Scheme Booklet

Proposal to redomicile Synergy Metals Limited (ACN 005 482 904) by a scheme of arrangement under which SML Corporation Limited ARBN 161 803 032, a company incorporated in Bermuda, will become the holding company of Synergy Metals, and an option scheme of arrangement

Your Directors unanimously recommend that you Vote In Favour of the Share Scheme and the option scheme of arrangement, in the absence of a superior proposal

Important Notice

This document is important and requires your immediate attention. You should read this document in its entirety before deciding whether or not to vote in favour of the Share Scheme and the Option Scheme. If you are in any doubt as to how to deal with this document, please consult your financial, legal, tax or other professional adviser immediately.

WILLIAM ROSS
Lawyers & Advisers

Australian Legal Advisers

Contents

Important Notices

Defined terms

Capitalised terms and certain abbreviations used in this Scheme Booklet (other than in the Independent Expert's Report contained in Annexure A and the Proxy Forms accompanying this Scheme Booklet) have the defined meanings set out in the Glossary in section 11. The Independent Expert's Report contains its own defined terms which are sometimes different from those set out in the Glossary in section 11.

Purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to explain the terms of the Share Scheme and the Option Scheme and the manner in which the Schemes will be considered and, if approved, implemented. This Scheme Booklet provides all information required to be given to Synergy Metals Shareholders and Synergy Metals Optionholders, or that is otherwise material to the decision of Synergy Metals Shareholders or Synergy Metals Optionholders whether or not to vote in favour of the Schemes at the Scheme Meetings.

General

You should read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolutions to be considered at the Scheme Meetings. If you have any questions, you may contact Ms Foong Yong of Synergy Metals on +61 3 9078 1199 between 9.00 am and 5.00 pm (AEST) Monday to Friday. If you are in any doubt as to what to do, you should consult your financial, legal, tax or other professional adviser immediately.

Responsibility statement

Synergy Metals has provided, and is responsible for, the Synergy Metals Information in this Scheme Booklet, and none of SML and its directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the Synergy Metals Information.

SML has provided, and is responsible for, the SML Information in this Scheme Booklet and none of Synergy Metals and its directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the SML Information.

BDO has prepared and is responsible for the report on the taxation implications of the Schemes contained in section 9 of this Scheme Booklet and none of SML, Synergy Metals and their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in that report. The taxation comments in section 9 of this Scheme Booklet are general in nature only and it is recommended that investors seek their own independent tax advice on the consequences of the Schemes.

DMR has prepared and is responsible for the Independent Expert's Report and none of SML, Synergy Metals and their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in Independent Expert's Report except in the case of SML and Synergy Metals in relation to information given by them respectively to the Independent Expert.

Role of ASIC

This Scheme Booklet contains the explanatory statement for the Schemes for the purposes of section 412(1) of the *Corporations Act*. A copy of this Scheme Booklet has been registered by ASIC for the purposes of section 412(6) of the *Corporations Act*. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2)(b) of the *Corporations Act*. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the *Corporations Act*, that ASIC has no objection to the Schemes. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Schemes.

Role of ASX

This Scheme Booklet is the information memorandum required under condition 3 of Listing Rule 1.1 in connection with the proposed admission of SML to the official list of, and listing of SML Shares on, ASX. A copy of this Scheme Booklet has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet. The fact that ASX may admit SML to its official list is not to be taken in any way as an indication of the merits of SML.

Court order under subsection 411(1) of the *Corporations Act*

The fact that under subsection 411(1) of the *Corporations Act* the Court has ordered that the Scheme Meetings be convened and has approved the explanatory statement required to accompany the notices of the Scheme Meetings does not mean that the Court has formed any view as to the merits of the proposed Schemes or as to how Synergy Metals Shareholders or Synergy Metals Optionholders should vote (they must reach their own decision on this matter) or has prepared, or is responsible for the content of, this Scheme Booklet or the explanatory statements contained within it.

Forward looking statements

Certain statements in this Scheme Booklet relate to the future. The forward looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current views and expectations of Synergy Metals or, in relation to the SML Information, SML concerning future events and circumstances. These statements may generally be identified by the use of forward looking verbs such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “foresee”, “intend” or “plan”, qualifiers such as “may”, “should”, “likely” or “potential” or derived or similar words. Similarly, statements that describe the expectations, goals, objectives, plans or targets of SML or Synergy Metals are or may be forward looking statements.

These forward looking statements are based on certain assumptions regarding the operations of Synergy Metals and SML and the economic and regulatory environment in which Synergy Metals and SML will operate in the future. They are subject to known and unknown risks and uncertainties that could cause the actual outcomes, and the actual performance or results of Synergy Metals and SML to be materially different from the outcomes, or the performance or results of Synergy Metals and SML expressed or implied by such statements, including, among other things, general economic conditions, changes in law, regulation or government policy and other risks specific to the resources industry. All forward looking statements should be read in light of such risks and uncertainties.

The forward looking statements in this Scheme Booklet reflect views and expectations held only at the date of this Scheme Booklet. Synergy Metals believes that all forward looking statements included in the Synergy Metals Information have been made on a reasonable basis and SML believes that all forward looking statements included in the SML Information have been made on a reasonable basis. However, none of Synergy Metals, SML and their respective directors nor any other person gives any representation, assurance or guarantee that any outcome, performance or results expressed or implied by any forward looking statements in this Scheme Booklet will actually occur. Synergy Metals Shareholders and Synergy Metals Optionholders should therefore treat all forward looking statements with caution and not place undue reliance on them.

Subject to any continuing obligations under law or the ASX Listing Rules, Synergy Metals, SML and their respective directors disclaim any obligation to revise or update after the date of this Scheme Booklet any forward looking statements to reflect any change in views, expectations or assumptions on which those statements are based.

Notice to persons outside Australia

This Scheme Booklet has been prepared having regard to the disclosure requirements applicable in Australia. These disclosure requirements and accounting standards may be different from those in other countries. It is important that Synergy Metals Shareholders and Synergy Metals Optionholders who are not Australian resident taxpayers or who are liable for tax outside Australia seek specific tax advice in relation to the Australian and overseas tax consequences of the Schemes.

This Scheme Booklet and the Schemes do not, either individually or in combination, constitute an offer to sell to Synergy Metals Shareholders or Synergy Metals Optionholders any securities in SML or a solicitation of an offer to acquire from Synergy Metals Shareholders any securities in SML in any jurisdiction where such offer or solicitation would be illegal. Synergy Metals Shareholders or Synergy Metals Optionholders who are Ineligible Foreign Holders (which, as at the date of this Scheme Booklet, includes Synergy Metals Shareholders or Synergy Metals Optionholders with registered addresses in jurisdictions outside Australia and its external territories, New Zealand and any other jurisdiction where it is lawful and not unduly onerous or impracticable to offer or issue any of the SML Shares or SML Options) will not be issued with SML Shares or SML Options (as the case may be) but will receive a cash payment instead. See section 1.3 for further details.

Hong Kong

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Schemes. If you are in doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

Singapore

This Scheme Booklet has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Scheme Booklet and any offer document or material in connection with the offer or sale or invitation for subscription or purchase of interests in SML (the **Interests**) may not be circulated or distributed, nor may the Interests be offered or sold, or be made the subject of an invitation or subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of any exemption under any provisions of Subdivision (4) of Division 1 of Part XIII of the *Securities and Futures Act*, Chapter 289 of Singapore.

United Kingdom and EEC

The delivery or distribution of this Scheme Booklet in or to persons in certain jurisdictions may be restricted by law, and persons into whose possession this Scheme Booklet comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction. In particular, this Scheme Booklet has not been approved by an authorised person pursuant to section 21 of the *Financial Services and Markets Act* 2000 (**FSMA**) and accordingly it is being delivered in the United Kingdom only to persons to whom this Scheme Booklet may be delivered without contravening the financial promotion prohibition in section 21 of the FSMA. This Scheme Booklet has not been approved as a prospectus by the UK Financial Services Authority (**FSA**) under section 87A of FSMA and has not been filed with the FSA pursuant to the United Kingdom Prospectus Rules, nor has it been approved as a prospectus by any authority or person in any EU member state. No offer of securities in SML is being or will be made in the United Kingdom or in any other jurisdiction in circumstances which would require such a prospectus to be prepared. This Scheme Booklet will not be distributed to more than 100 individuals. As a result, in the event that this Scheme Booklet was to be deemed to be an offer of securities by a competent authority or person, Directive 2003/71/ EC (the **Prospectus Directive**) will not apply.

Privacy and personal information

Synergy Metals and SML and their respective share registries may collect personal information in the process of implementing the Share Scheme or the Schemes. The personal information may include the names, addresses, other contact details, bank account details, details of the holdings of Synergy Metals Shareholders and Synergy Metals Optionholders, and the names of individuals appointed by Synergy Metals Shareholders and Synergy Metals Optionholders as proxies, corporate representatives or attorneys at the Scheme Meetings. Synergy Metals Shareholders and Synergy Metals Optionholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should in the first instance contact the Australian Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 9.00 am and 5.00 pm ((AEST) Monday to Friday) if they wish to request access to that personal information. The personal information is collected for the primary purpose of assisting Synergy Metals and SML to implement the Share Scheme and the Schemes and conduct the Scheme Meetings. The personal information may be disclosed to the share registries of Synergy Metals and SML, to securities brokers, to third party service providers, including print and mail service providers and professional advisers, to Related Bodies Corporate of Synergy Metals and SML and each of their agents and contractors, and to ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law or where the individual Synergy Metals Shareholder or Synergy Metals Optionholder has consented to such disclosure. Personal information of Synergy Metals Shareholders or Synergy Metals Optionholders may also be used to call them in relation to their shares or options, the Share Scheme or the Schemes. Synergy Metals Shareholders and Synergy Metals Optionholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meetings should ensure that they inform such an individual of the matters outlined above.

Investment decisions

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation, tax position or particular needs of any Synergy Metals Shareholder, Synergy Metals Optionholder or any other person. This Scheme Booklet should not be relied upon as the sole basis for any investment decisions in relation to SML Shares, SML Options, Synergy Metals Shares, Synergy Metals Options or any other securities, and you should seek independent financial, legal, tax or other professional advice before making any such investment decision.

References

All references to \$, A\$, dollars or cents in this Scheme Booklet are to Australian currency, unless otherwise specified.

All references to time in this Scheme Booklet are to the time in Melbourne, Victoria, Australia, unless otherwise specified.

Date of this Scheme Booklet

This Scheme Booklet is dated 8 March 2013.

Indicative Key Dates

Last time and date by which Proxy Forms for Synergy Metals Shareholders can be lodged	2:00 pm (AEST) on 14 May 2013
Last time and date by which Proxy Forms for Synergy Metals Optionholders can be lodged	3:00 pm (AEST) on 14 May 2013
Time and date for determining eligibility of Synergy Metals Shareholders to vote at Share Scheme Meeting	2:00 pm (AEST) on 14 May 2013
Time and date for determining eligibility of Synergy Metals Optionholders to vote at Option Scheme Meeting	3:00 pm (AEST) on 14 May 2013
Date of Share Scheme Meeting	2:00 pm (AEST) on 16 May 2013
Date of Option Scheme Meeting	3:00 pm (AEST) on 16 May 2013
If the resolution considered at the Share Scheme Meeting is approved:	
If Option Scheme is not approved, last day for receipt of application forms from Synergy Metals Optionholders in respect of the Fall-Back Option Offer	13 June 2013
Court hearing for approval of the Share Scheme or the Schemes	24 May 2013
Effective Date	27 May 2013
Last day of trading on ASX of Synergy Metals Shares and Synergy Metals Options	27 May 2013
Commencement of trading of SML Shares and, if Option Scheme is approved, SML Options on ASX on a deferred settlement basis	28 May 2013
Time and date for determining entitlements of Synergy Metals Shareholders to Scheme Consideration under the Share Scheme	5:00 pm (AEST) on 5 June 2013
Time and date for determining entitlements of Synergy Metals Optionholders to Scheme Consideration under the Option Scheme, if Option Scheme is approved	5:00 pm (AEST) on 5 June 2013
Implementation Date – • issue of SML Shares and transfer of Synergy Metals Shares to SML; and • if Option Scheme is approved, issue of SML Options and cancellation of the Synergy Metals Options.	6 June 2013

Dispatch of holding statements for:	13 June 2013
• SML Shares issued under the Share Scheme; and	
• if Option Scheme is approved, SML Options issued under the Option Scheme.	
Last day of deferred settlement trading of SML Shares and, if Option Scheme is approved, SML Options on ASX	12 June 2013
Trading on ASX on normal settlement basis begins for:	13 June 2013
• SML Shares; and	
• if Option Scheme is approved, SML Options.	

This timetable is indicative only. The actual timetable will depend upon the time at which the conditions precedent to the Schemes, including conditions relating to receipt of regulatory approvals, are satisfied or, if applicable, waived. Those conditions are summarised in section 1.6(a) of this Scheme Booklet. Synergy Metals has the right to vary the timetable set out above subject to the approval of such variation by the Court and ASX where required. Any variation to the timetable set out above will be announced to ASX (www.asx.com.au) and published on Synergy Metals' website (www.synergymetals.com.au).

Please note that the resolution to be considered at the Share Scheme Meeting is not conditional upon the resolution to be considered at the Option Scheme Meeting being approved. However, the resolution to be considered at the Option Scheme Meeting is conditional upon the resolution to be considered at the Share Scheme Meeting being approved. In the event that the Share Scheme is approved by the requisite majorities but the Option Scheme is not approved by the requisite majorities, then the Synergy Metals Optionholders will have the opportunity to apply for SML Options on the basis of them agreeing to the cancellation of all their Synergy Metals Options under the Fall-Back Option Offer. SML will begin processing application forms which it receives from Synergy Metals Optionholders from the date on which the Option Scheme is not approved by the requisite majorities.

Notwithstanding that SML will only begin to process application forms that it receives in respect of the Fall-Back Option Offer from the date on which Synergy Metals Optionholders do not approve the Option Scheme by the requisite majorities, SML invites Synergy Metals Optionholders to complete and return the application form attached to the Prospectus issued in connection with the Fall-Back Option Offer prior to the date of Option Scheme Meeting. Any such application forms received by SML will only be accepted and processed if and when the Synergy Metals Optionholders do not approve the Option Scheme by the requisite majorities.

In the event that the Option Scheme is not approved, and in order to provide sufficient time for Synergy Metals Optionholders to apply for SML Options under the Fall-Back Option Offer and for SML to be given sufficient time to process those applications, it is anticipated that the indicative dates stated above in respect of the Implementation Date, the dispatch date for holding statements, and the date on which SML Shares will begin trading on a normal settlement basis, it is estimated that each of these items will be delayed by approximately 6 weeks. (Other than the ASX delisting of Synergy Metals Options, there will be no change to the Synergy Metals Options of Synergy Metals Optionholders that do not apply for SML Options under the Fall-Back Option Offer).

If Option Scheme is not approved, it is anticipated that:

(i) the issue of SML Options to the Synergy Metals Optionholders that have applied for SML Options under the Fall-Back Option Offer and cancellation of their Synergy Metals Options will occur on the Implementation Date for the Share Scheme;

(ii) the dispatch date of holdings statements for SML Options issued to Synergy Metals Optionholders that applied for SML Options under the Fall-Back Option Offer will occur on the same date on which holding statements are dispatched for SML Shares issued under the Share Scheme; and

(iii) trading of SML Options issued to Synergy Metals Optionholders that applied for SML Options under the Fall-Back Option Offer on ASX will begin on a normal settlement basis on the same date that trading of SML Shares begins on ASX on a normal settlement basis.

Letter from the Directors

Dear Synergy Metals Shareholders and Synergy Metals Optionholders

On 16 November 2012, Synergy Metals announced a proposal to a redomicile to Bermuda by way of a share scheme of arrangement which will establish a new corporate structure for the Synergy Metals Group ("**Share Scheme**"). The Share Scheme involves SML Corporation Limited ("**SML**"), a recently incorporated company in Bermuda, becoming the new holding company for the Synergy Metals Group. On 8 February 2013 Synergy Metals announced the signing of the Implementation Agreement between itself and SML and gave details of the Share Scheme in that announcement.

As Synergy Metals continues to develop and fulfill its exploration works on its Australian tenements with an aim of progressing to production in the future, it will need to raise additional capital (including but not limited to the issue of new shares, options, bond or convertible securities) to fund these operations. It is essential that Synergy Metals diversify its potential sources of capital raising from Australia into international capital markets to increase its investor pools to procure funding for its future growth.

Synergy Metals requires the right corporate structure in order to attract international investors. One principal reason for the Share Scheme is to create a corporate structure that is able to facilitate more flexibility for future capital raisings and transactions by Synergy Metals. The Directors believe that international investors will be more inclined to invest in a company incorporated in a jurisdiction such as Bermuda as there can be significant advantages for these investors investing in a Bermudian company when compared with an Australian company.

Other than the growth of the company through its existing business operations, Synergy Metals intends to pursue further growth opportunities by way of investments, joint ventures, mergers or acquisitions. The Board is constantly evaluating potential opportunities in the resource sectors both in Australia and overseas.

In order to support and achieve its growth mission, Synergy Metals will need to issue new shares, options, bonds or convertible securities to raise requisite funding. The Directors believe that shares, options, bonds and convertible securities issued by a company incorporated in a jurisdiction like Bermuda will be more attractive to international investors. The Share Scheme may also enhance the use of shares as payment for investments, joint ventures, mergers and acquisitions.

To effect the Share Scheme, Synergy Metals is proposing a scheme of arrangement to Synergy Metals Shareholders, under which Synergy Metals Shareholders will exchange their existing shares in Synergy Metals for new shares in SML, on a one for one basis. Ancillary to the Share Scheme, Synergy Metals is also proposing a scheme of arrangement to Synergy Metals Optionholders, under which their options in Synergy Metals will be cancelled in consideration for new options in SML, on a one for one basis (ie. the Option Scheme).

The Share Scheme is not conditional upon the Option Scheme being approved by the Synergy Metals Optionholders, however the Option Scheme is conditional upon the Share Scheme being approved by the Synergy Metals Shareholders.

In the event that the Share Scheme is approved by the requisite majorities but the Option Scheme is not approved, then Synergy Metals will become a wholly-owned subsidiary of SML and will be delisted from ASX. As such, Synergy Metals Options will be exercisable into shares in an unlisted subsidiary of SML. This will result in the value of both the Synergy Metals Options and the underlying shares being uncertain for the holders of the Synergy Metals Options.

However, Synergy Metals Optionholders will have the opportunity to apply for SML Options on the basis of them agreeing to the cancellation of all their Synergy Metals Options under the Fall-Back Option Offer. The Fall-Back Option Offer is subject to, amongst other things, the Share Scheme becoming Effective.

The Share Scheme does not involve any change in the beneficial ownership of the Synergy Metals Group assuming that all Synergy Metals Options are exchanged for SML Options nor any change to the nature or scale of existing operations. It is an internal restructuring, designed to create a number of benefits for the Synergy Metals Shareholders and Synergy Metals Optionholders.

If the Share Scheme is completed, then provided that all Synergy Metals Options are exchanged for SML Options (under either the Option Scheme or Fall-Back Option Offer) SML will own all of the shares (through its wholly-owned subsidiary SML Resources) in the currently listed Synergy Metals. SML will itself be admitted to the official list of ASX, whereupon Synergy Metals will be delisted.

For the Share Scheme to proceed, it must be approved by a requisite majority of Synergy Metals Shareholders at the Share Scheme Meeting and by the Supreme Court of Victoria. If the Option Scheme is not approved and the Share Scheme is approved, then the Share Scheme will proceed. The Scheme Meetings have been convened for 16 May 2013.

Details of the Schemes and all of their implications are explained in this Scheme Booklet. Proxy forms for Synergy Metals Shareholders and Synergy Metals Optionholders are included in this Scheme Booklet. We recommend that you read this Scheme Booklet in detail and encourage Synergy Metals Shareholders and Synergy Metals Optionholders to attend and/or vote at the Scheme Meetings.

