania Project or the Company's existing projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority. The consequence of forfeiture or involuntary surrender of a granted tenement for reasons beyond the control of the Company could be significant.

Pursuant to the tenements comprising the Company's existing projects (and the Sylvania Project), the Company is subject to (and in relation to the Sylvania Project, Lighthouse will be subject to) payment and other obligations. In particular, tenement holders are required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the tenement liable to be cancelled or its size reduced.

Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or

forfeiture of the Company's interest in its projects (or of Lighthouse's proposed interests in the Sylvania Project).

There is a risk of inability to access the land required for operations on tenements. This may, for example, be as a result of weather, environmental restraints, native title, landholder's activities, regulatory or third party objections or other factors. Such difficulties may cause delays and cost overruns (and may prevent the carrying out of activities on tenements).

Interests in tenure may also be compromised or lost due to third party interests or claims.

(c) **New Assets**

The Sylvania Project is distinct from the Company's existing project interests and consequently carries a different risk profile. The Company's success will depend on the Company being successful in exploring, establishing feasibility of and establishing mining operations in relation to its existing projects and/or the Sylvania Project, or otherwise realising value for example by asset disposals. Whilst the existing and incoming Directors have extensive industry experience, there is no guarantee that the Company will be successful in exploring and developing either its existing projects or the Sylvania Project.

(d) **Joint venture and contractual risks**

Lighthouse has an ongoing Farm-in and Exploration Joint Venture Agreement with Crest 3 over three tenement applications within the Sylvania Project (the **Crest JV Tenements**, details of which are provided in Schedule 4 of the Notice of Meeting which the Company announced to the ASX on 3 February 2021).

Under this agreement, both parties have certain obligations in order for, firstly, the tenement applications to be granted, secondly, Lighthouse to earn its interest in the tenements and thirdly, a functioning joint venture, should a Farm-in Expenditure Notice be provided to Crest.

There is a risk that the tenements the subject of the Farm-in and Exploration Joint Venture Agreement with Crest will not be granted.

There is a risk that DCX may not meet minimum expenditure requirements that it must meet in order to earn its interest in the Crest JV Tenements.

Further, there is a risk that DCX may not be able to obtain the required funding to proceed with the Joint Venture beyond a decision to mine.

The Directors are unable to predict the risk of:

- (i) financial failure or default by a participant in any joint venture or other contractual arrangement to which the Company (or its group, which would include Lighthouse after the Transaction) is or may become a party;
- (ii) insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company for any activities.

(e) **The Company and Lighthouse have no history of earnings and no production or revenues**

The Company and Lighthouse are mineral exploration companies, have no history of earnings, and do not have any producing mining operations. The Company has experienced losses from exploration activities (which would continue after the acquisition

of Lighthouse pursuant to the Transaction) and the Company expects to continue to incur losses. No assurance can be given that the Company will identify a mineral deposit (including at the Sylvania Project, if the Transaction occurs) which is capable of being exploited economically or which is capable of supporting production activities.

The Company expects to continue to incur losses from exploration activities in the foreseeable future.

(f) **Future capital requirements**

The Company's capital requirements depend on numerous factors. The Company expects to require further financing in addition to amounts raised under the Capital Raising.

Additional funding may be raised by the Company via the issues of equity, debt or a combination of debt and equity or asset sales. 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 and scale back its exploration programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(g) **New projects and acquisitions**

The Company may make acquisitions in the future as part of future growth plans. In this regard, the Directors of the Company will use their expertise and experience in the resources sector to assess the value of potential projects that have characteristics that the Directors consider are likely to provide returns to Shareholders.

There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in use of the Company's cash resources and/or the issuance of equity securities, which will dilute shareholdings.

(h) **Native title, cultural heritage and sacred sites**

Mining tenements in Australia are subject to native title laws and may be subject to future native title applications. Native title may preclude or delay granting of exploration and mining tenements or the ability of the Company to explore, develop and/or commercialise the mining tenements. Considerable expenses may be incurred negotiating and resolving issues, including any compensation agreements reached in settling native title claims lodged over any of the mining tenements held or acquired by the Company (or Lighthouse).

The presence of Aboriginal sacred sites and cultural heritage artefacts on mining tenements is protected by Western Australian and Commonwealth laws. Any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and court injunctions. The existence of such sites may limit or preclude exploration or mining activities on those sites, which may cause delays and additional expenses for the Company in obtaining clearances.

The Sylvania Project is situated within a number of Native Title Determination areas managed by various organisations including:

- (i) Karlka Nyiyaparli Aboriginal Corporation RNTBC;
- (ii) Ngarlawangga Aboriginal Corporation RNTBC; and
- (iii) Jidi Jidi Aboriginal Corporation RNTBC;

on behalf of the Ngarlawangga, Nharnuwangga, Wajarri and Nyiyaparli Peoples.

## **Industry Specific Risks**

### **(i) Nature of mineral exploration and mining**

The business of mineral exploration, development and production is subject to risk by its nature. The Sylvania Project and the Company's existing projects are at an early stage of exploration (with no guarantee of ever becoming producing assets) and Shareholders should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards.

The success of the Company depends, among other things, on successful exploration, feasibility of projects, securing and maintaining title to tenements and consents, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining activities may also be hampered by force majeure circumstances, land claims and unforeseen mining problems.

There is no assurance that exploration and development of the mineral tenement interests currently owned by the Company or the Sylvania Project, or any other projects that may be acquired in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. If such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realise value, or the Company may even be required to abandon its business and fail as a "going concern".

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on tenements without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognised industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in exploring or developing its tenements.

### **(j) Results of studies**

Subject to the results of any future exploration and testing programs, the Company may progressively undertake a number of studies in respect to the Company's current projects or any new projects (including the Sylvania Project if Lighthouse is acquired). These studies may include scoping studies, pre-feasibility studies and bankable feasibility studies.

These studies may not occur, but if they are completed, they would be prepared within certain parameters designed to determine the economic feasibility of the relevant project within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Company's projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Further, even if a study determines the economics of the Company's projects, there can be no guarantee that the projects will be successfully brought into production as assumed or

within the estimated parameters in the feasibility study, once production commences including but not limited to operating costs, mineral recoveries and commodity prices.

In addition, the ability of the Company to complete a study would be dependent on the Company's ability to raise further funds to complete the study as required.

(k) **Resource and Reserve estimates**

Ore reserve and mineral resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and ore reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate. The Company has no ore reserves, and no ore reserves are defined in relation to the Sylvania Project. Further, such project may never become feasible and consequently no forecast is made of whether or not any ore reserve will be defined in future.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources. Further, ore reserves are valued based on future costs and future prices and, consequently, the actual ore reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(l) **Operational risks**

The operations of the Company may be affected by various factors which are beyond the control of the Company, such as failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in exploration and 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, delays in procuring, or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company. The operations of the Company may also be affected by various other factors, including failures in internal controls and financial fraud.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(m) **Mine development**

No mines have been developed by the Company or Lighthouse. Possible future development of mining operations at the Company's existing projects or at the Sylvania Project or other tenements applied for or acquired by the Company may not occur and is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, the grant of tenure, availability of funding on reasonable terms for such development and favourable mining, processing, metallurgical, infrastructure, economic, heritage,

environmental, engineering, social, government, native title and other legal matters and receiving the necessary approvals from all relevant authorities and parties.

None of the Company's existing projects or the Sylvania Project are currently economically feasible and there is no forecast made of whether any of them will be feasible in future.

If the Company commences production on any existing or future projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company, such as weather patterns, unanticipated technical and operational difficulties encountered in exploration, development, 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.

No assurance can be given that the Company will achieve commercial viability through the development of existing or future projects.

(n) **Metallurgical risks**

The economic viability of mineralisation depends on a number of factors such as the development of an economic process route for metal concentrates, which may or may not ultimately be successful. Further, changes in mineralogy may result in inconsistent metal recovery.

(o) **Environmental regulation risk**

The Company's existing projects and the Sylvania Project are subject to State and Federal laws and regulations regarding environmental matters. The governments and other authorities that administer and enforce environmental laws and regulations determine these requirements. As with all exploration projects and mining operations, the Company's and Lighthouse's activities are expected to have an impact on the environment, particularly, if they result in mine development.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop mineral deposits (including after it acquires Lighthouse). There are also risks that the Company or Lighthouse may breach environmental laws and regulations, with consequential adverse effects on the financial position and performance of the Company.