An Independent Expert's Report has been commissioned to report on the Share Scheme and the Option Scheme. The Independent Expert, DMR Corporate Pty Ltd, has concluded that the Share Scheme and the Option Scheme are in the best interests of Synergy Metals Shareholders and Synergy Metals Optionholders respectively. The Independent Expert's Report forms part of this Scheme Booklet and is set out in Annexure A.

We strongly recommend these Schemes of Arrangement to all Synergy Metals Shareholders and Synergy Metals Optionholders. We look forward to your support and attendance at the Scheme Meetings.

Yours faithfully

Sun Feng
Chairman

This Scheme Booklet

Purpose of this Scheme Booklet

On 16 November 2012 Synergy Metals announced the Share Scheme under which all existing shares in Synergy Metals will be exchanged for shares in SML, a company incorporated in Bermuda. In addition, Synergy Metals is also proposing a scheme of arrangement to the Synergy Metals Optionholders, under which their Synergy Metals Options will be cancelled in consideration for new SML Options (ie. the Option Scheme). Synergy Metals has now entered into the Implementation Agreement which sets out certain arrangements agreed between Synergy Metals and SML in relation to the Share Scheme.

The Share Scheme is proposed to be implemented by way of a scheme of arrangement, on which Synergy Metals Shareholders are entitled to vote. The Share Scheme will proceed even if the Option Scheme is not approved.

This Scheme Booklet contains information to assist you to decide how to vote on the Share Scheme and the Option Scheme. In particular, section 2 sets out the reasons for your Directors' recommendation to vote in favour of the Share Scheme and the Option Scheme, in the absence of a superior proposal. Those reasons, and possible reasons why you might consider voting against the Share Scheme and the Option Scheme, are summarised immediately below.

Reasons to vote in favour of the Share Scheme and the Option Scheme

The reasons for your Directors' recommendation to vote in favour of the Share Scheme and the Option Scheme, include the following:

- the creation of a more flexible corporate structure in terms of future capital raisings and transactions and investor interest;
- the advantages described above can still be achieved with having SML listed on ASX;and
- if the Synergy Metals Shareholders approve the Share Scheme and the Synergy Metals Optionholders do not approve the Option Scheme, then following the implementation of the Share Scheme, both the Synergy Metals Shares and the Synergy Metals Options will cease to be quoted on the ASX and the Synergy Metals Optionholders will only have the right to convert their Synergy Metals Options to Synergy Metals Shares and not to SML Shares which will be quoted on the ASX.

The reasons for your Directors' recommendation are set out in full in section 2.2. Further, the Independent Expert has concluded that the Share Scheme and the Option Scheme are in the best interests of Synergy Metals Shareholders and Synergy Metals Optionholders respectively.

Possible reasons to vote against the Share Scheme and the Option Scheme

The possible reasons to vote against the Share Scheme and the Option Scheme include the following:

- Synergy Metals Shareholders will hold shares (and if the Option Scheme is approved, Synergy Metals Optionholders will hold options) in a company incorporated in Bermuda, rather than a company incorporated in Australia. As a company incorporated in Bermuda, SML will be subject to the provisions of the *Bermuda Companies Act* and will not be subject to many of the provisions of the *Corporations Act* to which Synergy Metals is currently subject and with which Synergy Metals Shareholders and Synergy Metals Optionholders are familiar.

Section 7.2 sets out a summary comparing the key differences between the *Bermuda Companies Act* and the *Corporations Act*;

- implementation of the Share Scheme will give rise to additional once-off transaction costs. However, these costs have largely been incurred to date and will be payable by Synergy Metals irrespective of whether the Schemes are implemented or not. Further to this, implementation of the Share Scheme may also result in additional costs being incurred including, for example, those costs involved in maintaining a register in Bermuda and ensuring compliance with applicable Bermudian laws; and

- the tax consequences of implementation of the Share Scheme may not suit your particular financial circumstances. Please see section 1.9 and section 9 for further details of the taxation implications of the Share Scheme and the Option Scheme.

The possible reasons to vote against the Share Scheme and the Option Scheme are set out in full in section 2.3.

Details of the Scheme Meetings

Share Scheme Meeting

The business of the Share Scheme Meeting is to consider and, if thought fit, to approve the Share Scheme. The Share Scheme must be approved by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Synergy Metals Shareholders present and voting at the Share Scheme Meeting (whether in person or by proxy, attorney or corporate representative); and

- at least 75% of the total number of votes cast.

The Share Scheme is not conditional upon the Option Scheme being approved by the Synergy Metals Optionholders, however the Option Scheme is conditional upon the Share Scheme being approved by the Synergy Metals Shareholders. In the event that the Share Scheme is approved by the requisite majorities but the Option Scheme is not approved, then the Synergy Metals Optionholders will have the opportunity to apply for SML Options on the basis of them agreeing to the cancellation of all their Synergy Metals Options under the Fall-Back Option Offer. Further details of the Fall-Back Option Offer are set out at section 1.8.

For further details, please refer to the Notice of Share Scheme Meeting attached to this Scheme Booklet as Annexure D.

Option Scheme Meeting

The business of the Option Scheme Meeting is to consider and, if thought fit, to approve the Option Scheme. The Option Scheme must be approved by a majority in number (more than 50%) of Synergy Metals Optionholders present and voting at the Option Scheme Meeting (whether in person or by proxy, attorney or corporate representative), being a majority whose Synergy Metals Options amount to at least 75% of the total value of the Synergy Metals Options held by Synergy Metals Optionholders present and voting at the Option Scheme Meeting (whether in person or by proxy, attorney or corporate representative).

The Option Scheme will only become Effective if, among other things, the Share Scheme is approved by the requisite majorities of Synergy Metals Shareholders.

For further details, please refer to the Notice of Option Scheme Meeting attached to this Scheme Booklet as Annexure E.

How to vote at the Scheme Meetings

The Share Scheme Meeting will be held at 2:00 pm (AEST) on 16 May 2013 at Level 18, 101 Collins Street, Melbourne, Victoria, Australia 3000.

The Option Scheme Meeting will be held at 3:00 pm (AEST) on 16 May 2013 at Level 18, 101 Collins Street, Melbourne, Victoria, Australia 3000.

Except as mentioned below, Synergy Metals Shareholders who are registered on the Synergy Metals Share Register at 2:00 pm (AEST) on 14 May 2013 may vote at the Share Scheme Meeting in person, by attorney, by corporate representative (in the case of corporate shareholders) or by proxy.

Synergy Metals Optionholders who are entitled to vote and are registered on the Synergy Metals Options Register at 3:00 pm (AEST) on 14 May 2013 may vote at the Option Scheme Meeting in person, by attorney, by corporate representative (in the case of corporate shareholders) or by proxy.

For the purposes of this Scheme Booklet, any reference to **vote** or **voting** is to Synergy Metals Shareholders voting at the Share Scheme Meeting or a Synergy Metals Optionholders voting at the Option Scheme Meeting, as the context requires.

A Synergy Metals Shareholder or Synergy Metals Optionholder who holds any Excluded Securities will not be entitled to vote the Excluded Securities at the Scheme Meetings.

Your Directors believe the Schemes are a matter of importance for all Synergy Metals Shareholders and Synergy Metals Optionholders and therefore urge you to vote on the Schemes if you are entitled to do so.

Before voting, you should read this Scheme Booklet carefully, including the Notices of Scheme Meetings set out in Annexures D and E and the accompanying notes. If you have any questions, consult your financial, legal, tax or other professional adviser or call Ms Foong Yong at Synergy Metals on +61 3 9078 1199 between 9.00 am and 5.00 pm (AEST) Monday to Friday.

Synergy Metals Shareholders wishing to vote in person

Synergy Metals Shareholders who are entitled to vote and wish to do so in person, should attend the Share Scheme Meeting to be held on 16 May 2013 at 2:00 pm (AEST) at Level 18, 101 Collins Street, Melbourne, Victoria, Australia 3000. Please bring your meeting registration forms with you to facilitate admission to the meeting. The meeting registration form for the Share Scheme Meeting is the Proxy Form included with this Scheme Booklet.

Synergy Metals Shareholders wishing to vote by attorney or corporate representative

Synergy Metals Shareholders who are entitled to vote and wish to do so by attorney or corporate representative should ensure that their attorney or corporate representative attends the Share Scheme Meeting at the time, date and place referred to above. If you are attending as an attorney, you should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to Synergy Metals. If you are attending as a representative of a corporate shareholder please bring evidence of your appointment to attend on behalf of that shareholder, unless previously lodged with the Australian Share Registry.

Synergy Metals Shareholders wishing to vote by proxy

Synergy Metals Shareholders who are entitled to vote and wish to do so by proxy should read the detailed notes relating to the appointment of proxies accompanying the Notice of Share Scheme Meeting set out in Annexure D. You should then complete the Proxy Form included with this Scheme Booklet. Your Proxy Form must be:

- sent to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001
- faxed to +61 2 9290 9655; or
- received in person at Level 7, 207 Kent St, Sydney, NSW 2000,

in each case so that it is received by no later than 2:00 pm (AEST) on 14 May 2013.

If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Australian Registry at the same time as the Proxy Form (unless you have already provided a certified copy of the power of attorney to Synergy Metals). If you complete and return a Proxy Form, you may still attend the meeting in person, revoke the proxy and vote at the meeting.

Further details on how to vote are set out in Notice of Share Scheme Meeting set out in Annexure D.

Synergy Metals Optionholders wishing to vote in person

Synergy Metals Optionholders who are entitled to vote and wish to do so in person, should attend the Option Scheme Meeting to be held on 16 May 2013 at 3:00 pm (AEST) at Level 18, 101 Collins Street, Melbourne, Victoria, Australia 3000. Please bring your meeting registration forms with you to facilitate admission to the meeting. The meeting registration form for the Option Scheme Meeting is the Proxy Form included with this Scheme Booklet.

Synergy Metals Optionholders wishing to vote by attorney or corporate representative

Synergy Metals Optionholders who are entitled to vote and wish to do so by attorney or corporate representative should ensure that their attorney or corporate representative attends the Option Scheme Meeting at the time, date and place referred to above. If you are attending as an attorney, you should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to Synergy Metals. If you are attending as a representative of a corporate optionholder please bring evidence of your appointment to attend on behalf of that optionholder, unless previously lodged with the Australian Share Registry.

Synergy Metals Optionholders wishing to vote by proxy

Synergy Metals Optionholders who are entitled to vote and wish to do so by proxy should read the detailed notes relating to the appointment of proxies accompanying the Notice of Option Scheme Meeting set out in Annexure E. You should then complete the Proxy Form included with this Scheme Booklet. Your Proxy Form must be:

- sent to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001;
- faxed to +61 2 9290 9655; or
- received in person at Level 7, 207 Kent St, Sydney, NSW 2000,

in each case so that it is received by no later than 3:00 pm (AEST) on 14 May 2013.

If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Australian Registry at the same time as the Proxy Form (unless you have already provided a certified copy of the power of attorney to Synergy Metals). If you complete and return a Proxy Form, you may still attend the meeting in person, revoke the proxy and vote at the meeting.

Further details on how to vote are set out in Notice of Option Scheme Meeting set out in Annexure E.

1. Overview of the Share Scheme and the Option Scheme

1.1 Introduction

On 16 November 2012, Synergy Metals announced a proposed redomicile of Synergy Metals under which all existing shares in Synergy Metals will be exchanged for shares in SML, on a one for one basis (i.e. the Share Scheme). In addition, Synergy Metals is also proposing a scheme of arrangement to the Synergy Metals Optionholders, under which their Synergy Metals Options will be cancelled in consideration for new SML Options, on a one for one basis (ie. the Option Scheme).

The Share Scheme is not conditional upon the Option Scheme being approved, however the Option Scheme is conditional upon the Share Scheme being approved. In the event that the Share Scheme is approved by the requisite majorities but the Option Scheme is not approved, then Synergy Metals Optionholders will have the opportunity to apply for SML Options on the basis of them agreeing to the cancellation of all their Synergy Metals Options under the Fall-Back Option Offer. Further details of the Fall-Back Option Offer are set out in sections 1.1(b) and 1.8.

A scheme of arrangement is an arrangement between a company and its particular class of security holders which is voted on by those security holders. If the required majority of security holders vote in favour of the scheme and it is then approved by the Court, the scheme becomes binding on the company and all of its particular classes of security holders.

(a) **If both Schemes are approved**

If the Share Scheme is approved as well as the Option Scheme by the requisite majority of Synergy Metals Shareholders and Synergy Metals Optionholders respectively and the Court, then:

- SML will issue SML Shares to Synergy Metals Shareholders in exchange for their Synergy Metals Shares (except in the case of Ineligible Foreign Holders, who will receive their consideration in cash) as further described in sections 1.2 and 1.3;
- Synergy Metals Optionholders will receive SML Options in exchange for their Synergy Metals Options (except in the case of Ineligible Foreign Holders, who will receive their consideration in cash) as further described in sections 1.2 and 1.3;
- Synergy Metals will become a wholly-owned subsidiary of SML; and
- SML will be listed on ASX, and Synergy Metals will be delisted from ASX so that effectively SML will replace Synergy Metals as the listed entity.

(b) **If the Share Scheme is approved but the Option Scheme is not approved**

If the Share Scheme is approved by the requisite majorities of Synergy Metals Shareholders, but the Option Scheme is not approved by the requisite majorities of Synergy Metals Optionholders, then (subject to Court approval) the Share Scheme will proceed and the Synergy Metals Optionholders will have the opportunity to apply for

SML Options on the basis of them agreeing to the cancellation of all their Synergy Metals Options under the Fall-Back Option Offer.

The Fall-Back Option Offer is subject to, amongst other things, the Share Scheme becoming Effective. SML will begin processing application forms which it receives in respect of the Fall-Back Option Offer from the date on which the Option Scheme is not approved by the requisite majorities, and will accept all such application forms which it receives before 5:00 pm AEST on the day being 20 Business Days from the date on which Synergy Metals Optionholders do not approve the Option Scheme by the requisite majorities at the Option Scheme Meeting.

Notwithstanding that SML will only begin to process application forms that it receives in respect of the Fall-Back Option Offer from the date on which Synergy Metals Optionholders do not approve the Option Scheme by the requisite majorities, SML invites Synergy Metals Optionholders to complete and return the application form attached to the Prospectus issued in connection with the Fall-Back Option Offer prior to the date of Option Scheme Meeting. Any such application forms received by SML will only be accepted and processed if and when the Synergy Metals Optionholders do not approve the Option Scheme by the requisite majorities.

Further details on the arrangements for Synergy Metals Optionholders if the Share Scheme is approved but the Option Scheme is not approved are set out in section 1.8.

(c) **If the Share Scheme is not approved**

If the Share Scheme is not approved by the requisite majorities of Synergy Metals Shareholders or is not approved by the Court, the Share Scheme will not proceed nor will the Option Scheme be implemented. Therefore, Synergy Metals Shareholders will continue to hold Synergy Metals Shares (and Synergy Metals Optionholders will continue to hold Synergy Metals Options) and Synergy Metals will continue to operate as a company listed on ASX.

1.2 If the Share Scheme and the Option Scheme are approved and implemented, what will you receive?

If the Share Scheme and the Option Scheme are approved and implemented:

- Synergy Metals Shareholders (other than Ineligible Foreign Holders) will receive one SML Share for each Synergy Metals Share held at 5:00 pm (AEST) on the Scheme Record Date;
- Synergy Metals Optionholders (other than Ineligible Foreign Holders) will receive one SML Option for each Synergy Metals Option held at 5:00 pm (AEST) on the Scheme Record Date; and
- Northwest will receive one SML Northwest Option for each Northwest Option held at Scheme Record Date.

The last day of trading on ASX of Synergy Metals Shares and Synergy Metals Options are detailed in the Key Dates section on page 6.

The SML Shares, SML Options and SML Northwest Options will be issued to their respective recipients (other than Ineligible Foreign Holders) on the Implementation Date. Holding statements and confirmations of CHESS holdings for SML Shares and SML Options are expected to be dispatched within five Business Days after the Implementation Date.

The SML Shares and SML Options issued as Scheme Consideration are expected to begin trading on ASX on a deferred settlement basis from the commencement of trading on the first trading day on ASX after the Effective Date. Normal trading of SML Shares and SML Options on ASX is expected to commence on the fifth trading day on ASX after the Implementation Date.

It is the responsibility of each person who is issued SML Shares or SML Options under the Schemes to confirm their holding before trading in SML Shares or SML Options to avoid the risk of selling shares or options that they do not own. Any person who sells SML Shares or SML Options before they receive their holding statement or confirm their uncertificated holdings of SML Shares or SML Options (as the case may be) does so at their own risk. To the maximum extent permitted by law, Synergy Metals and SML disclaim all liability to persons who trade SML Shares or SML Options before receiving their holding statements or confirming their uncertificated holdings.

1.3 Ineligible Foreign Holders

Ineligible Foreign Holders will not be issued with SML Shares or SML Options under the Schemes. Instead, the SML Shares that would otherwise have been issued to the Synergy Metals Shareholders under the Share Scheme, or the SML Options that would otherwise have been issued to the Synergy Metals Optionholders under the Option Scheme, will be issued to the Sale Nominee on the Implementation Date.

SML must procure that, as soon as practicable after the Implementation Date, the Sale Nominee sells those SML Shares or SML Options (as the case may be) on ASX. SML must pay, or procure the payment of, the net sale proceeds received (after deducting any applicable selling costs, tax and charges) to the Ineligible Foreign Holders. See section 8.11 for further details.

In the event that the Share Scheme is approved by the requisite majorities but the Option Scheme is not, then Ineligible Foreign Holder will not be able to apply for SML Options under the Fall-Back Option Offer unless SML agrees in writing that it is lawful and not unduly onerous or impractical to issue that Synergy Metals Optionholder with SML Options under the Fall-Back Option Offer.

1.4 Directors' recommendation

The Synergy Metals Directors are of the opinion that the Share Scheme and the Option Scheme are in the best interests of Synergy Metals Shareholders as a whole and Synergy Metals Optionholders as a whole and unanimously recommend that Synergy Metals Shareholders and Synergy Metals Optionholders vote in favour of the Share Scheme and the Option Scheme respectively. As at the date of this Scheme Booklet, no other proposal for Synergy Metals or its business or assets has emerged.

Each of the Synergy Metals Directors who holds Synergy Metals Shares and/or Synergy Metals Options, or on whose behalf Synergy Metals Shares and/or Synergy Metals Options are held at the time of the Scheme Meetings, intends to vote in favour of the Share Scheme and the Option Scheme. Synergy Metals Shares held by the Synergy Metals Directors represent approximately 5.6% of the issued share capital of Synergy Metals at the date of lodgement of this Scheme Booklet with ASIC. Synergy Metals Options held by the Synergy Metals

Directors represent approximately 11% of the total number of Synergy Metals Options on issue at the date of lodgement of this Scheme Booklet with ASIC.

The reasons for the recommendation of the Synergy Metals Directors are set out in section 2.

Northwest, which currently holds approximately 48.68% of the issued share capital of Synergy Metals and is the single largest shareholder of Synergy Metals, has advised Synergy Metals that it intends to vote in favour of the Share Scheme.

1.5 Independent Expert's opinion

Synergy Metals commissioned the Independent Expert, DMR Corporate Pty Ltd, to prepare a report on the Share Scheme and the Option Scheme to determine whether they are in the best interests of Synergy Metals Shareholders and Synergy Metals Optionholders respectively. A copy of the Independent Expert's Report is set out in Annexure A. The Independent Expert, DMR Corporate Pty Ltd, has concluded that, in its opinion, the Share Scheme and the Option Scheme are in the best interests of Synergy Metals Shareholders as a whole and Synergy Metals Optionholders as a whole respectively.

1.6 Implementation Agreement

The arrangements agreed between Synergy Metals and SML in relation to the Share Scheme and the Option Scheme in the Implementation Agreement include those set out below. A copy of the Implementation Agreement is contained in Annexure F.