Further, the Company will require approvals from relevant authorities before it can undertake activities that are likely to impact the environment (including after it acquires Lighthouse). Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's business, financial condition and results of operations.

(p) **Environmental liabilities risk**

The Company's activities are subject to potential risks and liabilities associated with (without limitation) the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a

reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

(q) **Occupational Health and Safety Risk**

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. However, exploration, development and other mining industry activities have inherent risks and hazards. While the Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems, health and safety incidents may nevertheless occur. Any illness, personal injury, death or damage to property resulting from the Company's activities may lead to a claim against the Company.

(r) **COVID-19**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic which is impacting global capital markets and companies' abilities to conduct business operations. The Company will seek to monitor and assess its ability to conduct operations in light of the COVID-19 pandemic. However, as the situation with respect to COVID-19 continues to develop (and various government restrictions may be implemented), there can be no assurance that the Company will be able to continue to mitigate any adverse effects of COVID-19 on its operations and planned business activities.

Further, the Company is ultimately exposed to the general economic conditions globally which could have an adverse effect on the operating and financial performance of the Company. A prolonged economic contraction as a result of COVID-19 and/or other factors could impact on the Company's ability to conduct its operations.

**General Risks**

(s) **Securities investments**

There are risks associated with any securities investment.

There is no guarantee that an active trading market in the Shares will continue or that the price of Shares will increase. The prices at which Shares trade may fluctuate in response to a number of factors.

Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(t) **Economic risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Similarly, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Factors that may contribute to that general economic climate and the market price of Shares include, but are not limited to:

- (i) changes in government policies, taxation and other laws;
- (ii) the strength of the equity and share markets in Australia and throughout the world;
- (iii) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (iv) industrial disputes in Australia and overseas;
- (v) changes in investor sentiment toward particular market sectors or commodities;

- (vi) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- (vii) natural disasters, social upheaval, war or acts of terrorism.

(u) **Tax law and application**

The application of and changes in relevant tax laws (such as income tax, goods and services tax (or equivalent) and stamp duty), rules relating to deductible liabilities, or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rates of taxes and/or any changes in tax rules and tax arrangements may increase the amount of tax paid or payable by the Company and may also impact Shareholders.

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

The Company is exposed to the risks of commodity price volatility and exchange rate fluctuations increasing the Company's costs.

Also, if the Company achieves success leading to mineral production (which may never occur), the revenue it will derive through the sale of product will expose the potential income of the Company to commodity price and exchange rate risks.

Commodity prices and exchange rates fluctuate and are affected by numerous factors beyond the control of the Company.

(w) **Dilution**

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. When the Company issues equity securities, the percentage ownership of Shareholders may be reduced and diluted.

(x) **Competition**

Like many industries, the resources industry is subject to domestic and global competition. The Company has no influence or control over the activities or actions of its competitors and these activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.

Many of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and produce other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(y) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company. It may be difficult for the Company to continue to attract and retain suitably qualified and experienced people, due to the relatively small size of the Company, compared with other industry participants.

(z) **Litigation risk**

Legal proceedings may arise from time to time in the course of the Company's activities. Legal proceedings brought by third parties including but not limited to joint venture partners or employees could negatively impact the Company (including after it acquires Lighthouse).

(aa) **Unforeseen expenses**

The Company may incur unforeseen expenses. In those circumstances, the expenditure proposals of the Company may be adversely affected.

(bb) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company such as labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(cc) **Insurance**

The Company intends to insure its operations in accordance with industry practice. However, insurance of all risks associated with exploration, development and mining activities is not always available and, where it is available, the cost may be prohibitively high. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(dd) **Change in regulations and regulatory risk**

Any material adverse changes in government policies, legislation or shifts in political attitude in Australia that affect mineral mining and exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project or the Company. No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's business (including after it acquires Lighthouse).

The Company's activities are subject to extensive laws and regulations relating to numerous matters such as regulatory and third party consents, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, Native Title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to matters such as exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits 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 materially delay or restrict the Company from proceeding with the exploration or development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more tenements.

(ee) **Accounting standards**

Australian Accounting Standards (**AAS**) are adopted by the Australian Accounting Standards Board (**AASB**) and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(ff) **Expected future events may not occur**

Certain statements in this document constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective Shareholders should not place undue reliance on such forward-looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, or any other person referred to in this document, that a particular outcome or future event is guaranteed.

(gg) **Trading in securities of the Company may not be liquid**

There is no guarantee that there will be an ongoing liquid market for securities of the Company. Accordingly, there is a risk that, should the market or Company's securities become illiquid, the Shareholders will be unable to realise their investment in the Company.

## **12. Custodian Certification**

If on the Record Date you are a Custodian and hold Shares on behalf of one or more persons each of whom is an Eligible Shareholder in Australia or New Zealand (each, a **Participating Beneficiary**), the Offer is made to you and you have the discretion whether to extend the Offer to the Participating Beneficiaries. You may apply up to a maximum of A\$30,000 worth of New Shares for each Participating Beneficiary.

The Company can only issue to a Custodian Shares up to the value of A\$30,000 in a 12-month period unless the Custodian certifies in writing (**Custodian Certificate**):

- (a) either or both of the following:
- (i) that the Custodian holds Shares on behalf of one or more Participating Beneficiaries that are not Custodians; and
  - (ii) that another Custodian (**Downstream Custodian**) holds beneficial interests in Shares on behalf of one or more Participating Beneficiaries, and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian,

on the Record Date and that each Participating Beneficiary has subsequently instructed the following persons:

- (iii) where paragraph 12(a)(i) applies – the Custodian; and
- (iv) where paragraph 12(a)(ii) applies – the Downstream Custodian,

to apply for New Shares on their behalf under the Offer;

- (b) the number of Participating Beneficiaries;
- (c) the name and address of each Participating Beneficiary;

- (d) in respect of each Participating Beneficiary:
  - (i) where paragraph 12(a)(i) applies, the number of Shares that the Custodian holds on their behalf; and
  - (ii) where paragraph 12(a)(ii) applies, the number of Shares to which the beneficial interests relate;
- (e) in respect of each Participating Beneficiary:
  - (i) where paragraph 12(a)(i) applies, the number or the dollar amount of New Shares they instructed the Custodian to apply for on their behalf; and
  - (ii) where paragraph 12(a)(ii) applies, the number or the dollar amount of New Shares they instructed the Downstream Custodian to apply for on their behalf;
- (f) there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds A\$30,000:
  - (i) the New Shares applied for by the Custodian on their behalf under the Offer in accordance with the instructions in paragraph 12(e); and
  - (ii) any other Shares issued to the Custodian in the 12 months before the application under the Offer as a result of an instruction given by them to the Custodian or Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the Offer;
- (g) that a copy of this document was given to each Participating Beneficiary; and
- (h) where paragraph 12(a)(ii) applies, the name and address of each Custodian who holds beneficial interests in the Shares held by the Custodian in relation to each Participating Beneficiary.

In providing a Custodian Certificate under this paragraph 12, the Custodian may rely on information provided to it by the Participating Beneficiary and any Custodian who holds beneficial interests in the Shares held by the Custodian.

If the Company is not satisfied with the Custodian Certificate (for whatever reason), the Company will not issue any New Shares to the Custodian on behalf of the relevant Participating Beneficiaries.

If you require a Custodian Certificate or require further information about the Custodian application process, you should contact the Share Registry.

If you hold Shares as a trustee or nominee for another person, but are not a Custodian as defined in the glossary below, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings set out in paragraph 8 apply.

### **13. Effect of making an application and Shareholder certification**

If you apply for New Shares (including (without limitation) by submitting payment by BPAY®, cheque or EFT with or without an Application Form), you:

- (a) will be deemed to have warranted and represented that you are an Eligible Shareholder and are eligible to participate in the Offer;
- (b) irrevocably and unconditionally agree to the Terms & Conditions and the terms of the Application Form;
- (c) acknowledge that your application will be irrevocable and unconditional;
- (d) certify and represent to the Company that you have not applied for more than A\$30,000 worth of New Shares (subject, if applicable, to any valid Custodian Certificate (which is acceptable to the Company) which you have provided to the Company pursuant to paragraph 12 above in your capacity as a Custodian);