(a) **Conditions precedent**

The Share Scheme is subject to a number of conditions precedent which must be satisfied (or, if applicable, waived) before the Share Scheme can come into effect. These conditions are summarised below and are set out in full in clause 3.1 of the Implementation Agreement:

- <u>ASIC and ASX:</u> that, before 8:00am on the Second Court Date, ASIC and ASX issue or provide such consents, waivers, authorisations or approvals, or do such other acts, as the parties agree are reasonably necessary or desirable to implement the Share Scheme;

- <u>Other Regulatory Approvals:</u> that all Other Regulatory Approvals which Synergy Metals and SML agree (acting reasonably) are necessary to implement the Share Scheme are obtained;

- <u>Execution of Share Scheme Deed Poll</u>**:** that, before the Share Scheme Meeting, SML validly executes and delivers the Share Scheme Deed Poll;

- <u>Share Scheme approval:</u> that the Synergy Metals Shareholders entitled to vote at the Share Scheme Meeting approve the Share Scheme by the requisite majorities prescribed by section 411(4)(a)(ii) of the Corporations Act;

- <u>Court approval:</u> that the Court approves the Share Scheme in accordance with section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act);

- <u>entry into Deed of Cancellation:</u> that by no later than 5 Business Days before the Second Court Date, the Deed of Cancellation has been validly executed and delivered;

- Independent Expert: the Independent Expert does not change its conclusion or withdraw its report prior to the close of the Share Scheme Meeting; and

- Court imposed conditions: any additional conditions that may be imposed by the Court.

The Option Scheme is subject to a number of conditions precedent which must be satisfied (or, if applicable, waived) before the Scheme can come into effect. These conditions are summarised below and are set out in full in clause 3.2 of the Implementation Agreement:

- ASIC and ASX: that, before 8:00 am on the Second Court Date, ASIC and ASX issue or provide such consents, waivers, authorisations or approvals, or do such other acts, as the parties agree are reasonably necessary or desirable to implement the Option Scheme;

- Other Regulatory Approvals**:** that all Other Regulatory Approvals which Synergy Metals and SML agree (acting reasonably) are necessary to implement the Option Scheme are obtained;

- Execution of Option Scheme Deed Poll**:** that, before the Option Scheme Meeting, SML validly executes and delivers the Option Scheme Deed Poll;

- Share Scheme approval: that the Synergy Metals Shareholders entitled to vote at the Share Scheme Meeting approve the Share Scheme by the requisite majorities prescribed by section 411(4)(a)(ii) of the Corporations Act;

- Option Scheme approval: that the Synergy Metals Optionholders entitled to vote at the Option Scheme Meeting approve the Option Scheme by the requisite majorities prescribed by section 411(4)(a)(i) of the Corporations Act;

- Court approval: that the Court approves the Option Scheme in accordance with section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act);

- entry into Deed of Cancellation: that by no later than 5 Business Days before the Second Court Date, the Deed of Cancellation has been validly executed and delivered;

- Independent Expert: the Independent Expert does not change its conclusion or withdraw its report prior to the close of the Option Scheme Meeting;

- Court imposed conditions: any additional conditions that may be imposed by the Court; and

- Share Scheme: the Share Scheme becomes Effective.

If the conditions summarised above in relation to the Option Scheme are not satisfied (or, if applicable, waived) by the Final End Date then the Option Scheme cannot come into effect, but neither party may terminate the Implementation Agreement on the basis of the non-satisfaction or non-waiver of those conditions.

(b) **Termination**

In accordance with the terms of the Implementation Agreement, either party may terminate the agreement if the conditions summarised above are not satisfied (or, if applicable, waived) by the Final End Date.

Further, each of Synergy Metals and SML has the right to terminate the Implementation Agreement in the event that:

(i) the Court fails to make orders in accordance with section 411(1) of the Corporations Act to convene the Share Scheme Meeting and all appeals from such decision are unsuccessful or the parties determine not to initiate an appeal; or

(ii) the Independent Expert changes its previously given conclusion that the Share Scheme is in the best interests of Synergy Metals Shareholders, or withdraws its report prior to the Share Scheme Meeting. If the Implementation Agreement is terminated, the Share Scheme (and the Option Scheme) will not proceed.

1.7 Arrangements for Northwest Options

Under the Implementation Agreement, Synergy Metals has agreed to use all reasonable endeavours to procure that by no later than five Business Days before the Second Court Date, Northwest, the holder of the Northwest Options, enters into a binding agreement with Synergy Metals and SML, conditional on the Share Scheme becoming Effective, under which Northwest agrees to the cancellation of those Northwest Options in consideration for SML issuing to Northwest 1 SML Northwest Option for each 1 Northwest Option held by Northwest, with that SML Northwest Option to carry the same terms and be subject to the same conditions, and confer the same rights upon Northwest, as the Northwest Option in respect of which it is being issued.

Synergy Metals, SML and Northwest have agreed to enter into such a binding agreement. See section 8.12 for further details in connection with the cancellation of the Northwest Options and grant of new SML Northwest Options. A summary of the terms and conditions of the SML Northwest Options is set out in section 8.12.

Northwest, which currently holds approximately 48.68% of the issued share capital of Synergy Metals and is the single largest shareholder of Synergy Metals, has advised Synergy Metals that it intends to vote in favour of the Share Scheme.

1.8 Arrangements for Synergy Metals Optionholders if the Share Scheme is approved but Option Scheme is not approved

Under the Implementation Agreement, if the Share Scheme is approved by the requisite majorities, but the Option Scheme is not approved by the requisite majorities of Synergy Metals Optionholders, then (subject to Court approval) the Share Scheme will proceed and the Synergy Metals Optionholders will have the opportunity to apply for SML Options under the Fall-Back Option Offer.

What is the Fall-Back Option Offer?

The Fall-Back Option Offer is made under the Prospectus issued by SML which invites Synergy Metals Optionholders (other than Ineligible Foreign Holders) to apply for SML

Options (that are subject to the terms and conditions which replicate those of the Synergy Metals Options) on the condition that the Synergy Metals Optionholder agrees to, amongst other things, the cancellation of all its Synergy Metals Options. A copy of the Prospectus issued in connection with the Fall-Back Option Offer has been enclosed with this Scheme Booklet.

The Fall-Back Option Offer gives Synergy Metals Optionholders the opportunity to apply for and receive SML Options in consideration for them agreeing to the cancellation of all their Synergy Metals Options (subject to the Share Scheme becoming Effective).

Under the Fall-Back Option Offer:

- SML invites Synergy Metals Optionholders to apply for SML Options under the Prospectus issued in connection with the Fall-Back Option Offer, which has been enclosed with this Scheme Booklet;

- the application form in respect of the Fall-Back Option Offer is attached to the Prospectus;

- all Synergy Metals Optionholders should consider the information set out in the Prospectus in deciding whether to acquire SML Options; and

- any Synergy Metals Optionholder wishing to apply for SML Options under the Prospectus will need to complete the application form that is attached to the Prospectus at any time prior to 5:00 pm AEST on the day being 20 Business Days from the date Option Scheme is not approved by the requisite majorities.

When should Synergy Metals Optionholders complete and return the application form attached to the Fall-Back Option Offer?

SML will begin processing application forms which it receives in respect of the Fall-Back Option Offer from the date on which the Option Scheme is not approved by the requisite majorities, and will accept all such application forms which it receives before 5:00 pm AEST on the day being 20 Business Days from the date on which Synergy Metals Optionholders do not approve the Option Scheme at the Option Scheme Meeting by the requisite majorities.

Notwithstanding that SML will only begin to process application forms that it receives in respect of the Fall-Back Option Offer from the date on which Synergy Metals Optionholders do not approve the Option Scheme by the requisite majorities, SML invites Synergy Metals Optionholders to complete and return the application form contained in the Fall-Back Option Offer prior to the date of Option Scheme Meeting. Any such application forms received by SML will only be accepted and processed if and when the Synergy Metals Optionholders do not approve the Option Scheme by the requisite majorities.

Will the SML Options issued by SML under the Fall-Back Option Offer be listed on ASX?

In the event that the conditions prescribed by ASX Listing Rule 2.5 are satisfied, then SML will seek to have all options issued pursuant to the Fall-Back Option Offer quoted on ASX. The conditions prescribed by ASX Listing Rule 2.5 include that there must be at least 100,000 SML Options and 50 holders of SML Options with a “marketable parcel” (as that term is defined by the ASX Listing Rules).

<u>What will happen to those Synergy Metals Optionholders that do not apply for SML Options under the Fall-Back Option Offer?</u>

For Synergy Metals Optionholders that do not apply for SML Options under the Fall-Back Option Offer, the following implications will arise in connection with their Synergy Metals Options:

- as Synergy Metals will become a wholly-owned subsidiary of SML and will be delisted from ASX, the Synergy Metals Options will be over unlisted securities in a controlled entity. As a result, any unexercised Synergy Metals Options will only be able to convert into extremely illiquid shares in an unlisted company. This will result in the value of both the Synergy Metals Options and the underlying shares being uncertain for the holders of the Synergy Metals Options;

- as Synergy Metals will be delisted from ASX, Synergy Metals Options will also be delisted from ASX. As a result, there will be no market on which Synergy Metals Optionholders can trade their Synergy Metals Options; and

- subject to the Corporations Act, SML may seek to acquire the Synergy Metals Options from the Synergy Metals Optionholder, or arranging for the cancellation of the Synergy Metals Options, through either a private treaty with the Synergy Metals Optionholder or otherwise in accordance with the provisions of the Corporations Act. No assurance is given by SML in this regard.

A copy of the Prospectus issued in connection with the Fall-Back Option Offer has been enclosed with this Scheme Booklet.

1.9 Taxation implications of the Share Scheme and the Option Scheme

A report from BDO on the taxation implications of the Share Scheme and the Option Scheme for certain Synergy Metals Shareholders and Synergy Metals Optionholders is set out in section 9. This report is expressed in general terms and is not intended to provide tax advice in respect of the circumstances of any particular Synergy Metals Shareholder or Synergy Metals Optionholder. Synergy Metals Shareholders and Synergy Metals Optionholders are recommended to obtain their own independent tax advice as to the consequences of the Schemes.

In summary, the taxation implications of the Share Scheme and the Option Scheme include the following:

(a) **For Synergy Metals Shareholders under the Share Scheme**

The redomiciliation of Synergy Metals will trigger a capital gains tax event for the following Synergy Metals Shareholders:

(i) Australian tax resident Synergy Metals Shareholders; and

(ii) Non-Australian tax resident Synergy Metals Shareholders who hold more than 10% of the issued capital of Synergy Metals.

BDO considers that those Synergy Metals Shareholders who hold their Synergy Metals Shares on capital account will be able to elect to apply a capital gains tax rollover to defer the capital gains tax event if a written joint election is made between Synergy Metals Shareholders and Synergy Metals.

The taxable capital gains tax event will be deferred until a capital gains tax event happens to the replacement SML Shares. Further, the replacement SML Shares will inherit the cost base of the Synergy Metals Shares.

(b) **For Synergy Metals Optionholders under the Option Scheme**

The redomiciliation of Synergy Metals will trigger a capital gains tax event for the following Synergy Metals Optionholders:

(i) Australian tax resident Synergy Metals Optionholders; and

(ii) Non-Australian tax resident Synergy Metals Optionholders who hold options that entitle them to acquire more than 10% of the issued capital of Synergy Metals.

BDO considers that those Synergy Metals Optionholders who hold their Synergy Metals Options on capital account will be able to elect to apply the scrip for scrip rollover to defer the capital gains tax event if a written joint election is made between Synergy Metals Optionholders and Synergy Metals.

The taxable capital gains tax event will be deferred until a capital gains tax event happens to the replacement SML Options. Further, the replacement SML Options will inherit the cost base of the Synergy Metals Options.

(c) **For Synergy Metals Optionholders where the Option Scheme is not approved:**

In the event that the Option Scheme is not approved and a Synergy Metals Optionholder exchanges its Synergy Metals Options for SML Options under the Fall-Back Option Offer, a capital gains tax event will be triggered.

BDO considers that those Synergy Metals Optionholders who hold their Synergy Metals Options on capital account will be able to elect to apply the scrip for scrip rollover to defer the capital gains tax event if a written joint election is made between Synergy Metals Optionholders and Synergy Metals.

The taxable capital gains tax event will be deferred until a capital gains tax event happens to the replacement SML Options. Further, the replacement SML Options will inherit the cost base of the Synergy Metals Options.

There will be no income tax implications for Synergy Metals Optionholders who do not take advantage of the Fall-Back Option Offer until a capital gains tax event happens in relation to the Synergy Metals Options. Synergy Metals Optionholders who do not take advantage of the Fall-Back Option Offer will continue to hold Synergy Metals Options.

1.10 Scheme Meetings

On 5 April 2013, the Court made an order convening the Scheme Meetings. The fact that under subsection 411(1) of the *Corporations Act* the Court has ordered that the Scheme Meetings be convened and has approved the explanatory statements required to accompany the notices of the Scheme Meetings does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet or the explanatory statements contained within it or has formed any view as to the merits of the proposed Schemes or as to how Synergy Metals Shareholders or the Synergy Metals Optionholders should vote.

The purpose of the Scheme Meetings is for Synergy Metals Shareholders and Synergy Metals Optionholders to consider whether or not to approve the Share Scheme and the Option Scheme respectively. Except as mentioned below, Synergy Metals Shareholders who are registered on the Synergy Metals Share Register at 2:00 pm (AEST) on 14 May 2013 and Synergy Metals Optionholders who are registered on the Synergy Metals Option Register at 3:00 pm (AEST) on 14 May 2013 are entitled to vote at the respective Scheme Meetings. Please refer to the section headed "How to vote" on page 13 and the Notice of Share Scheme Meeting contained in Annexure D and the Notice of Option Scheme Meeting contained in Annexure E for more details on how to vote.

A Synergy Metals Shareholder or Synergy Metals Optionholder who holds any Excluded Securities will not be entitled to vote the Excluded Securities at the Scheme Meetings.

2. Recommendation of Synergy Metals Directors and reasons for how to vote at the Scheme Meetings

2.1 Recommendation of Synergy Metals Directors

The Synergy Metals Directors unanimously recommend that you vote in favour of the Share Scheme and the Option Scheme at the respective Scheme Meetings, in the absence of a superior proposal. For the reasons set out below, the Synergy Metals Directors unanimously believe that the Share Scheme and the Option Scheme are in the best interests of Synergy Metals Shareholders and Synergy Metals Optionholders respectively.

Each of the Synergy Metals Directors who holds Synergy Metals Shares and/or Synergy Metals Options, or on whose behalf Synergy Metals Shares and/or Options are held at the time of the Scheme Meetings, intends to vote those Synergy Metals Shares and/or Synergy Metals Options (as the case may be) in favour of the Share Scheme and/or the Option Scheme, in the absence of a superior proposal. The interests of Synergy Metals Directors in Synergy Metals Shares and Synergy Metals Options are set out in section 10.5 of this Scheme Booklet.

In making this recommendation, the Synergy Metals Directors compared the reasons for Synergy Metals Shareholders and Synergy Metals Optionholders to vote in favour of the Share Scheme and the Option Scheme set out in section 2.2 against the possible reasons to vote against the Share Scheme and the Option Scheme set out in section 2.3, taking into account the other relevant considerations set out in section 2.4.

Northwest, which currently holds approximately 48.68% of the issued share capital of Synergy Metals and is the single largest shareholder of Synergy Metals, has advised Synergy Metals that it intends to vote in favour of the Share Scheme.

2.2 Reasons to vote in favour of the Share Scheme and Option Scheme

(a) Possibly create a more flexible corporate structure in terms of future corporate transactions and investor interest

As Synergy Metals continues to develop and fulfill its exploration works on its Australian tenements with an aim of progressing to production in the future, it will need to raise additional capital (including but not limited to the issue of new shares, options, bond or convertible securities) to fund these operations. It is essential that Synergy Metals diversify its potential sources of capital raising from Australia into international capital markets to increase its investor pools to procure funding for its future growth.

Synergy Metals requires the right corporate structure in order to attract international investors. One principal reason for the Share Scheme is to create a corporate structure that is able to facilitate more flexibility for future capital raisings and transactions by Synergy Metals. The Directors believe that international investors will be more inclined to invest in a company incorporated in a jurisdiction such as Bermuda for there can be significant advantages for these investors investing in a Bermudian company when compared with an Australian company.

Other than the growth of the company through its existing business operations, Synergy Metals intends to pursue further growth opportunities by way of investments, joint ventures, mergers or acquisitions. The Board is constantly evaluating potential opportunities in the resource sectors both in Australia and overseas.

In order to support and achieve its growth mission, Synergy Metals will need to issue new shares, options, bonds or convertible securities to raise requisite funding. The Directors believe that shares, options, bonds and convertible securities issued by a company incorporated in a jurisdiction like Bermuda will be more attractive to international investors. The Share Scheme may also enhance the using of shares as payment for investments, joint ventures, mergers and acquisitions.

(b) **Possible advantages described above can be achieved whilst retaining the existing listing on ASX**

If the Share Scheme is implemented SML will be listed on ASX in the same way as Synergy Metals is currently listed on the ASX. The advantages described above can therefore be obtained without affecting the way in which investors currently hold their investment in Synergy Metals other than in the case of Ineligible Foreign Holders (who will cease to hold Synergy Metals Shares, if the Share Scheme is implemented, and Synergy Metals Options, if the Option Scheme is implemented) and Synergy Metals Optionholders (who will continue to hold their Synergy Metals Options if the Option Scheme is not approved and if they do not apply for SML Options under the Fall-Back Option Offer).

2.3 Possible reasons not to vote in favour of the Share Scheme

Although the Synergy Metals Directors unanimously recommend that you vote in favour of the Schemes in the absence of a superior proposal, and although the Independent Expert has concluded that the Schemes are in the best interests of Synergy Metals Shareholders and Synergy Metals Optionholders respectively, factors which may lead you to consider voting against the Schemes include the following:

(a) **Change in jurisdiction of incorporation may result in lesser investor protections under the Bermuda Companies Act**

If the Share Scheme is implemented, Synergy Metals Shareholders will hold shares in a company incorporated in Bermuda, rather than a company incorporated in Australia. As a company incorporated in Bermuda, SML will be subject to the provisions of the *Bermuda Companies Act* and will not be subject to many of the provisions of the *Corporations Act* to which Synergy Metals is currently subject and with which Synergy Metals Shareholders and Synergy Metals Optionholders are familiar.

A summary of certain provisions of Bermuda law to which SML will be subject and a comparison of the key differences between the *Corporations Act* and the *Bermuda Companies Act* is set out in sections 7.2 and section 7.3 respectively. Your Directors particularly draw your attention to the fact that the takeover protection provisions currently afforded to Synergy Metals Shareholders by Chapter 6 of the *Corporations Act* will not apply to SML. As set out in more detail in section 7, no takeover protection is provided by the *Bermuda Companies Act.*

(b) **Additional costs**

The Share Scheme and the Option Scheme may result in additional once-off transaction costs.

Implementation of the Share Scheme may also result in additional costs being incurred including, for example, those costs involved in maintaining a register in Bermuda and ensuring compliance with applicable Bermudan laws.

(c) **Tax consequences of implementation of the Share Scheme may not suit particular financial circumstances**

Implementation of the Share Scheme and the Option Scheme may have tax consequences for Synergy Metals Shareholders and Synergy Metals Optionholders. In particular, Ineligible Foreign Holders and certain other Synergy Metals Shareholders and Synergy Metals Optionholders may realise a gain on which they may be taxed, depending on their specific circumstances. A general guide to the Australian taxation implications of the Share Scheme is set out in section 9. This guide is expressed in general terms based on the taxation laws as they currently stand and individual Synergy Metals Shareholders and Synergy Metals Optionholders should seek professional advice regarding the tax consequences applicable to their own circumstances.