- (e) certify that the total of the application price for the following does not exceed A\$30,000 (irrespective of whether you may have received more than one Offer or received Offers in more than one capacity):
- (i) the New Shares the subject of your application under the Offer;
  - (ii) any other New Shares issued to you under the Offer or any other Shares issued to you under any similar arrangement in the 12 months before the application under the Offer (excluding Shares applied for but not issued);
  - (iii) any other New Shares which you have instructed a Custodian to acquire on your behalf under the Offer; and
  - (iv) any other Shares issued to a Custodian under an arrangement similar to the Offer in the 12 months before the application under the Offer as a result of an instruction you have given to a Custodian,
- (subject, if applicable, to any valid Custodian Certificate (which is acceptable to the Company) which you have provided to the Company pursuant to paragraph 12 above in your capacity as a Custodian);
- (f) agree to be bound by the Company's constitution; and
- (g) will be deemed to have made the following declarations and representations:
- (i) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions of the United States, or in any other jurisdiction outside Australia and New Zealand, accordingly the New Shares may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
  - (ii) you are purchasing New Shares outside the United States in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act);
  - (iii) you represent and warrant that you are not in the United States and are not acting for the account or benefit of a person in the United States;
  - (iv) you agree not to send this document, the Application Form or any other material relating to the Offer to any person in the United States;
  - (v) you agree that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in "regular way" transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;
  - (vi) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent and will not send, this document, the Application Form or any information related to the Offer to any such person;
  - (vii) you are in compliance with all relevant laws and regulations (including, without limitation, section 1043A of the Corporations Act (insider trading) and sections 241 to 243 of the Financial Markets Conduct Act 2013 (insider trading) and laws and regulations designed to restrict terrorism financing and/or money laundering);
  - (viii) you are not a "designated person" or "designated entity" (or other like term) for the purpose of any domestic or international law or regulation implementing United Nations sanctions; and
  - (ix) you acknowledge that the market price of Shares may rise or fall between the date this Offer commences and the date when New Shares are allotted and issued to you under the Offer and that the price you pay per New Share pursuant to this Offer may exceed the price of Shares at the time the New Shares are allotted and issued to you under the Offer.

#### **14. Offer costs**

The only cost associated with the Offer is the Issue Price for the number of New Shares for which you wish to subscribe.

## **15. Issue of New Shares and variation on number of New Shares issued**

The New Shares will be issued on the Issue Date (unless otherwise determined by the Directors, subject to compliance with the ASX Listing Rules).

The Share Registry will send to you a holding statement in due course following the Issue Date.

The Company intends to raise up to A\$0.5 million through the Offer.

If an Application is refused in whole or in part, the Application Monies will be returned to the applicant in full without interest and the applicant's sole risk. If required, the Company may also scale back applications in such manner as the Directors see fit.

## **16. What rights will the New Shares carry?**

Once the New Shares are issued, they will rank equally with existing Shares and will carry the same voting rights, dividend rights and other entitlements.

## **17. Can the Company change, suspend or terminate the Offer?**

The Company may at any time change, suspend or terminate the Offer. If the Company changes, suspends or terminates the Offer it will advise shareholders through an ASX announcement. The accidental omission to give notice of changes to or suspension or termination of the Offer or the non-receipt of any such notice will not invalidate the change, suspension or termination.

## **18. Directors' participation**

ASX has granted to the Company a waiver of Listing Rule 10.11, such that, because the Company has obtained shareholder approval via a resolution approved at its General Meeting held 5 March 2021 for the issue of the New Shares pursuant to the Offer, Directors (and their associates) who are Eligible Shareholders may (without having to obtain further Shareholder approval), participate in the Offer, on the same terms as all other Eligible Shareholders.

## **19. How do you pay for the New Shares?**

If you wish to participate in the SPP, you can apply for Shares in the following ways:

- (1) apply for Shares by making a payment of \$1,000, 2,000, \$5,000, \$10,000, \$15,000, \$20,000 or \$30,000, using the BPAY® facility provided by your bank as per the instructions in the Application Form. If you make a payment by BPAY®, you will be deemed to have completed an Application Form accepting Shares to the value of \$1,000, \$2,000, \$5,000, \$10,000, \$15,000, \$20,000 or \$30,000. You do not need to return the Application Form if paying by BPAY®; or
- (2) follow the instructions set out in the enclosed Application Form. Send your completed Application Form with your cheque, bank draft or money order drawn on an Australian branch of a financial institution in Australian currency, made payable to "DiscovEx Resources Limited" and crossed "Not Negotiable" to Computershare in the enclosed reply paid envelope.

You will not be able to withdraw or revoke your Application once you have made a payment by BPAY® or sent us the completed Application Form.

If paying by Bpay®, payment must be received by the Registry by Bpay® by 5.00pm (WST) on 8 April 2021. By paying by Bpay®, you will be deemed to have completed an Application Form for the number of Shares the subject of your Application.

If you make a payment by Bpay® and the Company receives an amount which is not equal to either \$1,000, \$2,000, \$5,000, \$10,000, \$15,000, \$20,000 or \$30,000, the Company may round down the dollar amount of Shares that you are applying for to the next lowest parcel at its discretion. Your payment must be for a minimum of \$1,000.

All amounts in the Offer are expressed in Australian dollars. **Please provide payment for the exact amount**

If you do not provide the exact amount, the Company reserves its right to return your monies. If the Company returns your monies, no New Shares will be issued to you.

If you make a BPAY® and do not provide the exact amount, you will, subject to the Terms & Conditions, be deemed to have applied for such New Shares for which you have paid.

## **20. Dispute resolution**

The Company may settle any dispute in connection with the Offer in any manner it thinks fit, whether generally or in relation to any participant, application or Share. The Company's decision will be final and binding.

The Company reserves its right to waive strict compliance with any provision of the Terms & Conditions.

## **21. Quotation and registration of your Shares**

The Company will apply for the New Shares issued to you to be quoted on ASX within the relevant period required by the ASX Listing Rules.

The Company participates in CHESS. Under CHESS, you will not receive a share certificate but will receive a statement of your holding of Shares. The CHESS statement will prescribe the number of New Shares issued pursuant to the Offer, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

If you are registered on the Issuer Sponsored Subregister, the Share Registry will despatch your statement, which will contain the number of New Shares issued to you under the Offer and your security holder reference number.

## **22. Privacy**

By receiving Applications, the Company collects personal information about Shareholders. The Company will use this information for the purposes of processing the Application and updating the records of the Company. To the extent restricted by law, the Company will not disclose personal information about a Shareholder to a third party. To the extent permitted by law, Shareholders are able to access, upon request, personal information about them held by the Company.

## **23. Governing law and jurisdiction**

These Terms & Conditions are governed by the laws in force in Western Australia. Any dispute arising out of or in connection with these Terms & Conditions, or the offer of New Shares, will be determined by the courts of Western Australia. By accepting this Offer, you agree to submit to the non-exclusive jurisdiction of the courts in Western Australia.

## **HOW DO YOU APPLY FOR NEW SHARES UNDER THE OFFER**

If you wish to participate in the Offer please read the Terms & Conditions carefully. You must subscribe for:

- (a) a minimum parcel of A\$1,000 worth of New Shares; or
- (b) a parcel of, A\$2,000, A\$5,000, A\$10,000, A\$15,000 or A\$20,000 worth of New Shares; or
- (c) a maximum parcel of A\$30,000 worth of New Shares.

Application Forms and payments under the Offer are irrevocable and may not be withdrawn once the Company receives it. Applications may be scaled back at the absolute discretion of the Company.

If you make a BPAY®, you do not need to return the Application Form. However, you **must** quote your unique identifier number shown on your Application Form as your customer reference number which will process your payment to your entitlement. Please ensure you make a payment for the exact amount of the New Shares parcel for which you wish to subscribe. You will be deemed to have applied for such New Shares for which you have paid, subject to the Terms & Conditions. You should also be aware of your financial institution's cut-off time. It is your responsibility to ensure funds are submitted correctly by the Closing Date.

**By making an Application, in addition to agreeing with the other Terms and Conditions, you represent to the Company and certify that the total of the application price for the matters set out in paragraph 13(e) does not exceed A\$30,000.**

**Late applications will not be accepted. However, the Directors reserve their right, subject to the Corporations Act and the ASX Listing Rules, to vary the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.**

Application Monies must be paid in Australian dollars.