2.4 Other considerations

(a) **Independent Expert has concluded that the Share Scheme and the Option Scheme are in the best interests of Synergy Metals Shareholders and Synergy Metals Optionholders**

Synergy Metals commissioned the Independent Expert, DMR Corporate Pty Ltd to prepare a report on the Share Scheme and Option Scheme to determine whether they are in the best interests of Synergy Metals Shareholders and Synergy Metals Optionholders. A copy of the Independent Expert's Report is set out in Annexure A. The Independent Expert, DMR Corporate Pty Ltd, has concluded that, in its opinion, the Share Scheme and the Option Scheme are in the best interests of Synergy Metals Shareholders and Synergy Metals Optionholders and has noted that the likely advantages of the Share Scheme and the Option Scheme include the following:

(i) the implementation of the Share Scheme will give Synergy Metals/SML an enhanced ability to raise funds because Bermuda is generally viewed by international investors as a more advantageous and friendly jurisdiction than Australia; and

(ii) subject to Synergy/SML successfully undertaking new capital raisings, the implementation of the Share Scheme should improve interest in and liquidity of Synergy Metals Shares.

(b) **Effect of Bermudian taxation laws for individual Synergy Metals Shareholders and Synergy Metals Optionholders**

If the Share Scheme and the Option Scheme are implemented, Synergy Metals Shareholders and Synergy Metals Optionholders will hold shares and options in a company incorporated in Bermuda, rather than a company incorporated in Australia. This may have different consequences for Synergy Metals Shareholders and Synergy Metals Optionholders than under Australian taxation laws. A summary of Bermudian tax considerations that are relevant to holding shares in, or options over, shares in a company incorporated in Bermuda is set out in section 7.4.

(c) **No sale costs**

Synergy Metals Shareholders and Synergy Metals Optionholders will not be required to pay brokerage or stamp duty on the disposal of their Synergy Metals Shares or Synergy Metals Options in connection with the Share Scheme and the Option Scheme.

(d) **Share Scheme may be implemented even if you vote against it**

You should be aware that even if you do not vote, or you vote against the Share Scheme, the Share Scheme will still be implemented if it is approved by the requisite majority of Synergy Metals Shareholders and the Court. If this occurs, all Synergy Metals Shares will be transferred to SML and you will receive the Scheme Consideration for your Synergy Metals Shares, even though you did not vote on, or voted against, the Share Scheme.

(e) **Option Scheme may be implemented even if you vote against it**

You should be aware that even if you do not vote, or you vote against the Option Scheme, the Option Scheme will still be implemented if it is approved by the requisite majority of Synergy Metals Optionholders and the Court. If this occurs, all Synergy Metals Options will be cancelled and you will receive the Scheme Consideration for your Synergy Metals Options, even though you did not vote on, or voted against, the Option Scheme.

(f) **Share Scheme may be implemented even if the Option Scheme is not approved**

You should be aware that the Share Scheme will still be implemented if it is approved by the requisite majority of Synergy Metals Shareholders and the Court, even though the Option Scheme is not approved by the Synergy Metals Optionholders or the Court.

3. Information about Synergy Metals

3.1 Overview and Strategy

The Synergy Metals Group is a mineral resource exploration group of companies whose current focus is in the gold, silver and base metals areas. In the last decade or so, the exploration activities have centred primarily in eastern Victoria. More information about the tenements and exploration activities are provided in the following sections.

Synergy Metals was incorporated on 12 March 1940 as North Hustlers Gold Mining Company NL. After several name changes it became known by its current name (Synergy Metals Ltd) on 31 October 2001. It was admitted to the official list of ASX on 14 May 1987.

Synergy Metals has a geographically diverse shareholder base. Northwest is the largest shareholder and currently holds approximately 48.7% of the issued share capital of Synergy Metals. In addition, Northwest holds the Northwest Options, which if exercised would result in Northwest having over 50% of the issued share capital of Synergy Metals, even if all the Synergy Metals Options were exercised at the same time.

Northwest made their investment in Synergy Metals in June 2011 following several discussions and meetings with management of Synergy Metals. The investment marked a major milestone in the achievements of Synergy Metals as Northwest is the first major international investor since the listing of Synergy Metals. It has enabled Synergy Metals to adopt a wider outlook in its quest for future capital raising opportunities and to cast its eyes beyond the shores of Australia. Seeking international investor participation will offer Synergy Metals deeper pools of capital that will help to increase its capacity to procure funding for its future growth.

Synergy Metals will not only adopt an international perspective in seeking funding, but also in pursuing growth through the possibility of acquiring assets internationally as well as in Australia. The Share Scheme, if implemented, will allow Synergy Metals to establish an international posture that will support it in the arena of global funding and acquisitions.

3.2 Business operations

Synergy Metals is a major tenement holder in eastern Victoria, Australia, with five Exploration Licences and one Mining Lease covering a total of 621.2 square kilometres. During the last few years, Synergy Metals has focused on exploration programmes aimed at enhancing the resources in the various tenements.

Table 1: Mining Lease and Exploration Licence

Tenement	Project	Granted	Expiry	Area (km^2)	Interest	Holder
MIN 4921	Glen Wills - Sunnyside	18/01/1990	13/05/2014	2.4	100%	Mt Wills Gold Mines Pty Limited
EL 3916	Merrimac	13/05/1996	13/05/2014	47.0	100%	Mt Wills Gold Mines Pty Limited
EL 4717	Omeo Shear Zone	28/01/2009	27/01/2014	420.0	100%	Mitta Omeo Metals Pty Ltd
EL 4744	Granite Flat	29/11/2006	28/11/2014	99.8	100%	Mitta Omeo Metals Pty Ltd
EL 5300	Banimboola	20/04/2011	19/04/2016	52.0	100%	Mitta Omeo Metals Pty Ltd
			Total	621.2		

Synergy Metals has undertaken both underground and surface exploration drilling programmes at its Maude Gold Mine and the infill and extensional surface drilling programmes at the Sunnyside Goldfield, both of which are within Mining Lease MIN 4921 in the Glen Wills Goldfield Project as well as Omeo Shear Zone (EL 4717). The aim of the programmes was to expand existing and define new resources across all the tenements held by Synergy Metals.

Synergy Metals has received the approval of the Victorian Department of Primary Industries to commence exploration activity at the Centre Country Prospect, located between the historic Maude Gold Mine and Sunnyside Goldfield, all within the Glen Wills Goldfield Project. The proposed exploration campaign aims to confirm the existence of mineralisation over a five kilometre long structure by linking the two goldfields that will significantly enhance the exploration potential of the Project. Following the approval, an initial access track and one drilling pad have been constructed at the Centre Country Prospect.

In addition, Synergy Metals renewed its Mining Lease MIN 4921 for a further two years ending on 13th May 2014, Granite Flat Exploration License EL 4744 for a further three years ending on 28th November 2014 and Merrimac Exploration License EL 3916 for a further two years ending on 13th May 2014.

A revised mineral resource statement was completed, showing an increase of 62% in contained ounces of gold which marks a significant improvement from the previous mineral resource statement released by Synergy Metals in 2009. Importantly, modelling has for the first time allowed a portion of the deposit to be reclassified to the indicated category, a major milestone for Synergy Metals.

(a) **Glen Wills Goldfield Project (MIN 4921) – Maude Gold Mine**

Synergy Metals has continued its surface and underground exploration drilling programmes at the Maude Gold Mine in the Glen Wills Goldfield Project. The drilling has successfully extended known mineralisation below and to the north below the main historic mining area with positive outcome. Drilling is ongoing with the programme designed to test mineralisation and structural setting at depth and to the north of the old mine area.

(b) **Glen Wills Goldfield Project (MIN 4921) - Sunnyside Goldfield**

Synergy Metals continued to undertake surface drilling at the historic Sunnyside Goldfield. Drilling was designed to test for both near surface mineralisation within the "United Brothers" along the "Central Line" of workings and for mineralisation at depth and south of previous drilling.

Two campaigns of drilling were undertaken. The first from July – September 2011 consisted of four diamond drill holes for a total of 971 metres. Results from these holes were of encouraging outcome to allow for a second programme of six holes to be drilled in June 2012. The anomalous nature of the elevated silver grade coupled with the presence of gold indicates the potential of further high grade gold and silver mineralisation at Sunnyside Goldfield.

Some assay results from the most recent programme are still pending. However alteration and sulphide mineralisation was recognised in most of the holes around the expected depths. Further, with the mineralised structure tested, the "Central Line" is known to extend to the south and includes the historic workings of the "Golden Fleece" and the "Three Star" mines.

(c) **Glen Wills Goldfield Project (MIN 4921) - Centre Country Prospect**

Synergy Metals has received the approval of the Victorian Department of Primary Industries to commence drilling at the Centre Country Prospect, located between Glen Wills and Sunnyside Goldfields. The exploration campaign aims to confirm the existence of mineralisation over a five kilometre long structure by linking the two goldfields that will significantly enhance the exploration potential of the Project. Construction of the exploration drill pads and access track has commence. Track rehabilitation has been completed down to the No. 2 drilling pad chosen for its location on a pre-existing track to minimise earthworks and vegetation disturbance. Drilling works will commence to test for mineralisation in this prospect.

(d) **Merrimac (EL 3916)**

A reduction in total area of the tenement has been made from its previous 121 km^2 down to 47 km^2. This reduction was undertaken as part of the process to renew the existing Exploration Licence for a further 2 years ending 13th May 2014.

Merrimac's Work Plan has been approved by the Victorian Department of Primary Industries to allow the commencement of drilling activities on this Prospect. Site preparation has been minimal as all new drill holes will be collared on existing tracks. Drill holes will target strong gold-in-soil anomalies sourced from a sheeted quartz vein system.

(e) **Omeo Shear Zone (EL 4717)**

Synergy Metals has commenced and completed diamond drilling at the Forsyth Silver/Gold Prospect within EL 4717 located approximately 4 kilometres south of town of Omeo. The three holes designed to obtain geological information and test for mineralisation associated with historic prospecting work have been completed while the final diamond drill hole encountered significant silver and gold mineralisation along with associated base metal credits.

Following the encouraging results received, Synergy Metals will continue with its exploration programme to further determine the extent of this mineralisation.

A plan is well advanced to undertake a follow-up drilling programme centred around the Forsyth Silver/Gold Prospect discovery made during the year. Negotiations are ongoing with the grazer to determine the opportune time for drilling to commence.

Synergy Metals has also completed geochemical soil sampling over a one square kilometre area of the Comstock Silver/Gold Prospect. At the same time, the review of the exploration potential at Mountain Maid and Dry Gully Prospects is continuing.

At the Comstock Prospect located 2 kilometres south from Forsyth's, soil sampling has confirmed co-incident multi-element targets (Silver/Arsenic/Antimony/Copper) within a broader low-level gold anomaly. The results of the geochemical sampling will be used to aid drill target selection at the Prospect. Drill testing of the Prospect has been approved by the Victorian Department of Primary Industries.

(f) **Granite Flat (EL 4744) and Banimboola (EL 5300)**

Granite Flat's Work Plan has been approved by the Victorian Department of Primary Industries to allow the commencement of drilling activities on this Prospect. The Exploration Licence for Granite Flat has been renewed for a further 2 years ending on 28th November 2014.

Reprocessing of available magnetic geophysical data is continuing. The reprocessing is anticipated to complete in early 2013. The reworked data will aid future exploration targeting within EL4744 and also within EL5300 which adjoins to the north of EL4744.

3.3 Board and senior management

(a) **Members of the Synergy Metals Board**

The members of the Synergy Metals Board are as follows:

Sun-Feng - Non-Executive Chairman

Mr. Sun has been engaged in the industry of geology, mining and metallurgy and processing of nonferrous metals for nearly 30 years. He also has vast theoretical and practical experiences in the area of international finance, multinational acquisition and mergers and international capital operation and management.

He presently holds the position of bureau chief of Northwest Geological Exploration and Mining Bureau for Nonferrous Metals, the chairman of Northwest Mining and Geology Consolidated entity Co., Limited for Nonferrous Metals and the chairman of Northwest Nonferrous International Investment Company Limited.

Mr. Sun has no other current directorships and has no former directorships during the last three (3) years. He has no interest in shares or options of Synergy Metals.

Poh Kiat - Non-Executive Director

Mr. Poh holds Certified Diploma in Accounting and Finance from ACCA, UK, Diploma in Management Studies from the Singapore Institute of Management, and a Diploma in Civil Engineering from the Singapore Polytechnic.

He has over 30 years' experience at senior management level in the construction, real estate development, manufacturing industries and financial markets. Over the years, he has also held senior positions in corporate finance and mezzanine capital investment companies in Malaysia specialised in investments as well as mergers and acquisitions.

From 1998 to 2005, he was Managing Director of a Singapore Exchange listed company.

Since 2005, Mr. Poh has been managing a Singapore based investment advisory company that focuses on participating in strategic stakes in listed companies.

He has been a non-executive director of Centrex Metals Limited, a company listed on ASX since May 2008. He has no former directorships during the last three (3) years.

Freddie Heng KC - Non-Executive Director

Mr. Heng is a Chartered Accountant, BSc (Economics) from the London School of Economics. He worked with an international accounting firm in London and Singapore.

From 1992 to 2000, he was an Executive Director (Finance) in a Singapore Exchange listed company. During that period he oversaw the structuring of four oil pipeline and storage depot projects in Indonesia. He also oversaw the successful issue of floating rate notes to financial institutions in East Asia to fund the first of those projects.

Since 2000, Mr. Heng has pursued his own interests in investments, primarily in listed companies. Mr. Heng is currently a Director of Noel Gifts International Limited, a company listed on the Singapore Exchange. He has no former directorships during the last three (3) years.

Captain Sze Shaw Pao – Non-Executive Director

Captain Sze is a Master Mariner FG (Commonwealth of Australia) having spent over 30 years of his career in the Neptune Orient Lines ('NOL') consolidated entity of companies, holding the position of Managing Director of some of the consolidated entity companies at various times. His expertise covers a spectrum of activities such as corporate planning for NOL headquarters, conventional and containerized shipping in areas of ownership and operation, shipping agency, cargo handling and haulage, port operations and development and heavy lifting.

Captain Sze is currently a Director of Zicom Group Limited, a company listed on the Australia Securities Exchange. He has no other current directorships and has no former directorships during the last three (3) years. He has no interest in shares or options of Synergy Metals.

Ren Xiaohua - Non-Executive Director

Dr. Ren holds a doctorate degree majoring in mineral resource prospecting and exploration and is a professor level senior geological engineer. He presently holds the position of the chief engineer of Northwest Mining and Geology Group Co., Limited for Nonferrous Metals, the executive deputy general manager of Northwest Nonferrous International Investment Company Limited, the director of Canada based Yukon-Shaanxi Mining Company and the director of Northwest Nonferrous Australia Mining Pty. Limited.

He has been engaged in the geological industry for nearly 30 years and with direct involvement in the field investigation and management of large-scaled international projects. He has vast experience in presiding over the geological exploration and international mining projects.

Dr. Ren has no other current directorships and has no former directorships during the last three (3) years. He has no interest in shares or options of Synergy Metals.

Notes: "Other current directorship" quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

"Former directorships (in the last 3 years)" quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

(b) **Synergy Metals Company Secretary**

Fleur Guenther – Company Secretary

Fleur Guenther (BA, MAppCom, ACSA) is a Chartered Company Secretary and associate member of the Institute of Chartered Secretaries Australia. Fleur has experience working in top tier professional services firms, advising international and ASX top 300 companies, as well as some of Australia's fastest growing private companies. She holds the position of Company Secretary for a number of ASX listed entities and unlisted public and private entities across a variety of industries. Fleur is employed by Boardroom Pty Limited, Synergy Metals' share registry, and assists the consolidated entity in company secretarial practice and procedures as well as governance issues.

(c) **Senior management**

Ms Foong Yong – Chief Financial Officer

Ms. Foong Yong (B.Eco, CPA) is a qualified accountant with over 20 years' experience in industry sectors such as financial auditing, investment banking, manufacturing and property development. During her career she had served many large organisations in Hong Kong and Malaysia accumulating extensive experience in audit, accounting, Company secretarial and corporate governance practices.

3.4 Historical financial information

The audited historical financial information has been extracted from Synergy Metals' audited financial statements for the financial years ended 30 June 2011 and 30 June 2012. The information in this section is a summary only of the audited financial statements and has been prepared for inclusion in this Scheme Booklet. Copies of Synergy Metals' audited financial statements (including all notes) have been published in Synergy Metals' annual reports, which can be accessed through Synergy Metals' announcements at www.asx.com.au.

The unaudited financial information for the six months ended 31 December 2012 has been prepared in accordance with the accounting policies set out in the audited financial statements for the financial year ended 30 June 2012. The accounting policies have been consistently applied over the historical periods presented.

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income

	Note	**Reviewed**	Audited	
		6 months ended 31 December 2012	Year ended 30 June 2012	Year ended 30 June 2011
		$	$	$
Revenue	3	249,725	593,492	61,434
Expenses				
Operating expenses		(660,794)	(897,558)	(1,288,172)
Exploration expenditure expensed		-	-	(25,803)
Property, plant and equipment written off		-	(29,764)	-
Impairment of property, plant and equipment		-	(814,402)	-
Loss before income tax expenses	4	(411,069)	(1,148,232)	(1,252,541)
Income tax expenses	5	-	-	-
Loss after income tax expense attributable to the owners of Synergy Metals Limited		(411,069)	(1,148,232)	(1,252,541)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income attributable to the owners of Synergy Metals Limited		(411,069)	(1,148,232)	(1,252,541)
		Cent	Cents	Cents
Basic earnings per share	6	(0.38)	(1.07)	(2.52)
Diluted earnings per share	6	(0.38)	(1.07)	(2.52)

Statement of financial position

	Note	**Reviewed** **31 December 2012** **$**	Audited 30 June 2012 $	Audited 30 June 2011 $
Assets				
Current assets				
Cash and cash equivalents	7	7,356,341	8,874,200	12,361,874
Trade and other receivables	8	71,022	115,662	199,378
Other	9	1,080	1,080	27,837
Total current assets		7,428,443	8,990,942	12,589,089
Non-current assets				
Property, plant and equipment	10	1,935,052	2,020,689	3,087,538
Deferred exploration and evaluation expenditure	11	20,575,118	19,737,803	16,326,988
Total non-current assets		22,510,170	21,758,492	19,414,526
Total assets		29,938,613	30,749,434	32,003,615
Liabilities				
Current liabilities				
Trade and other payables	12	107,798	507,552	613,501
Total current liabilities		107,798	507,552	613,501
Non-current liabilities				
Provisions	13	85,000	85,000	85,000
Total non-current liabilities		85,000	85,000	85,000
Total liabilities		192,798	592,552	698,501
Net assets		29,745,815	30,156,882	31,305,114
Equity				
Contributed equity		63,056,281	63,056,279	63,056,279
Accumulated losses	15	(33,310,466)	(32,899,397)	(31,751,165)
Total equity		29,745,815	30,156,882	31,305,114

Consolidated cash flow

	Note	**Reviewed** **6 months ended 31 December 2012** **$**	Audited Year ended 30 June 2012 $	Year ended 30 June 2011 $
Cash flows related to operating activities				
Payments to suppliers (inclusive of GST)		(930,271)	(655,753)	(641,238)
Interest received		191,958	583,168	57,434
Other revenue		57,767	-	-
Net cash used in operating activities		(680,546)	(72,585)	(583,804)
Cash flows from investing activities				
Payments for property, plant and equipment	10	-	(4,274)	(23,823)
Payments for exploration and evaluation	11	(837,315)	(3,410,815)	(1,393,704)
Net cash used in investing activities		(837,315)	(3,415,089)	(1,417,527)
Cash flows from financing activities				
Proceeds from issue of shares		2	-	14,444,620
Share issue transaction costs		-	-	(931,072)
Net cash from financing activities		2	-	13,513,548
Net (decrease)/increase in cash and cash equivalents		(1,517,859)	(3,487,674)	11,512,217
Cash and cash equivalents at the beginning of the financial period		8,874,200	12,361,874	849,657
Cash and cash equivalents at the end of the financial period	7	7,356,341	8,874,200	12,361,874

Notes to the Financial Statements

Note 1. Summary of Significant accounting policies

The financial information obtained in this Scheme Booklet has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial information of Synergy Metals and its control entities (Synergy Metals Group) also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The Accounting policies adopted by the Synergy Metals Group in the preparation of the financial information disclosed in this Scheme booklet is consistent with the accounting policy used by the Synergy Metals Group in the preparation of its 2012 Annual Report. Full details of these accounting policies are available in Synergy Metals Group's 2012 Annual Report (which is accessible through Synergy Metals' announcements at www.asx.com.au).

Note 2. Operating segments

Identification of reportable operating segments
The Synergy Metals Group entity operates in the mineral exploration industry in Australia and reports using two segments, Mineral Exploration and Corporate. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

6 months to 31 December 2012	Mineral exploration $	Corporate $	Intersegment eliminations/ unallocated $	Consolidated $
Revenue from external customers				
Other income	436	249,289	-	249,725
Total revenue	436	249,289	-	249,725
Segment result	(2,779)	(572,378)	-	(575,157)
Depreciation	(85,637)	-	-	(85,637)
Interest revenue	436	189,136	-	189,572
Other revenue	-	60,153	-	60,153
Loss before income tax expense	(87,980)	(323,089)	-	(411,069)
Income tax expense				-
Loss after income tax expense				(411,069)
Assets				
Segment assets	23,547,866	26,065,604	(19,674,857)	29,938,613
Total assets				29,938,613
Total assets include:				
Acquisition of non-current assets	837,315	-	-	837,315
Liabilities				
Segment liabilities	19,786,729	80,922	(19,674,853)	192,798
Total liabilities				192,798

30 June 2012	Mineral exploration $	Corporate $	Intersegment eliminations/ unallocated $	Consolidated $
Revenue from external customers				
Other income	9,649	583,843	-	593,492
Total revenue	9,649	583,843	-	593,492
Segment result	(3,096)	(660,235)	-	(663,331)
Depreciation	(230,592)	-	-	(230,592)
Property, plant and equipment written off	(28,863)	(901)	-	(29,764)
Impairment of property, plant and equipment	(814,402)	-	-	(814,402)
Interest revenue	6,014	577,154	-	583,168
Other revenue	-	6,689	-	6,689
Loss before income tax expense	(1,070,939)	(77,293)	-	(1,148,232)
Income tax expense				-
Loss after income tax expense				(1,148,232)
Assets				
Segment assets	22,856,638	26,366,870	(18,474,074)	30,749,434
Total assets				30,749,434
Total assets include:				
Acquisition of non-current assets	3,415,089	-	-	3,415,089
Liabilities				
Segment liabilities	19,018,520	48,100	(18,474,068)	592,552
Total liabilities				592,552

30 June 2011	Mineral Exploration $	Corporate $	Intersegment eliminations/ unallocated $	Consolidated $
Revenue from external customers				
Other income	7,004	54,430	-	61,434
Total revenue	7,004	54,430	-	61,434
Segment result	(58,262)	(977,050)	-	(1,035,312)
Depreciation	(210,202)	(658)	-	(210,860)
Written off exploration cost	(63,803)	-	-	(63,803)
Interest revenue	3,004	54,430	-	57,434
Loss before income tax expense	(329,263)	(923,278)	-	(1,252,541)
Income tax expense				-
Loss after income tax expense				(1,252,541)
Assets				
Segment assets	20,007,378	26,543,957	(14,547,720)	32,003,615
Total assets				32,003,615
Total assets include:				
Acquisition of non-current assets	1,417,527	-	-	1,417,527
Liabilities				
Segment liabilities	15,109,320	136,896	(14,547,715)	698,501
Total liabilities				698,501

Note 3. Revenue

	Reviewed	Audited	
	6 months ended 31 December 2012	Year ended 30 June 2012	Year ended 30 June 2012
	$	$	$
Interest	189.572	583,168	57,434
Other revenue	60,153	10,324	4,000
	249,725	593,492	61,434

Note 4. Expenses

	Reviewed	Audited	
	6 months ended 31 December 2012	Year ended 30 June 2012	Year ended 30 June 2011
	$	$	$
Analysis of expenses:			
Depreciation			
Plant and equipment	38,393	104,908	86,176
Mine assets	47,244	125,684	124,684
Total depreciation	85,637	230,592	210,860
Others			
Directors fees	86,700	170,025	107,089
Expenses for Redomicile of the Company	264,033	-	-
Write down of exploration assets	-	-	63,803
Write down of property, plant and equipment	-	29,764	-
Impairment on property, plant and equipment	-	814,402	-

Note 5. Income tax expense

	Reviewed	Audited	
	6 months ended 31 December 2012	Year ended 30 June 2012	Year ended 30 June 2011
	$	$	$
Numerical reconciliation of income tax expense to prima facie tax payable			
Loss before income tax expense	(411,069)	(1,148,232)	(1,252,541)
Tax at the Australian tax rate of 30%	(123,321)	(344,470)	(375,762)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Legal expenses	-	-	54,439
Capital raising costs	-	-	(56,311)
	(123,321)	(344,470)	(377,634)
Deferred tax asset attributable to tax losses not bought to account	123,321	344,470	377,634
Income tax expense	-	-	-

Note 5. Income tax expense (Cont'd)

	Reviewed	Audited	
	6 months ended	Year ended	Year ended
	31 December 2012	30 June 2012	30 June 2011
	$	$	$
Tax losses not recognised			
Unused tax losses for which no deferred tax asset has been recognised	20,721,288	20,310,219	19,161,987
Potential tax benefit @ 30%	6,216,386	6,093,066	5,748,596

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 6. Earnings per share

	Reviewed	Audited	
	6 months ended	Year ended	Year ended
	31 December 2012	30 June 2012	30 June 2011
	$	$	$
Loss after income tax attributable to the owners of Synergy Metals Limited	(411,069)	(1,148,232)	(1,252,541)
	Number	**Number**	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	107,838,740	107,838,753	49,627,795
Weighted average number of ordinary shares used in calculating diluted earnings per share	107,838,740	107,838,753	49,627,795
	Cents	**Cents**	**Cents**
Basic earnings per share	(0.381)	(1.065)	(2.520)
Diluted earnings per share	(0.381)	(1.065)	(2.520)

Note 7. Cash and cash equivalents

		Audited	
	Reviewed	Year ended	Year ended
	31 December 2012	30 June 2012	30 June 2011
	$	$	$
Cash on hand	4,000	4,000	4,000
Cash at bank	1,319,528	1,718,220	2,339,967
Cash on deposit	6,032,813	7,151,980	10,017,907
	7,356,341	8,874,200	12,361,874

Note 8. Trade and other receivables

	Reviewed 31 December 2012 $	Audited Year ended 30 June 2012 $	Audited Year ended 30 June 2011 $
Other receivables	71,022	115,662	199,378

Note 9. Other

	Reviewed 31 December 2012 $	Audited Year ended 30 June 2012 $	Audited Year ended 30 June 2011 $
Deposits	1,080	1,080	-
Prepayments	-	-	27,837
	1,080	1,080	27,837

Note 10. Property, plant and equipment

	Reviewed 31 December 2012 $	Audited Year ended 30 June 2012 $	Audited Year ended 30 June 2011 $
Plant and equipment - at cost	936,365	936,365	1,286,951
Less: Accumulated depreciation	(465,884)	(427,491)	(337,028)
	470,481	508,874	949,923
Mining and exploration assets - at cost	2,013,548	2,013,548	2,513,665
Less: Accumulated depreciation	(548,977)	(501,733)	(376,050)
	1,464,571	1,511,815	2,137,615
	1,935,052	2,020,689	3,087,538

Reconciliations of written down values

	Plant and equipment	Mining and exploration assets	Total
	$	**$**	**$**
Balance at 1 July 2010	1,012,276	2,262,299	3,274,575
Additions	23,823	-	23,823
Depreciation	(86,176)	(124,684)	(210,860)
Balance at 30 June 2011	949,923	2,137,615	3,087,538
Additions	4,274	-	4,274
Disposal/written off	(26,129)	-	(26,129)
Depreciation	(104,908)	(125,684)	(230,592)
Impairment	(314,286)	(500,116)	(814,402)
Balance at 30 June 2012	508,874	1,511,815	2,020,689
Depreciation	(38,393)	(47,244)	(85,637)
Balance at 31 December 2012	470,481	1,464,571	1,935,052

Note 11. Deferred exploration and evaluation expenditure

		Audited	
	Reviewed 31 December 2012	Year ended 30 June 2012	Year ended 30 June 2011
	$	$	$
Mineral exploration projects - at cost	20,575,118	19,737,803	16,326,988

Reconciliations:

	Exploration and Evaluation
	$
Consolidated	
Balance at 1 July 2010	14,997,087
Additions	1,393,704
Write off of assets	(63,803)
Balance at 30 June 2011	16,326,988
Additions	3,410,815
Balance at 30 June 2012	19,737,803
Additions	837,315
Balance at 31 December 2012	20,575,118

The ultimate recoupment of the exploration and evaluation expenditure carried forward in each area of interest is dependent upon the successful exploration, development and exploitation of the mining tenements on acceptable commercial terms, and/or the sale of the mining tenements for amounts greater than their carrying value.

A royalty will be payable by Mt. Wills Gold Mines Pty Ltd ('Mt Wills') of $2 per tonne of ore treated in the production of gold and other precious metals, for ore sourced from tenements and/or applications held by Mt Wills (MIN 4921, EL3916 and EL 4717). For the first 500,000 tonnes of ore treated, the royalty will be payable in equal proportions to Mrs Karen Bidstrup as trustee for The Red Gum Court Trust and to Mr William Jay, after which time the whole $2 per tonne royalty will be payable to Mrs Karen Bidstrup as trustee for The Red Gum Court Trust.

Note 12. Trade and other payables

	Reviewed 31 December 2012 $	Audited Year ended 30 June 2012 $	Year ended 30 June 2011 $
Trade payables	81,099	463,182	581,280
Other payables	26,669	44,370	32,221
	107,798	507,552	613,501

Note 13. Non-current liabilities - provision

Rehabilitation

The provision of $85,000 (30 June 2012 & 30 June 2011: $85,000) for rehabilitation is the net present value of the estimated cost of rehabilitating the Glen Wills and Sunnyside project site in compliance with future regulations and practices at the end of commercial production. The Synergy Metals Group carries out regular rehabilitation as part of its on-going exploration program.

Note 14. Equity – contributed

a) Ordinary shares

	31 Dec 2012 No of shares	30 June 2012 No of shares	30 June 2011 No of shares	**31 Dec 2012 $**	30 June 2012 $	30 June 2011 $
Ordinary shares fully paid	107,838,740	107,838,733	107,838,733	63,056,281	63,056,279	63,056,279

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of Synergy Metals in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

Note 14. Equity – contributed (Cont'd)

b) Share options

	No. of options		
	31 December 2012	30 June 2012	30 June 2011
Quoted options			
- at $0.20 per share on or before 23 November 2015	36,892,397	36,892,404	36,892,404
- at $0.60 per share on or before 31 August 2011	-	-	8,620,648
Unquoted options			
- at $1.20 per share on or before 31 October 2012	-	5,046	5,046
- at $0.32 per share on or before 20 June 2014	52,500,000	52,500,000	52,500,000
	89,392,397	89,397,450	98,018,098

Note 15. Equity - accumulated losses

		Audited	
	Reviewed 31 December 2012 $	Year ended 30 June 2012 $	Year ended 30 June 2011 $
Opening balance	(32,899,397)	(31,751,165)	(30,498,624)
Loss for the period	(411,069)	(1,148,232)	(1,252,541)
Closing balance	(33,310,466)	(32,899,397)	(31,751,165)

Note 16. Reconciliation of cash flow from operations with loss after income tax:

		Audited	
	Reviewed 31 December 2012 $	Year ended 30 June 2012 $	Year ended 30 June 2011 $
Loss after income tax expense	(411,069)	(1,148,232)	(1,252,541)
Cash flow excluded from loss attributable to operating activities			
Non-cash flows in loss:			
Impairment	-	814,402	-
Depreciation	85,637	230,592	210,860
Written off/disposal of assets	-	26,129	
Write off of deferred exploration and evaluation expenditure	-	-	63,803
Change in assets and liabilities:			
Increase/(decrease) in trade and other receivables	44,640	83,716	(121,532)
Decrease in other assets and prepayments	-	26,757	41,755
(Decrease)/increase in trade and other payables	(399,754)	(105,949)	473,851
Net cash used in operating activities	(680,546)	(72,585)	(583,804)

Note 17. Contingent liabilities

Synergy Metals Group does not have any significant contingencies.

Note 18. Commitments for expenditure

	Reviewed	Audited	
	31 December 2012	30 June 2012	30 June 2011
	$	$	$
Lease commitments - operating			
Committed but not recognised as liabilities, payable:			
Within one year	86,276	66,089	28,855
One to five years	129,359	192,606	75,697
	215,635	258,695	104,552
Exploration & evaluation expenditure payable			
Committed but not recognised as liabilities, payable:			
Within one year	670,000	794,867	871,014
One to five years	325,650	812,550	321,601
	995,650	1,607,417	1,192,615

In order to maintain in good standing, the mining and exploration tenements in which the Synergy Metals Group is involved, Synergy Metals Group will be required to meet the minimum conditions and expenditure obligations of the tenements once they are granted; as well as any other obligations which may arise from arrangements with participants over jointly held tenements. These expenditures are met on a regular basis as part of the Synergy Metals Group's on-going exploration program.

Note 19. Related party transactions

Transactions with related party

The Director related company and major shareholder, Northwest Nonferrous Australia Mining Pty Ltd, provided geological consultancy services during the 6 months ended 31 December 2012 to Synergy Metals Limited totalling $56,383 (30 June 2012: $161,915, 30 June 2011: Nil).

Synergy Metals derived $57,767 during the 6 months ended 31 December 2012 (30 June 2012: $6,689, 30 June 2011: Nil) in occupancy related charges from the related company and major shareholder, Northwest Nonferrous Australia Mining Pty Ltd.

Note 20. Events subsequent to balance date

No other matter or circumstance has arisen since 31 December 2012 that has significantly affected, or may significantly affect the Synergy Metals Group's operations, the results of those operations, or the Synergy Metals Group's state of affairs in future financial years.

3.5 Material change in financial position

Other than as disclosed elsewhere in this Scheme Booklet, there has been no material change in Synergy Metals' financial position since 31 December 2012, being the date of the last reviewed financial statements of Synergy Metals.

3.6 Additional information

Certain additional information in relation to Synergy Metals, Synergy Metals Shares and Synergy Metals Options is set out in section 10.

4. Information about SML

4.1 Overview

SML was incorporated in Bermuda under the Bermuda Companies Act on 15 October 2012 with registration number 46992. SML was registered as a foreign company under the *Corporations Act* on 2 January 2013 with ARBN 161 803 032.

SML has not traded since its incorporation. If the Share Scheme is implemented, SML will become a non-operating holding company. Immediately after implementation of the Share Scheme, the only asset that SML will hold will be all the issued share capital in its wholly-owned subsidiary, SML Resources.

As at the date of this Scheme Booklet, the directors of SML are Poh Kiat and Freddie Heng KC, who are also directors of Synergy Metals, and the remaining directors of Synergy Metals will be appointed as directors of SML following the implementation of the Share Scheme.

SML Resources was incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 on 16 October 2012 with registration number 1738699. SML Resources has not traded since its incorporation. SML Resources currently has no assets.

As at the date of this Scheme Booklet, the directors of SML Resources are Poh Kiat and Freddie Heng KC, who are also directors of Synergy Metals, and the remaining directors of Synergy Metals will be appointed as directors of SML Resources following the implementation of the Share Scheme.

Neither SML or SML Resources hold any Synergy Metals Shares or Synergy Metals Options.

Further information on SML if the Share Scheme is implemented is set out in section 5.

4.2 SML Directors

As at the date of this Scheme Booklet, the SML Directors are Poh Kiat and Freddie Heng KC, with the remaining Synergy Metals Directors being appointed as directors of SML following the implementation of the Share Scheme. Details of the Synergy Metals Directors are set out in section 3.3. Further information on the SML Directors if the Share Scheme is implemented is set out in section 5.3(a).

4.3 Current capital structure

As at the date of this Scheme Booklet, SML has two SML Founder Shares issued, which are both held by Synergy Metals. If the Share Scheme is implemented, the two SML Founder Shares will be repurchased by SML at their par value and cancelled immediately following implementation of the Share Scheme.

The authorised and issued share capital of SML as at the date of this Scheme Booklet is as follows:

Authorised capital	**A$**
2 SML Founder Shares with a par value of A$0.001 each	$0.002
1,000,000,000 SML Shares with a par value of A$0.001 each.	$1,000,000

Issued capital	
2 SML Founder Shares (to be repurchased by SML and cancelled on completion of the Share Scheme)	$0.002

Further information on the capital structure of SML and the listing of SML Shares and SML Options if the Share Scheme and the Option Scheme, respectively, is implemented is set out in section 5.4.

4.4 Rights and liabilities attaching to SML Shares

The rights and liabilities attaching to SML Shares are set out in the SML bye-laws and are affected by the Bermuda Companies Act and the common law of Bermuda. If the Share Scheme is implemented, the rights and liabilities attaching to SML Shares will also be affected by the ASX Listing Rules.

A summary of the principal rights and liabilities attaching to SML Shares is set out below. Section 4.5 also contains a summary of certain material differences between the rights attaching to SML Shares and the equivalent rights attaching to Synergy Metals Shares.

SML's bye-laws will be available on its website (http://synergymetals.com.au/) following the Implementation Date. In addition, Synergy Metals will make a copy of SML's bye-laws available free of charge to Synergy Metals Shareholders. Please contact Ms Foong Yong of Synergy Metals between 9.00 am and 5.00 pm (AEST) Monday to Friday on +61 3 9078 1199 to request a copy.

(a) Profits and dividends

The directors of SML may in their discretion (subject to any preferred dividend rights attached to any class of shares and to the Bermuda Companies Act) declare and pay a dividend or make a distribution out of contributed surplus to the shareholders of SML according to their rights and interests, including interim dividends, which may be declared and paid in proportion to the amount paid up on each share. Payment or satisfaction of any dividend or distribution out of contributed surplus may be made in cash or by the issue of fully paid SML Shares or by the distribution of specific assets.

Contributed surplus is a North American concept recognised under the generally accepted accounting principles of the Canadian Institute of Chartered Accountants, which are applied in Bermuda. Contributed surplus includes proceeds from donated shares, credits resulting from the redemption or conversion of shares at less than the amount of the nominal capital or par value and donations of cash or other assets to the company.

SML does not have any current intention to declare and pay a dividend or make a distribution out of contributed surplus.

(b) Voting rights

Subject to any rights or restrictions attaching to any class of shares in SML, at any general meeting of SML, each shareholder of SML entitled to vote may vote in person or by proxy, or, if it is a company, by representative, each of whom shall be entitled to speak and to one vote on a show of hands and each shareholder of SML present in person or by proxy, or, if it is a company, by representative, shall be entitled on a poll to one vote for each fully paid SML share held.

No shareholder of SML shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of SML Shares have been paid. On a poll, a shareholder or proxy or representative, if entitled to more than one vote, need not use all his votes or cast all the votes he uses in the same way.

(c) **Appointment and removal of directors**

Shareholders of SML in general meeting may by ordinary resolution appoint any person as a new director, or as a director to fill up all or any vacated offices resulting from one or more directors retiring at, or ceasing to hold office at the conclusion of, that meeting.

The board of directors shall have the power to appoint any person as a director to fill a vacancy on the board of directors occurring as a result of the death, disability, disqualification or resignation of any director, or, subject to authorisation by the shareholders in general meeting, as an addition to the board of directors.

SML's directors who are subject to retirement by rotation shall retire from office at annual general meetings of SML's shareholders.