Ensure that your completed Application Form and payment reaches the Share Registry by the Closing Date no later than **5:00pm (Perth time) on 8 April 2021** noting that the Directors reserve the right to withdraw the Offer, close the Offer early or extend the Offer.

## GLOSSARY

**A\$ or \$** means Australian dollars.

**Application** means an application to participate in the Offer (whether with or without an Application Form).

**Application Form** means the application form accompanying this document.

**Application Monies** means monies paid by Eligible Shareholders in respect of New Shares the subject of an application pursuant to the Offer.

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

**ASIC Instrument 2019/547** means *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* issued by ASIC (as amended from time to time).

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the official listing rules of ASX (as amended from time to time).

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**Capital Raising** has the meaning given in the Letter.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** has the meaning given in paragraph 2 of the Terms & Conditions.

**Company** or **DiscovEx** means DiscovEx Resources Limited ACN 115 768 986.

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

**Crest** means Crest Investment Group Limited ACN 621 752 172.

**Crest 3** means Crest Investment Group 3 Limited ACN 626 884 900.

**Crest JV Tenements** has the meaning given in paragraph 11(d) of the Terms & Conditions.

**Custodian** has the meaning given in the ASIC Instrument 2019/547, being a person that provides a custodial or depositary service in relation to shares of a body or interests in a registered scheme and who:

- (a) holds an Australian financial services licence covering the provision of a custodial or depositary service;
- (b) is exempt from the requirement to hold an Australian financial services licence covering the provision of a custodial or depositary service;
- (c) holds an Australian financial services licence covering the operation of an IDPS or is a responsible entity of an IDPS-like scheme;
- (d) is a trustee of a self-managed superannuation fund or a superannuation master trust; or
- (e) is a registered holder of shares or interests in the class and is noted on the register of members of the body or scheme as holding the shares or interests on account of another person.

**Custodian Certificate** has the meaning given to that term in paragraph 12 of the Terms & Conditions.

**Directors** means the directors of the Company from time to time.

**Downstream Custodian** has the meaning given to that term in paragraph 12 of the Terms & Conditions.

**Earn-In Period** means the period of two years commencing on 27 November 2020 and expiring on the second anniversary of that date.

**Eligible Shareholder** has the meaning given in the Letter.

**Farm-in Expenditure** means the expenditure Lighthouse must contribute for the minimum amount required to maintain the Crest JV Tenements in good standing during the Earn-In Period.

**Farm-In Expenditure Notice** means the notice Lighthouse must give to Crest 3 of the amount of expenditure that Lighthouse has made or incurred, if Lighthouse meets the Farm-in Expenditure.

**Issue Date** means the date on which New Shares will be issued, which as at the date of this document is expected to be 15 April 2021.

**Issue Price** has the meaning given in the Letter.

**Issuer Sponsored Subregister** means that part of the register for a class of the Company's securities for which CHES approval has been given in accordance with the operating rules of ASX Settlement that is administered by the Company (and not by ASX Settlement) and that records uncertificated holdings of securities.

**Letter** means the letter addressed to Shareholders from the Company, dated 9 March 2021, which forms part of this document.

**Lighthouse** has the meaning given in the Letter.

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

**Offer** has the meaning given in the Letter.

**Opening Date** has the meaning given in paragraph 2 of the Terms & Conditions.

**Participating Beneficiary** has the meaning given to that term in paragraph 12 of the Terms & Conditions.

**Placement** has the meaning given in the Letter.

**Record Date** has the meaning given in the Letter.

**Register** means the share register maintained by or on behalf of the Company.

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

**Share Registry** means Computershare Investor Services Pty Limited.

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

**SPP** has the meaning given in the Letter.

**Terms & Conditions** means the terms and conditions of the Offer as expressly prescribed in this document.

**Transaction** has the meaning given in the Letter.

**US Securities Act** has the meaning given in the 'Important Notices' section of this document.

## For all enquiries:

**Phone:**  
(within Australia) 08 9380 9440  
(outside Australia) +61 8 9380 9440

**Web:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

DCX

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

## Make your payment:



See overleaf for details of the Offer and how to make your payment

# Share Purchase Plan Application Form

 **Your payment must be received by 5:00pm (Perth time), Thursday 8 April 2021**

This is an important document that requires your immediate attention.