(d) **Rights to convene general meetings**

The board of directors of SML may convene a special general meeting whenever in their judgment such a meeting is necessary.

The board of directors of SML shall, on the requisition of shareholders of SML holding at the date of the deposit of the requisition no less than one-tenth of such of the paid up share capital of SML carrying the right to vote, proceed to convene a special general meeting and the provisions of the Bermuda Companies Act shall apply.

(e) **Rights on a winding up**

Subject to the terms of issue of SML Shares, if SML shall be wound up, the liquidator may, with the sanction of a resolution of SML's shareholders and any other sanction required by the Bermuda Companies Act, divide amongst the shareholders of SML in specie or kind the whole or any part of the assets of SML (whether they shall consist of property of the same kind or not) and may for such purposes set such values as the liquidator deems fair upon any property to be so divided and may determine how such division shall be carried out as between the shareholders of SML or different classes of shareholders. The liquidator may, with such a sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the shareholders of SML as the liquidator shall think fit, but so that no shareholder of SML shall be compelled to accept any shares or other assets upon which there is any liability.

(f) **Variation of rights**

If, at any time, the share capital of SML is divided into different classes of shares, the rights attached to any class may, unless otherwise provided by the terms of issue of the shares of that class, be varied with the consent in writing of the holders of not less than 75% of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of such shares at which the quorum is at least two persons holding or representing by proxy one-third of the issued shares of that class.

4.5 Material differences in rights attaching to Synergy Metals Shares and rights attaching to SML Shares

Copies of Synergy Metals' constitution and SML's bye-laws are available for inspection and comparison at Synergy Metals' registered office during normal business hours. Copies are also available on Synergy Metals' website before the Implementation Date and will subsequently be available on SML's website following the Implementation Date.

The rights attaching to Synergy Metals Shares are derived from both Synergy Metals' constitution and the Corporations Act. The rights attaching to SML's Shares are derived from SML's bye-laws, the Bermuda Companies Act and the common law of Bermuda.

(a) **Reports and notices**

There are no material differences between the provisions in Synergy Metals' constitution and SML's bye-laws that relate to reports and notices.

(b) **General Meetings**

The provisions in both Synergy Metals' constitution and SML's bye-laws in relation to general meetings are substantially similar, including the use of proxies.

(c) **Voting**

There are no material differences between the provisions of Synergy Metals' constitution and SML's bye-laws that relate to voting.

(d) **Dividends**

The material difference between Synergy Metals' constitution and SML's bye-laws in relation to dividends and distributions is that the directors of Synergy Metals may only declare and authorise distributions from the profits of Synergy Metals whereas the directors of SML may also declare and pay a dividend or make a distribution out of contributed surplus.

(e) **Winding up**

There are no material differences between the provisions in Synergy Metals' constitution and SML's bye-laws that relate to winding up.

(f) **Transfer of shares**

There are no material differences between the provisions in Synergy Metals' constitution and SML's bye-laws that relate to the transfer of shares.

(g) **Future increases in capital**

There are no material differences between the provisions in Synergy Metals' constitution and SML's bye-laws with respect to future increases in capital.

(h) **Variation of rights attaching to shares**

The provisions in both Synergy Metals' constitution and SML's bye-laws in relation to the variation of rights attaching to shares differ slightly in terms of the procedure to be followed.

Under Synergy Metals' constitution, the company may vary or cancel rights attached to a class of shares or convert shares from one class into another by a special resolution of the company and:

(i) a special resolution passed at a meeting of the members holding shares in that class; or

(ii) obtaining the written consent of members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

Under SML's bye-laws, if at any time where the share capital is divided into different classes of shares, the rights attaching to any class of shares may be varied by:

(i) obtaining the written consent of the holders of 75% of the issued shares of that class; or

(ii) a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of that class. The quorum at such meeting must be two persons at least holding or representing by proxy one third of the issued shares of that class.

Apart from the above, there are no material differences between the provisions in Synergy Metals' constitution or SML's bye-laws that relate to variation of rights attaching to shares.

(i) **Directors**

There are no material differences between the provisions in Synergy Metals' constitution or SML's bye-laws relating to the rotation, election and retirement of directors.

(j) **Selling of Unmarketable Parcels of Shares**

The provisions of the SML's bye-laws in respect of "Unmarketable Parcels" of Shares (being a parcel of shares less than a "marketable parcel" as that term is defined in the Listing Rules) is based on the provisions in Synergy Metals' constitution. However, the provisions in SML's bye-laws have been amended in accordance with the current requirements of the Listing Rules, and consequently SML is not required to seek annual shareholder approval to effect a sale of SML Shares under the provisions of the SML's bye-laws in respect of "Unmarketable Parcels" of SML Shares.

4.6 Rights and liabilities attaching to SML Founder Shares

The SML Founder Shares will become non-voting shares, will be repurchased by SML and will be cancelled immediately upon the issue of the SML Shares in accordance with the Scheme.

The rights attaching to SML Founder Shares are summarised below.

(a) **Rights attaching to SML Founder Shares prior to an issue of shares in SML of a different class**

The SML Founder Shares shall have exclusive voting rights at meetings of the shareholders during any period when shares of another class of shares, or classes of shares, in the capital of SML have not been issued.

The SML Founder Shares shall cease to have any rights on the initial issue of SML Shares and shall immediately thereafter be purchased by SML at the par value thereof and cancelled.

(b) **Rights attaching to SML Founder Shares after an issue of shares in SML of a different class**

On the issue of shares in any other class in the capital of SML, the SML Founder Shares shall cease to have any voting rights at meetings of the shareholders of SML and from that date, the SML Founder Shares shall be non-voting and the right to receive notices of meetings of shareholders and/or attend meetings of shareholders shall terminate. Subject to the foregoing and the provisions of SML's bye-laws, the rights for the time being attached to any issued SML Founder Shares shall not be altered or abrogated without the consent in writing of the holders of not less than 75% of the issued SML Founder Shares or with the sanction of a resolution passed at a separate general meeting of the holders of such shares voting in person or by proxy.

(c) **Dividends/distributions**

On the issue of shares of any other class in the capital of SML, the SML Founder Shares shall have no right to participate in any dividend declared or paid, or in any distribution made out of contributed surplus.

4.7 Terms and Conditions of Options to be issued in SML

(a) **SML Options**

There are no differences between the terms of the Synergy Metals Options and the SML Options.

The terms and conditions of the SML Options are summarised below:

(i) Upon the exercise of each SML Option, the holder will become entitled to one (1) SML Share.

(ii) The SML Options are exercisable at any time from 9.00 am Melbourne time on the date of issue to 5.00 pm Melbourne time on 23 November 2015 (**Exercise Period**) by completing the SML Option exercise form and delivering it together with the payment for the number of SML Shares in respect of which the SML Options are exercised to the registered office of SML. Any SML Option that is not exercised during the Exercise Period automatically lapses.

(iii) The exercise price of the SML Options is $0.20 per SML Option payable in full on exercise.

(iv) Subject to the ASX Listing Rules, SML Options are freely transferable. All SML Shares issued upon exercise of SML Options will rank *pari passu* in all respects with, and will have the same terms as, issued SML Shares. SML will apply for official quotation by ASX of all SML Shares issued upon exercise of SML Options, subject to any restriction obligations imposed by ASX.

(v) The SML Options will not give any right to participate in dividends until SML Shares are issued pursuant to the exercise of the relevant SML Options.

(vi) There are no participation rights or entitlements inherent in the SML Options. Holders of the SML Options are not entitled to participate in new issues of securities offered to shareholders without first exercising the SML Options. Subject to any waiver granted by ASX, SML will send to the holders of SML Options, at least five business days prior to the record date, notices applying to offers of securities made to SML Shareholders during the currency of the SML Options.

(vii) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of SML prior to the expiry of the Exercise Period, the number of SML Options or the exercise price of the SML Options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.

SML Shares issued upon the exercise of SML Options will be fully paid ordinary shares and will have the same voting and other rights as the existing SML Shares.

(b) **SML Northwest Options**

The terms and conditions of issue of the SML Northwest Options are as follows:

(i) Upon the exercise of each SML Northwest Option, the holder will become entitled to one (1) SML Share.

(ii) Obtaining of necessary Australian or Chinese Government or other regulatory approval for the acquisition of the SML Shares as a result of exercise of the SML Northwest Options.

(iii) The SML Northwest Options are exercisable at any time up to 20 June 2014 ("**Northwest Exercise Period**"). Northwest may exercise all or any of the SML Northwest Options at any time during the Northwest Exercise Period by providing to SML:

(A) a signed exercise notice specifying the number of SML Northwest Options to be exercised; and

(B) payment of the Exercise Price for each SML Northwest Option exercised, provided always that the number of shares to be issued on exercise would be at least a marketable parcel.

In accordance with ASX Listing Rules (Appendix 6A item 6), SML must give Northwest at least 20 Business Days notice of the Expiry Date and provide the other information required by the ASX Listing Rules

(iii) The exercise price of the SML Northwest Options is $0.32 per SML Northwest Option payable in full on exercise.

(iv) Subject to the ASX Listing Rules, SML Northwest Options are freely transferable. All SML Shares issued upon exercise of SML Northwest Options will rank *pari passu* in all respects with, and will have the same terms as, issued SML Shares. SML will apply for official quotation by ASX of all SML Shares issued upon exercise of SML Northwest Options, subject to any restriction obligations imposed by ASX.

(v) SML must promptly apply to ASX for official quotation of all SML Shares issued on exercise of any SML Northwest Options.

(vi) Northwest may transfer some or all of the SML Northwest Options at any time during the Northwest Exercise Period as it sees fit.

(vii) In accordance with ASX Listing Rules (Rule 6.19), these terms state that Northwest may not participate in new issues of SML Shares in respect of any SML Northwest Options unless Northwest exercises those SML Northwest Options and becomes the holder of SML Shares prior to the record date for the new issue of shares.

(viii) In accordance with ASX Listing Rules (Appendix 7A), SML must give Northwest 10 business days prior notice of the record date for a new issue of SML Shares to enable Northwest to exercise some or all of the SML Northwest Options and participate in the new issue.

(ix) In accordance with ASX Listing Rules (Rule 6.22), if there is a pro rata issue of shares by SML (other than a bonus issue), the Exercise Price reduces according to the formula in the ASX Listing Rules.

(x) In accordance with ASX Listing Rules (Rule 6.22.3), if there is a bonus issue of SML Shares, the number of SML Shares over which an SML Northwest Option is exercisable increases by the number of SML Shares which Northwest would have received if the SML Northwest Option had been exercised before the record date for the bonus issue.

(xi) If a reorganisation of SML's capital occurs, Northwest's rights as the holder of the SML Northwest Options must be changed in accordance with ASX Listing Rule 7.22.

There are no differences between the terms of the Northwest Options and the SML Northwest Options

4.8 Corporate Governance

SML's board of directors is responsible for the overall corporate governance of SML and is committed to the principles underpinning best practice in corporate governance, applied in a manner that meets ASX standards and best addresses the directors of SML's accountability to SML Shareholders.

The following policies and procedures have been adopted and are available for viewing on Synergy Metals' website until the Implementation Date and on SML's website after such date:

- corporate governance statement;
- board charter;
- audit and risk management committee;
- remuneration and nomination committee;
- securities trading policy;
- shareholder communication policy;
- privacy policy; and
- diversity policy.

5. Information about SML after the Share Scheme comes into effect

5.1 Overview

If the Share Scheme becomes Effective, and irrespective of whether the Option Scheme is implemented or not, SML will become a non-operating holding company. Immediately after implementation of the Share Scheme, the only asset that SML will own will be the Synergy Metals Shares, through its wholly-owned subsidiary SML Resources, thus SML Resources will become the registered holder of all the Synergy Metals Shares.

5.2 Business operations

(a) General

If the Share Scheme becomes Effective and irrespective of whether the Option Scheme is implemented or not, the business operations of SML will be the same as the business operations of Synergy Metals, as described in section 3.

(b) Intentions of SML

Except as described below and elsewhere in this Scheme Booklet, implementation of the Share Scheme, and irrespective of whether the Option Scheme is implemented or not, will have no effect on the business, assets or operations of Synergy Metals, and SML:

- intends to continue the business of Synergy Metals as currently conducted;
- does not intend to make any major changes to the business of Synergy Metals or redeploy any fixed assets of Synergy Metals; and
- does not intend to change or affect the future employment of the present employees of Synergy Metals.

5.3 Directors and Senior management

(a) Directors

Details of the current SML Directors, who are currently Poh Kiat and Freddie Heng KC, and the SML Proposed Directors, who are the remaining Directors of Synergy Metals, are set out in section 3.3(a). No other changes to the SML Board are envisaged following the implementation of the Share Scheme, irrespective of whether the Option Scheme is implemented or not.

(b) Senior management

If the Share Scheme becomes Effective, and irrespective of whether the Option Scheme is implemented or not, SML will become a non-operating holding company. The current senior management of Synergy Metals will continue to operate the business conducted by Synergy Metals as a wholly-owned subsidiary of SML. Details of senior management of Synergy Metals are set out in section 3.3(b).

5.4 Capital structure and listings

(a) Capital structure

If the Share Scheme becomes Effective, and assuming that the Option Scheme is approved and implemented and all Synergy Metals Options are cancelled as described in section 8.2, the number of issued securities in the capital of SML immediately after implementation of the Share Scheme and the Option Scheme (based on the number of issued securities in the capital of SML and Synergy Metals as at the date of this Scheme Booklet) will be as follows:

	SML Shares	**SML Options**	**SML Northwest Options***
Number of SML Shares to be issued pursuant to the Share Scheme	107,838,740	-	-
Number of SML Options to be issued pursuant to the Option Scheme	-	36,892,397	
Number of SML Northwest Options to be issued as described in section 8.12			52,500,000
Number of issued securities in the capital of SML immediately following implementation of the Schemes	**107,838,740**	**36,892,397**	**52,500,000**

Note*: This assumes that Northwest will enter into an agreement with Synergy Metals and SML pursuant to which it will agree to the cancellation of its Northwest Options in exchange for the grant of SML Northwest Options. Please refer to section 8.12 for further details.

If the Share Scheme is implemented, and assuming that the Option Scheme is not approved and implemented and no Synergy Metals Options are cancelled as described, nor do any of the Synergy Metals Optionholders apply for SML Options under the Fall-Back Option Offer, the number of issued securities in the capital of SML immediately after implementation of the Share Scheme (based on the number of issued securities in the capital of SML and Synergy Metals as at the date of this Scheme Booklet) will be as follows:

	SML Shares	**SML Northwest Options***	**Synergy Metals Options****
Number of SML Shares to be issued pursuant to the Share Scheme	107,838,740	-	-
Number of SML Northwest Options to be issued as described in section 8.12	-	52,500,000	
Number of issued securities in the capital of SML immediately following implementation of the Share Scheme	107,838,740	52,500,000	36,892,397

Note*: This assumes that Northwest will enter into an agreement with Synergy Metals and SML pursuant to which it will agree to the cancellation of its Northwest Options in exchange for the grant of SML Northwest Options. Please refer to section 8.12 for further details.

Note**: This assumes that none of the Synergy Metals Options have been cancelled or converted.

(b) **Continuation of ASX listing**

The Share Scheme is conditional on approval from ASX for listing of SML Shares on ASX and the Option Scheme is conditional on approval from ASX for listing of SML Options on ASX.

Therefore, if the Share Scheme proceeds, SML Shares will be listed on ASX, and if the Option Scheme proceeds, the SML Options will be listed on the ASX in exactly the same way as Synergy Metals Shares and Synergy Metals Options are currently listed. If approval is not obtained from ASX in respect of the listing of the SML Shares (irrespective of whether ASX listing approval is obtained in respect of the SML Options), then the relevant condition to the Share Scheme will not be met and the Share Scheme will not proceed, even if the Share Scheme is approved by Synergy Metals Shareholders and by the Court.

5.5 Pro-forma historical financial information

(a) **Introduction**

This section 5.5 sets out a summary pro-forma historical statement of financial position as at 31 December 2012 for SML as if the Share Scheme had been implemented.

(b) **Basis of preparation**

The pro-forma consolidated statement of financial position for SML included in this section has been prepared in accordance with the Australian accounting standards adopted by the Australian Accounting Standards Board (**AASB**). The pro-forma statement of financial position complies with International Financial Reporting Standards (**IFRS**) and interpretations adopted by the International Accounting Standards Board (**IASB**). The pro-forma statement of financial position is presented in an abbreviated form and consequently does not comply with all the presentation and disclosure requirements of AASB and IFRS. Any adjustments that have been made are shown as consolidation adjustments.

(c) **Acquisition Accounting**

AASB 3 Business Combinations (IFRS 3 Business Combinations) requires that all business combinations are accounted for using the purchase method. This involves assigning fair values at the settlement date to the identifiable assets, liabilities and contingent liabilities, including intangible assets assumed.

A formal analysis of the fair value of the net assets acquired will be performed post completion of the transaction. SML is permitted to adjust the assessment of fair values for up to 12 months following the settlement date of the respective acquisition agreements with the amounts being classified as provisional during any interim period.

(d) Unaudited pro-forma statement of financial position

PRO FORMA STATEMENT OF FINANCIAL POSITION

	Reviewed Synergy Metals 31 December 2012 $	Unaudited SML 31 December 2012 $	Unaudited Consolidation adjustments 31 December 2012 $	Unaudited Pro-forma adjustments 31 December 2012 $	Unaudited Consolidated merger SML Group 31 December 2012 $
Assets					
Current assets					
Cash and cash equivalents	7,356,341	-	-	-	7,356,341
Trade and other receivables	71,022	-	-	-	71,022
Other	1,080	-	-	-	1,080
Total current assets	7,428,443	-	-	-	7,428,443
Non- current assets					
Property plant and equipment	1,935,052	-	-	-	1,935,052
Deferred exploration and evaluation expenditure	20,575,118	-	-	-	20,575,118
Total non-current assets	22,510,170	-	-	-	22,510,170
Total assets	29,938,613	-	-	-	29,938,613
Liabilities					
Current liabilities					
Trade and other payables	107,798	-	-	270,000	377,798
Total current liabilities	107,798	-	-	270,000	377,798
Non- current liabilities					
Provisions	85,000	-	-	-	85,000
Total non-current liabilities	85,000	-	-	-	85,000
Total liabilities	192,798	-	-	270,000	462,798
Net assets	29,745,815	-	-	(270,000)	29,475,815
Equity					
Contributed equity	63,056,281	-	-	-	63,056,281
Accumulated losses	(33,310,466)	-	-	(270,000)	(33,580,466)
Total equity	29,745,815	-	-	(270,000)	29,475,815

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The pro-forma statement of financial position reflects the following consolidation, pro-forma adjustments and assumptions:

1. The estimated cost of implementing the Share Scheme has been calculated to be \$534,033. At 31 December 2012, costs of \$264,033 had been incurred by Synergy Metals.

2. The pro-forma statement of financial position has been prepared based on the assumption that the Share Scheme will be approved by the shareholders of Synergy Metals.

5.6 Outlook for SML

SML intends to continue the existing business of Synergy Metals and develop and fulfill its exploration works on the Australian tenements that Synergy Metals owns with an aim of progressing to production in the future. To this end, SML will seek to diversify into international capital markets for additional and new sources of capital. At the same time, SML will pursue and evaluate potential opportunities to enhance its growth through mergers and acquisitions

The SML Directors and the Synergy Metals Directors have given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information for SML. The SML Directors and the Synergy Metals Directors have concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

If the Share Scheme is implemented, and irrespective of whether the Option Scheme is implemented or not, the performance of SML will reflect a number of factors that are outside its control and cannot be predicted with sufficient certainty to provide a reasonable basis for the inclusion of forecast financial information. Such factors may significantly affect any assumptions relating to SML's revenues and costs which would need to be made in preparing any forecast financial information. For further discussion on the risk factors affecting SML, refer to section 6.