It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

By making payment you agree to be bound by the Constitution of DiscovEx Resources Limited and that the submission of this payment constitutes an irrevocable offer by you to subscribe for DiscovEx Resources Limited shares on the terms of the Share Purchase Plan (SPP).

In addition, by making payment you certify that the aggregate of the application price paid by you for:

- the New Shares the subject of the payment slip overleaf; and
- any other shares and interests in the class applied for by you under the SPP or any similar arrangement in the 12 months prior to the date of submission of the payment, does not exceed \$30,000.

DiscovEx Resources Limited may make determinations in any manner it thinks fit, in relation to any difficulties which may arise in connection with the SPP whether generally or in relation to any participant or application.

Any determinations by DiscovEx Resources Limited will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. DiscovEx Resources Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions or to suspend or terminate the SPP at any time. Any such amendment, suspension or termination will be binding on all Eligible Shareholders even where DiscovEx Resources Limited does not notify you of that event.

## Step 1: Registration Name & Offer Details

Details of the shareholding and the Offer are shown overleaf.

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

## Step 2: Make Your Payment

Your payment must correspond to one of the options detailed overleaf. You may choose one option only. Note that the amount chosen may be subject to scale back in accordance with the terms of the SPP.

Choose one of the payment methods shown below.

**BPAY®:** You must use the unique identifier shown on the Application Form overleaf as the customer reference number when making payment. If you make your payment with BPAY® you will be deemed to have accepted all of the terms and conditions of the offer and you do not need to return your Application Form.

**By Mail:** Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "DiscovEx Resources Limited" and cross "Not Negotiable". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.



# Share Purchase Plan Application Form

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I N D

**STEP 1****Registration Name & Offer Details** For your security keep your SRN/  
HIN confidential.

**Registration Name:** MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

Entitlement No: 12345678

**Offer Details:** Record date: **4.00pm (Perth time), Friday 15 January 2021**

Minimum value available to purchase: **\$1,000**

Maximum value available to purchase: **\$30,000**

**STEP 2****Make Your Payment by 5:00pm (Perth time), Thursday 8 April 2021**

To avoid postal delay make your payment via **BPAY** either online or by phone with your bank using the payment details below.

**BPAY**

Billers Code: 999999  
Ref No: 1234 5678 9123 4567 89

Contact your financial institution to make your payment from your cheque or savings account.

**Cheque, bank draft or money order**

Make your cheque, bank draft or money order payable to "**DiscovEx Resources Limited**" and cross "**Not Negotiable**".

Return your payment with the below payment slip to:

**Computershare Investor Services Pty Limited**  
**GPO BOX 505 Melbourne Victoria 3001 Australia**

**BPAY**

Neither Computershare Investor Services Pty Limited (CIS) nor DiscovEx Resources Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time. Eligible Shareholders should use the customer reference number shown on this Application Form when making a BPAY payment.

**MAIL**

Neither CIS nor DiscovEx Resources Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

**Privacy Notice**

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the **issuer**), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at [www.computershare.com/au/privacy-policies](http://www.computershare.com/au/privacy-policies).

Detach here

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**Purchase Details for DiscovEx Resources Limited (choose one option)**

- ☐ \$1,000 worth of New Shares OR ☐ \$2,000 worth of New Shares OR ☐ \$5,000 worth of New Shares
- ☐ \$10,000 worth of New Shares OR ☐ \$15,000 worth of New Shares OR ☐ \$20,000 worth of New Shares
- ☐ \$30,000 worth of New Shares



Entitlement No: 12345678

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000



**BPAY** is the most efficient and secure form of payment. Your **BPAY** payment details are shown above.

**Contact & Cheque Details**

|              |                   |            |                |                  |
|--------------|-------------------|------------|----------------|------------------|
| Contact Name | Daytime Telephone |            |                |                  |
| Drawer       | Cheque Number     | BSB Number | Account Number | Amount of Cheque |
|              |                   |            |                | A\$              |

123456789123456789+0000000001-3051+14