5.7 Dividend policy

Synergy Metals does not have any current intention to declare or pay a dividend on Synergy Metals Shares and SML does not have any current intention to declare or pay a dividend on SML Shares. The SML dividend policy will be reviewed annually by the directors of SML.

5.8 Employee incentive plans

SML does not currently have any employee incentive plans. After completion of the Share Scheme, SML may consider adopting an appropriate incentive plan. Any such plan will only be implemented if it is approved by the SML Shareholders.

6. Risks relating to SML Shares or SML Options

6.1 Introduction

If the Share Scheme and the Option Scheme are implemented, Synergy Metals Shareholders and Synergy Metals Optionholders (other than Ineligible Foreign Holders) will be issued SML Shares and SML Options pursuant to the Schemes and the Implementation Agreement. There are a number of risks associated with an investment in SML.

If the Share Scheme is implemented, and irrespective of whether the Option Scheme is implemented or not, the business operations of SML will be the same as the business operations of Synergy Metals. Many of the risks of an investment in SML are therefore the same as the risks to which Synergy Metals Shareholders and Synergy Metals Optionholders are currently exposed. Some of these risks are described in section 6.2. There may be additional risks arising from the change in jurisdiction of incorporation of Synergy Metals in Australia to SML in Bermuda. Some of these risks are described in section 6.3.

The risks summarised below are not exhaustive and do not take into account the individual circumstances of Synergy Metals Shareholders. Neither Synergy Metals nor SML give any assurances or guarantees of future performance or profitability of, or payment of dividends by, the SML Group. Additionally, neither Synergy Metals nor SML give any assurances or guarantees that the risks set out in this Scheme Booklet will not change. The future dividends, the value of the SML Group's assets and the market value or price of the SML Shares or the SML Options quoted on ASX may be influenced by these and other risk factors. Some of the risks may be mitigated by the use of safeguards and appropriate systems and controls. However, many risks that may affect the SML Group are outside the control of SML, Synergy Metals and the SML Group. The past performance of Synergy Metals is not necessarily representative of the future performance of the SML Group or the value of SML Shares or SML Options.

Synergy Metals Shareholders and Synergy Metals Optionholders should consult their professional adviser if they have any queries.

6.2 Risks common to Synergy Metals and SML

Some of the main risks of an investment in SML to which Synergy Metals Shareholders and Synergy Metals Optionholders are already exposed through their investment in Synergy Metals are as follows.

Risks relating to the SML Group's operations and industry

(a) **General/specific operational risks**

The possible future development of a viable mining operation on any of the tenements in which SML Group has an interest is dependent on a number of factors, including, but not limited to, the acquisition and/or delineation of economically recoverable mineral resources, favourable geological and technical conditions, obtaining the necessary approvals from all relevant authorities and parties, and the attainment of adequate funding. No assurance can be given that SML Group will achieve financial viability through the development and/or mining of projects on its tenements.

Operating activities are subject to numerous risks, many of which are beyond SML Group's control. SML Group's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages or increases in the costs of labour, consumables, spare parts, plant and equipment, technical and other difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, compliance with governmental requirements and difficulties in reaching agreement with joint venture participants or operators of jointly held mining tenements. Hazards incident to the exploration and development of mineral properties such as unusual or unexpected geological formations may be encountered by SML Group. Industrial and environmental accidents could lead to substantial claims against SML Group for injury of loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

(b) **Nature of mineral exploration and mining**

Mineral exploration and development is a speculative business, characterised by a number of significant uncertainties. For example, unprofitable efforts may result not only from the failure to discover mineral deposits but also from finding mineral deposits that are insufficient in quantity and/or quality to return a profit from production. Even deposits that could be sufficient to provide a profit from production are not guaranteed to do so because management of the mining operation may fail to perform adequately. The marketability of minerals acquired or discovered by the SML Group may be affected by numerous factors which are beyond the SML Group's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and metals, and environmental protection, a combination of which may result in the SML Group not receiving an adequate return on invested capital.

While the discovery of a mineral structure may result in substantial rewards, few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures may be required to establish reserves by drilling, constructing, mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or full feasibility studies on the SML Group's projects or the current or proposed exploration programmes on any of the properties in respect of which the SML Group has exploration rights will result in a profitable commercial mining operation.

The SML Group's operations are subject to all of the hazards and risks normally incidental to the exploration, development and production of precious metals and base metals, any of which activities could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. The SML Group's activities may be subject to prolonged disruptions due to adverse weather conditions. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material.

Development and operation of mines and production and processing facilities may also be affected by mechanical difficulties, operational errors, labour disputes, damage to or shortage of equipment, earthquakes, fires or other natural disasters, civil unrest, leaks or pollution. These events are largely beyond the control of the SML Group.

Disruption to production may have an adverse effect on the financial performance of the SML Group.

Whether a precious metal or a base metal deposit will be commercially viable depends on a number of factors, some of which are particular attributes of the deposit (such as its size and grade), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of precious metals or base metals and environmental protection). The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the SML Group not receiving an adequate return on invested capital.

(c) **Title risk and native title**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is granted for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, SML Group could lose title or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments unless a total or partial exemption is granted. Furthermore, there is no guarantee that current or future applications, extensions or renewals of tenements in which SML Group has an interest will be granted, extended or renewed.

The effect of present laws in Australian in respect of native title is that mining tenement applications and existing tenements may be affected by native title claims and procedures. This may preclude or delay the granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues. The presence of Aboriginal heritage and sacred sites on tenements held by SML Group may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be experienced in obtaining or attempting to obtain clearances or agreements.

(d) **Actual reserves and resources may be lower than current estimates**

Declared mineral resources are best estimates that may change as new information becomes available. Consequently, the SML Group’s mineral resources (and when appropriate, ore reserves) may be revised up or down. Actual mineral resources may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below the estimated levels. Mineral resource data is not indicative of the future results of operations. If the SML Group’s actual mineral resources are less than current estimates, the SML Group’s business, results or operations and financial condition may be materially and adversely affected.

(e) **Geology and reserves**

To assess, commission and maintain precious and base metal production into the future, beyond the life of the current resources or to increase production materially above projected levels, the SML Group will be required to delineate further reserves. Any precious and base metal exploration programme entails risks relating to the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities at any site chosen for mining. No assurance can be given that any exploration programme will result in any new commercial mining operation or in the discovery of new resources.

A decline in the market price of precious and base metals may render ore reserves containing relatively lower grades of mineralisation uneconomic.

(f) **Exploitation risks**

There can be no assurance that any resources recovered can be brought into profitable production.

Market price fluctuations, increased production costs or reduced recovery rates, or other factors may render the present estimated or inferred resources of the SML Group uneconomical or unprofitable to develop at a particular site or sites.

Furthermore, the SML Group may not be able to exploit commercially viable discoveries which it owns or in which it acquires an interest. Exploitation may require external approvals or consents from relevant authorities and the granting of these approvals and consents is beyond the SML Group's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the SML Group may not be able to meet. As a result of such delays, the SML Group may incur additional costs, losses or lose revenue or part or all of its equity in a licence. If at any stage the SML Group is precluded from pursuing its exploration programme or the exploration programme is not continued, the SML Group's business, result of operations, financial condition and/or growth prospects may be materially and adversely affected. Additionally, should the regulatory regime in an applicable jurisdiction in which the SML Group operates or wishes to exploit mining rights be modified in a manner which adversely affects natural resources facilities or projects, including taxes and permit fees, the returns to the SML Group may be adversely affected.

(g) **Commercial risks of mineral exploration and extraction**

Even if the SML Group recovers quantities of minerals, there is a risk the SML Group will not achieve a commercial return. The SML Group may not be able to sell the minerals to customers at a price and quantity which would cover its operating and other costs.

(h) **Metal price risk**

The market price of metals is volatile and beyond the SML Group's control and may adversely affect the feasibility or future profitability of potential projects. The level of interest rates, the rate of inflation, world supply of precious and base metals and stability of exchange rates can all cause significant fluctuations in precious and base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The decision to put a mine into production, and the commitment of the funds necessary for that purpose, must be made long before the first revenues from production will be received. Metal price fluctuations as well as forecast production costs between the time that such a decision is made and the commencement of production can completely change the economics of any mine. Although it is possible to protect against metal price fluctuations by hedging in certain circumstances, the volatility of metal prices represents a substantial risk in the mining industry generally, which no amount of planning or technical expertise can eliminate.

The earnings of Synergy Metals are, and the earnings of SML will be, significantly affected by local and worldwide market prices. Specifically, a prolonged downturn in the market price may result in a reduction in supply, thereby diminishing the SML Group's retreatment rates. Low market prices or weak demand will have a materially adverse effect on the SML Group. It is not possible to accurately predict future movements in metal prices or supply and demand dynamics, particularly in the current uncertain economic environment.

(i) **Insurance**

While the SML Group may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which the SML Group cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the SML Group's earnings and competitive position in the future and, potentially, its financial position. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the SML Group's earning and competitive position in the future and, potentially, its financial position.

(j) **Exploration, development and operational targets and delays**

The SML Group's exploration, development and operational targets will be subject to the completion of planned exploration, development and operational goals on time and according to budget, and are dependent on the effective support of the SML Group's personnel, systems, procedures and controls. Any failure of these may result in delays in the achievement of exploration, development and operational targets with a consequent material adverse impact on the business, operations and financial performance of the SML Group.

(k) **Exploitation, exploration and mining licences**

The SML Group's tailings treatment business, together with its exploration and mining activities, are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents, which may be withdrawn or made subject to limitations. There is no guarantee that, upon completion of any exploration, a mining licence will be granted with respect to exploration territory. There can also be no assurance that any exploration licence will be renewed or, if so, on what terms. These licences place a range of past, current and future obligations on the SML Group. In some cases there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant licence or related contract.

(l) **Competition**

The mining industry is intensely competitive in all of its phases and the SML Group competes with many companies possessing greater financial and technical resources than itself. Competition in the minerals and mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for minerals, but conduct refining and marketing operations on a global basis. Such competition may result in the SML Group being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the SML Group's prospects for mineral exploration and success in the future.

(m) **Risks of potential future capital raisings and acquisitions**

In the future, as part of its growth strategy, the SML Group may raise capital and/or acquire other companies or businesses, including mineral interests. Acquisitions by the SML Group may require the use of significant amounts of cash, dilutive issues of equity securities and the incurrence of debt, each of which could have a material adverse affect on the SML Group's business, results of operations, financial condition or the market price of shares.

Acquisitions involve numerous risks, including difficulties with the assimilation of the operations of any acquired business or group and the diversion of management's attention from other business concerns. If such acquisitions do occur, there can be no assurance that the SML Group's business, results of operations or financial conditions would not be materially and adversely affected thereby. The implementation of future capital raisings and/or acquisitions which the SML Group may wish to make could be affected by regulatory and other restraints and factors.

(n) **Dependence on key personnel**

In common with other services and businesses in this industry sector, the SML Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The success of the SML Group is, and will continue to be to a significant extent, dependent on the expertise and experience of the key personnel and the loss of one or more of such key personnel could have a material adverse effect on the SML Group. The SML Group will compete with numerous other mineral companies (many of which have greater resources) and individuals in the search for and acquisition of mineral assets, as well as for the recruitment and retention of qualified employees and contractors.

(o) **Dilution of shareholders' interests**

The SML Group is likely to need to raise additional funds in the future to finance its investments and acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the SML Group other than on a pro rata basis to existing shareholders, the percentage ownership of the SML Shareholders may be reduced, SML Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the SML Shares.

(p) **Exchange rate risk**

If SML Group achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes it to commodity price and exchange rate risks. Commodity prices fluctuate, are difficult to forecast and are affected by a number of factors beyond the control of SML Group, including world demand, forward selling by producers and production costs of major commodity-producing regions. International prices for commodities are generally denominated in United States dollars, whereas SML Group's cost base is in Australian dollars. As a result, SML Group is exposed to the risk of adverse fluctuations in commodity prices and exchange rates, which could have a materially adverse effect on SML Group's operations, financial position, and performance.

(q) **Environmental risk**

The development of mines and production of metals can be hazardous to the environment and environmental damage may occur that is costly to remedy. If SML is responsible for any environmental damage, it may incur substantial remediation costs or liabilities to third parties.

The SML Group may be involved in operations that may be subject to environmental and safety regulation (including regular environmental impact assessments and permitting). This may include a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration and development activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean up costs and obligations and liability for toxic or hazardous substances for which the SML Group may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions. There is no assurance that future changes in environmental regulation will not adversely affect the activities of the SML Group.

(r) **Counterparty risk**

There is a risk, which is higher in the current uncertain economic environment, that contracts and other arrangements to which any of the members of the SML Group are party and obtain a benefit (such as service and supply agreements, off-take agreements, concentrate sales, currency and metal price hedging agreements) will not be performed by the relevant counterparties, including if those counterparties become insolvent or are otherwise unable to perform their obligations.

Litigation and regulatory risks

(s) **Litigation risks**

Legal proceedings may arise from time to time in the course of the SML Group's activities. There have been several cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The SML Directors cannot preclude that such litigation may be brought against the SML Group or a member of the SML Group in the future from time to time.

(t) **Regulatory approval**

The SML Directors believe that the SML Group holds or will obtain all necessary approvals, licences and permits under applicable laws and regulations in respect of its main projects and believes it is presently complying in all material respects with the terms of such approvals, licences and permits. However, such approvals, licences and permits are subject to change in various circumstances and further project specific governmental decrees and/or legislative enactments may be required. There can be no guarantee that the SML Group will be able to obtain or maintain all necessary approvals, licences and permits that may be required and/or that all project specific costs between the time that such a decision is made and the commencement of production can completely change the economics of any mine.

(u) **Economic, political, judicial, administrative, taxation or other regulatory factors**

The SML Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors. These risks and uncertainties include, but are not limited to, hyperinflation, labour unrest, risk of war or civil unrest, expropriation and nationalisation, renegotiations or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, terrorist activities, extreme fluctuations in currency exchange rates, changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

General Risk Factors

(v) **Investment in publicly quoted securities**

An investment in SML Shares or SML Options whether quoted on ASX may be difficult to realise. Prospective investors should be aware that the value of SML Shares or SML Options may go down as well as up and that the market price of the SML Shares or SML Options may not reflect the underlying value of the SML Group. Investors may therefore realise less than, or lose all of, their investment.

(w) **Potentially volatile share price and liquidity**

The share price of emerging companies quoted on ASX can be highly volatile and shareholdings illiquid. The price at which the SML Shares are quoted and the price at which investors may realise their SML Shares or SML Options may be influenced by a significant number of factors, some specific to the SML Group and its operations and some which affect quoted companies generally. These factors could include the performance of the SML Group, large purchases or sales of SML Shares or SML Options, legislative changes and general, economic, political or regulatory conditions.

(x) **Market perception**

The market price of the SML Shares and SML Options could be subject to significant fluctuations due to a change in sentiment in the market following implementation of the Share Scheme.

Any such fluctuations could result from national and global economic and financial conditions, the market's response to the Share Scheme, the metals' market price and/or volumes trend, market perceptions of Synergy Metals and SML, regulatory changes affecting SML's operations, variations in SML's exploration, development or operating results, business developments of SML or its competitors and liquidity of financial markets.

The exploration, development and operating results and prospects of SML from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of SML Shares and SML Options.

6.3 Risks relating to change of jurisdiction

(a) Changes to corporate law environment

As a company incorporated in Bermuda, SML is not subject to many provisions of the *Corporations Act* to which Synergy Metals is currently subject. It does, however, remain subject to some provisions of the *Corporations Act* as a result of its registration as a foreign company in Australia and to the ASX Listing Rules as a result of its listing on ASX. This will result in reduced investor and shareholder protections following implementation of the Share Scheme. For example, SML Shareholders will not be afforded the takeover protection provisions contained in Chapter 6 of the *Corporations Act* and currently available to Synergy Metals Shareholders. As set out in further detail in section 7 of this Scheme Booklet, no takeover protection is provided by the *Bermuda Companies Act.*

(b) Changes to tax environment

Should there be any changes in Bermudian tax law, this may impact on the tax efficiency of SML's corporate structure. In particular, if Bermuda imposes a dividend withholding tax regime, this could have an adverse cash impact on shareholders of SML.

7. Summary of key aspects of Bermudian law

7.1 Introduction

If the Share Scheme is implemented, Synergy Metals Shareholders will hold shares in SML, being a company incorporated in Bermuda. As a company incorporated in Bermuda, SML:

- will be subject to the provisions of the *Bermuda Companies Act*, and will not be subject to many provisions of the *Corporations Act*; and
- will be subject to Bermudian taxation laws, which may have different consequences for Synergy Metals Shareholders under Australian taxation laws.

A summary of the significant provisions of the *Bermuda Companies Act* applicable to SML and the key differences from the provisions of the *Corporations Act* is set out in sections 7.2 and 7.3. A summary of Bermudian tax considerations that are relevant to holding shares in a company incorporated in Bermuda is set out in section 7.4.

7.2 Summary of certain provisions of Bermudian law

Set out below is a summary of certain provisions of Bermuda company law. As a number of these provisions are capable of being qualified by the constituent documents of a company, it is important that this summary be read in conjunction with the memorandum of association and bye-laws of SML. Copies of the current constitution of Synergy Metals and the bye-laws of SML will be published on Synergy Metals' website prior to the Implementation Date, and subsequent to the Implementation Date copies of these documents will be available on SML's website. Copies will also be available for inspection at Synergy Metals' registered office during normal business hours.

The following statements are summaries, and do not address all aspects of Bermudian law which may be relevant to SML or SML Shareholders.

(a) **Duties of Directors**

The bye-laws of SML provide that its business is to be managed and conducted by its board of directors. Under the *Bermuda Companies Act* the directors and officers of a company have a duty to the company to:

(i) act honestly and in good faith with a view to the best interests of the company; and

(ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The *Bermuda Companies Act* also imposes specific duties on directors and officers of a company with respect to certain matters of management and administration of the company.

Under the common law of Bermuda, the directors of a company owe a fiduciary duty to the company to act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfil the duties of their office honestly. This duty includes the following elements:

(iii) a duty to act in good faith in the best interests of the company;

(iv) a duty not to make a personal profit from opportunities that arise from the office of director;

(v) a duty to avoid conflicts of interest; and

(vi) a duty to exercise powers for the purpose for which such powers were intended.

(b) **Challenging the actions of Directors**

Directors and officers of a Bermuda company generally owe fiduciary duties to the company and not to the company's individual shareholders. This generally means that any claim or suit against a director for a breach of his or her duties must be brought by the company rather than an individual shareholder in the company. Accordingly, SML shareholders may not have a direct cause of action against SML's directors (see "**Shareholders' Suits**" below).

(c) **Shareholders' actions**

Class actions are generally not available to shareholders under Bermudian law. However, provided the act complained of by a shareholder is beyond the corporate power of the company, or would result in the violation of the company's memorandum of association or bye-laws, then in most circumstances the courts of Bermuda will permit a shareholder to commence an action in the name of a company to remedy a wrong committed against the company. Furthermore, a Bermuda court will give consideration to acts that are alleged to constitute a fraud against the minority shareholders or, for example, where an act requires approval by way of special resolution and the relevant approval was only granted by way of ordinary resolution.

When the affairs of a company are being conducted in a manner which is oppressive to the interests of some of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

(d) **Directors' interests**

Bermudian law and SML's bye-laws provide that if a director has an interest in a material contract or proposed material contract with SML or any of its subsidiaries, or has a material interest in any person that is a party to such a contract, the director must disclose the nature of that interest at the first opportunity, either at a meeting of directors or in writing to the directors. Under SML's bye-laws, a director is generally prohibited from voting on any resolution (and must not be included for the purposes of determining whether a quorum is present) in respect of a contract or arrangement in which he/she, or his/her associates, has a material interest.

(e) **Directors indemnity**

The *Bermuda Companies Act* provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company. Section 98 further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favour or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the *Bermuda Companies Act*.

SML's bye-laws provide that SML indemnifies its officers and directors in respect of their actions and omissions, except in the case of matters involving any fraud or dishonesty. Section 98A of the *Bermuda Companies Act* permits SML to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him/her in respect of any negligence, default, breach of duty or breach of trust, whether or not SML may otherwise indemnify such officer or director.

(f) **Corporate records**

Members of the general public have a right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include the company's memorandum of association, including its objects and powers, and certain alterations to the memorandum of association and any charge registered against the company. The shareholders have the additional right to inspect the bye-laws of the company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. The register of shareholders of a company is also open to inspection by shareholders without charge, and by members of the general public on payment of a fee.

A company is required to maintain its share register in Bermuda but may, subject to the provisions of the *Bermuda Companies Act*, establish a branch register outside of Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the public subject to a charge. Bermudian law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records apart from those set out above. Where a company, the shares of which are listed on an appointed stock exchange (such as ASX), sends its summarised financial statements to its shareholders pursuant to section 87A of the *Bermuda Companies Act*, a copy of the full financial statements (as well as the summarised financial statements) must be made available for inspection by the public at the company's registered office.

(g) **Voting rights and quorum requirements**

Under Bermudian law, the voting rights of shareholders are regulated by the company's bye-laws and, in certain circumstances, by the *Bermuda Companies Act.* Pursuant to SML's bye-laws, the quorum required for a general meeting of shareholders is three or more persons entitled to vote present in person or by proxy. Generally, except as otherwise provided in the bye-laws, or the *Bermuda Companies Act*, any action or resolution requiring approval of the shareholders may be passed by a simple majority of votes cast.

Any individual who is a shareholder of SML and who is present at a meeting may vote in person, as may any corporate shareholder that is represented by a duly authorised representative at a meeting of shareholders. SML's bye-laws also permit attendance at general meetings by proxy, provided the instrument appointing the proxy is in the form specified in the bye-laws or such other form as the directors of SML may determine. Under SML's bye-laws, each shareholder has one vote for every one fully paid share that they hold in SML.

(h) **Approval of corporate matters by written consent**

The *Bermuda Companies Act* provides that shareholders may take action by written consent. A resolution in writing is passed when it is signed by the shareholders of the company who at the date of the notice of the resolution represent such majority of votes as would be required if the resolution had been voted on at a meeting or when it is signed by all the shareholders of the company or such other majority of shareholders as may be provided by the bye-laws of the company.

(i) **Variation of rights attaching to shares**

Pursuant to SML bye-laws, if, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. SML's bye-laws further provide the rights of issued shares shall not, unless otherwise expressly provided by the terms of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(j) **Share transfers**

The SML Directors may refuse to register any transfer of uncertificated shares where the ASX Listing Rules so permit and shall refuse to register any transfer of shares where the ASX Listing Rules so require or where the transfer is in breach of the ASX Listing Rules or the *Bermuda Companies Act.*

(k) **Shareholders meetings**

Under Bermudian law, a company is required to convene at least one general meeting of shareholders each calendar year unless the shareholders vote otherwise. Bermudian law provides that a special general meeting of shareholders may be called by the board of directors of a company and must be called upon the request of shareholders holding not less than 10% of the paid-up capital of the company carrying the right to vote at general meetings. Bermudian law also requires that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to any person does not invalidate the proceedings at a meeting.

Under SML's bye-laws, at least 21 days' notice of an annual general meeting or a special general meeting must be given to each shareholder entitled to vote at such meeting. This notice requirement is subject to the ability to hold such meetings on shorter notice if such notice is agreed:

(i) in the case of an annual general meeting by all of the shareholders entitled to attend and vote at such meeting; or

(ii) in the case of a special general meeting by a majority in number of the shareholders entitled to attend and vote at the meeting holding not less than 95% in nominal value of the shares entitled to vote at such meeting.

The quorum required for a general meeting of shareholders is three or more persons entitled to vote present in person or by proxy.

(l) **Dividends**

Under Bermudian law, a company may not declare or pay dividends if there are reasonable grounds for believing that:

(i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) that the realisable value of its assets would thereby be less than its liabilities.

Under SML's bye-laws, the holder of each ordinary share is entitled to dividends if, as and when dividends are declared by the directors of SML, subject to any preferred dividend right of the holders of any preference shares. Issued share capital is the aggregate par value of the company's issued shares, and the share premium account is the aggregate amount paid for issued shares over and above their par value. Share premium accounts may be reduced in certain limited circumstances.

(m) **Shareholder proposals**

Shareholder(s) may, as set forth below and at their own expense (unless the company otherwise resolves), require the company to:

(i) give notice to all shareholders entitled to receive notice of the annual general meeting of any resolution that the shareholder(s) may properly move at the next annual general meeting; and/or

(ii) circulate to all shareholders entitled to receive notice of any general meeting a statement in respect of any matter referred to in the proposed resolution on any business to be conducted at such general meeting.

The number of shareholders necessary for such a requisition is such number of shareholders holding 10% or more of the total paid up capital of SML carrying the right to vote at a general meeting.

(n) **Amalgamations and mergers**

Two Bermuda companies may amalgamate and continue as one company or merge and continue as one of the merging companies, as the "surviving company". A Bermuda company may also merge with a foreign company and the "surviving company" will be able to choose, post merger, to either continue in Bermuda or discontinue in Bermuda and continue in a foreign jurisdiction.

The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation agreement or merger agreement to be approved by the company's board of directors and by its shareholders. Unless the company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such meeting is required to approve the amalgamation agreement or merger agreement, and the quorum for such meeting must be two persons holding or representing more than one-third of the issued shares of the company.

Under Bermudian law, in the event of an amalgamation or merger of a Bermuda company with another company on corporation, a shareholder of the Bermuda company who is not satisfied with the consideration been offered for such shareholder's shares may, within one month of notice of the shareholders meeting, apply to the Supreme Court of Bermuda to appraise the value of those shares.

(o) **Takeovers**

An acquirer of a Bermuda company is generally able to acquire compulsorily the common shares of minority holders in the following ways:

- By a procedure under the *Bermuda Companies Act* known as a "scheme of arrangement". A scheme of arrangement could be effected by obtaining the agreement of the company and of holders of common shares, representing in the aggregate a majority in number and at least 75% in value of the common shareholders present and voting at a court ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Supreme Court of Bermuda. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their shares under the terms of the scheme or arrangement.

- If the acquiring party is a company, it may compulsorily acquire all the shares of the target company, by acquiring pursuant to a tender offer of 90% of the shares or class of shares not already owned by, on by a nominee for, the acquiring party (**offeror**) or any of its subsidiaries. If an offeror has, within four months after the making of an offer for all the shares or class of shares not owned by, or by a nominee for, the offeror or any of its subsidiaries, obtained the approval of the holders of 90% or more of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-tendering shareholder to transfer its shares on the same terms as the original offer. In those circumstances, non-tendering shareholders will be compelled to sell their shares unless the Supreme Court of Bermuda (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such shares) orders otherwise.

- Where one or more parties holds not less than 95% of the shares or a class of shares of a company, such holder(s) may, pursuant to a notice given to the remaining shareholders or class of shareholders, acquire the shares of such remaining shareholders or class of shareholders. When this notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Supreme Court of Bermuda for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all shareholders whose shares are being acquired.

7.3 Comparison of key differences between Corporations Act and Bermuda Companies Act

The summary set out below is a general overview of the principal differences between the *Corporations Act* and the *Bermuda Companies Act*. It is provided as a general overview and should not be regarded as a comprehensive analysis of the legal consequences resulting from the Share Scheme. The overview set out below will be subject to change from time to time.

Bermuda Companies Act	**Corporations Act**
Purchase of own securities	
If authorised in a company's memorandum of association or bye-laws, in Bermuda a company has the power to purchase its own shares. A company may not purchase its own shares if on the date the purchase is to be effected, there are reasonable grounds for believing the company is, or after the purchase would be, unable to pay its liabilities as and when they become due. A purchase by a company of its own shares may be authorised by the company's board of directors or in accordance with its bye-laws.	In Australia, a company has the right to buy-back its shares in accordance with the provisions of the *Corporations Act*. A company may conduct a number of different types of share buy-backs. Depending on the type of share buy-back and the number of shares the company proposes to buy-back, a share buy-back may need to be approved by its shareholders.
Takeovers	
The *Bermuda Companies Act* does not prescribe a regime for undertaking a takeover, nor does it prescribe a general prohibition on acquiring a relevant interest in a specified number of a company's voting shares in a similar fashion to the requirements under the *Corporations Act.* The *Bermuda Companies Act* provides two different regimes for compulsory acquisition of the shares of minority holders holding less than 10% or less than 5% of the issued share capital of a Bermudian company. Further details are set out in 7.2(o) above.	Chapter 6 of the *Corporations Act* governs company takeovers in Australia and the acquisition of a relevant interest in voting shares in a listed company. Chapter 6 provides a general rule that a person must not acquire a "relevant interest" in voting shares of a company if, because of the transaction, a person's voting power in the company: (i) increases from 20% or below to more than 20%; or (ii) increases from a starting point, which is above 20% but less than 90%. Certain exceptions apply, such as acquisitions of relevant interests in voting shares made under takeover bids or made with shareholder approval, or creeping acquisitions of 3% over less over a 6 month period. Australian law permits compulsory acquisition by 90% holders.

Bermuda Companies Act	Corporations Act
Substantial Shareholdings	
The *Bermuda Companies Act* does not require a shareholder to notify the company of its shareholding on any stock exchange regardless of the size of that shareholder's interest in the company.	Under the *Corporations Act*, a shareholder who begins, or ceases, to have a "substantial holding" in a listed company, or has a substantial holding in a listed company and there is a movement of at least 1% in their holding, must notify the company and ASX. A person has a substantial holding if that person and that person's associates have a relevant interest in 5% on more of the voting shares in the company.
Amalgamations and mergers	
The amalgamation or merger of a Bermuda company with another company on corporation (other than certain affiliated companies) requires the amalgamation agreement or merger agreement to be approved by the company's board of directors and by its shareholders. Unless the company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such a meeting is required to approve the amalgamation agreement or merger agreement, and the quorum for such a meeting must be two persons holding or representing more than one-third of the issued shares of the company. Companies may amalgamate and continue as one company or merge and continue as one of the merging companies. A Bermuda company may merge with a foreign company.	The *Corporations Act* contains no equivalent to the concept of an 'amalgamation' as set out in the *Bermuda Companies Act*.
Shareholders' suits	
Class actions and derivative actions are generally not available to shareholders under the *Bermuda Companies Act*. As mentioned in section 7.2(c) above, the Bermuda courts would ordinarily be expected to permit a shareholder to commence an action in the name of the company where the act complained of is alleged to be beyond the corporate power of the company or would result in a violation of the company's bye-laws.	Under the *Corporations Act*, a shareholder may sue a wrongdoer on behalf of himself or herself and all fellow shareholders who are not among the wrongdoers in the company's name in respect of wrongs committed against the company.

<table>
<tr><th>Bermuda Companies Act</th><th>Corporations Act</th></tr>
<tr><td colspan="2" align="center">Interested Directors</td></tr>
<tr><td>A director must disclose to the company if that director has an interest or a material contract or proposed material contract with the company or any of its subsidiaries. A director is not precluded from voting at meetings of the board by reason of having a material personal interest in the subject matter under consideration by the board.</td><td>A director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matter is being considered at the meeting, or vote on the matter, except where that director's participation is approved by ASIC or by the other directors who do not have a material personal interest in the matter.</td></tr>
<tr><td colspan="2" align="center">Indemnification of directors</td></tr>
<tr><td>The Bermuda Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company.</td><td>A company may indemnify a director, officer or auditor but may not provide an indemnity for a liability owed to the company or a related body corporate, a liability for a pecuniary penalty order or compensation order under the Corporations Act, or a liability that is owed to someone other than the company on a related body corporate and did not arise out of conduct in good faith.</td></tr>
<tr><td colspan="2" align="center">Related party transactions</td></tr>
<tr><td>The Bermuda Companies Act contains limited restrictions on related party transactions.

However, as an entity listed on the ASX, SML will be subject to the restrictions on related party transactions contained in Chapter 10 of the ASX Listing Rules following SML's admission to the official list of ASX.</td><td>The Corporations Act requires that a public company obtain the approval of its shareholders to give a financial benefit to a related party of the public company. The approval of shareholders is not required in certain circumstances where the financial benefit is:

(i) given on arm's length terms;

(ii) reasonable remuneration given to or reimbursement of expenses incurred by an officer or employee of the public company, an entity the public company controls, an entity that controls the public company or an entity that is controlled by an entity that controls the public company;

(iii) indemnities, exemptions, insurance premiums and payment of legal costs for officers;</td></tr>
</table>

Bermuda Companies Act	Corporations Act
	(iv) small amounts given to a related entity; (v) a benefit to or by closely held subsidiary; or (vi) a benefit given to a related party in their capacity as a shareholder of the public company and the giving of the benefit does not discriminate unfairly against the other shareholders.

7.4 Summary of relevant Bermudian tax considerations

Under current Bermudian law, no Bermuda withholding tax on dividends or other distributions, or any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, and there is no Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda.

8. Implementation of the Share Scheme and Option Scheme

8.1 Implementation documents

On 8 February 2013, Synergy Metals and SML entered into Implementation Agreement under which Synergy Metals agreed to propose each of the Schemes at a meeting of Synergy Metals Shareholders and Synergy Metals Optionholders respectively, and Synergy Metals and SML agreed to certain other matters in relation to the Share Scheme.

The Implementation Agreement sets out the rights and obligations of each of Synergy Metals and SML in connection with the implementation of the Share Scheme, and includes the conditions precedent that must be satisfied before the Share Scheme can come into effect, namely:

- the Court approves the Share Scheme in accordance with section 411(4)(b) of the *Corporations Act*;
- Synergy Metals Shareholders approve the Share Scheme at the Share Scheme Meeting by the requisite majorities as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the *Corporations Act*;
- approval for listing of SML Shares on ASX is obtained subject only to the Share Scheme taking effect and such other conditions as are acceptable to SML and Synergy Metals;
- all Other Regulatory Approvals (as defined in the Implementation Agreement) which SML and Synergy Metals agree are necessary or desirable to implement the Share Scheme are obtained;
- the Independent Expert does not change its conclusion or withdraw its report prior to the Share Scheme Meeting; and
- any additional conditions that may be imposed by the Court.

A copy of the Implementation Agreement is contained in Annexure F.

The Implementation Agreement sets out the rights and obligations of each of Synergy Metals and SML in connection with the implementation of the Option Scheme, and includes the conditions precedent that must be satisfied before the Option Scheme can come into effect, namely, that:

- the Court approves the Option Scheme in accordance with section 411(4)(b) of the *Corporations Act*;
- Synergy Metals Optionholders approve the Option Scheme at the Share Scheme Meeting by the requisite majorities as may be modified by the Court in accordance with section 411(4)(a)(i) of the *Corporations Act*;
- approval for listing of SML Options on ASX is obtained subject only to the Option Scheme taking effect and such other conditions as are acceptable to SML and Synergy Metals;

- the approvals referred to above in relation to the Share Scheme being obtained;
- all Other Regulatory Approvals (as defined in the Implementation Agreement) which SML and Synergy Metals agree are necessary or desirable to implement the Option Scheme are obtained;
- the Independent Expert does not change its conclusion or withdraw its report prior to the Option Scheme Meeting;
- any additional conditions that may be imposed by the Court; and
- the Share Scheme becomes Effective.

A copy of the Implementation Agreement is contained in Annexure F.

SML will execute the Share Scheme Deed Poll by no later than the Share Scheme Meeting which it will agree, subject to the Share Scheme becoming Effective, to provide each Synergy Metals Shareholder with the Share Scheme Consideration to which it is entitled under the Share Scheme. The Share Scheme Deed Poll may be relied upon and enforced by any Synergy Metals Shareholder, despite the fact that the Synergy Metals Shareholder is not a party to it. A copy of the Share Scheme Deed Poll is contained in Annexure G.

SML will execute the Option Scheme Deed Poll by no later than the Option Scheme Meeting under which it will agree, subject to the Option Scheme becoming Effective, to provide each Synergy Metals Optionholder with the Option Scheme Consideration to which it is entitled under the Option Scheme. The Option Scheme Deed Poll may be relied upon and enforced by any Synergy Metals Optionholder, despite the fact that the Synergy Metals Optionholder is not a party to it. A copy of the Option Scheme Deed Poll is contained in Annexure H.

8.2 Overview of implementation steps

The key steps to implement the Share Scheme are as follows:

- Synergy Metals Shareholders will vote on whether to approve the Share Scheme at the Share Scheme Meeting; and
- if the requisite majorities of Synergy Metals Shareholders approve the Share Scheme and all conditions precedent to the Share Scheme (other than approval by the Court) have been satisfied, Synergy Metals will apply to the Court for approval of the Share Scheme at the Second Court Hearing;
- if the Court approves the Share Scheme, Synergy Metals will lodge with ASIC a copy of the Court orders approving the Share Scheme and notify the ASX that shareholder approval has been obtained for the Share Scheme. The date on which this occurs will be the Effective Date for the Share Scheme and will be the last day on which trading in Synergy Metals Shares on ASX can occur;
- on the Implementation Date, SML will acquire all existing Synergy Metals Shares in exchange for issuing the Share Scheme Consideration to Synergy Metals Shareholders (i.e. a share for share exchange);
- following the Implementation Date, Synergy Metals will apply for termination of the official quotation of Synergy Metals Shares on ASX and to have itself removed from the official list of ASX.

These steps are described in further detail in sections 8.3 to 8.9. The expected dates for the key steps are set out on page 6 of this Scheme Booklet (but those dates are subject to change).

The key steps to implement the Option Scheme are as follows:

- Synergy Metals Optionholders will vote on whether to approve the Option Scheme at the Option Scheme Meeting;

- if the requisite majorities of Synergy Metals Optionholders approve the Option Scheme and all conditions precedent to the Option Scheme (other than approval by the Court) have been satisfied, Synergy Metals will apply to the Court for approval of the Option Scheme at the Second Court Hearing;

- if the Court approves the Option Scheme, Synergy Metals will lodge with ASIC a copy of the Court orders approving the Option Scheme and notify the ASX that Optionholder approval has been obtained for the Option Scheme. The date on which this occurs will be the Effective Date for the Option Scheme and will be the last day on which trading in Synergy Metals Options on ASX can occur;

- on the Implementation Date, all existing Synergy Metals Options will be cancelled in exchange for issuing the Option Scheme Consideration to Synergy Metals Optionholders (ie. a Synergy Metals Option for a SML Option); and

- following the Implementation Date, Synergy Metals will apply for termination of the official quotation of Synergy Metals Options on ASX and to have itself removed from the official list of ASX.

In the event that Synergy Metals Optionholders do not approve the Option Scheme by the requisite majorities but the Share Scheme is approved by the requisite majorities, then the key steps to implement the Fall-Back Option Offer are as follows:

- the Synergy Metals Optionholders will have the opportunity to apply for SML Options on the basis of them agreeing to the cancellation of all their Synergy Metals Options under the Fall-Back Option Offer;

- SML will begin processing application forms which it receives in respect of the Fall-Back Option Offer from the date on which the Option Scheme is not approved by the requisite majorities, and will accept all such application forms which it receives before 5:00 pm AEST on the day being 20 Business Days from the date on which Synergy Metals Optionholders do not approve the Option Scheme at the Option Scheme Meeting by the requisite majorities;

- provided that the Share Scheme becomes Effective, then on the Implementation Date all of the Synergy Metals Options of Synergy Metals Optionholders that applied for SML Options under the Fall-Back Option Offer will be cancelled in exchange for SML issuing the an equivalent number of SML Options. With the exception that Synergy Metals Options will be delisted from ASX, there will be no change to the Synergy Metals Options of Synergy Metals Optionholders that did not apply for SML Options under the Fall-Back Option Offer; and

- following the Implementation Date, Synergy Metals will apply for termination of the official quotation of Synergy Metals Options on ASX and to have itself removed from the official list of ASX.

These steps are described in further detail in sections 8.3 to 8.9. The expected dates for the key steps are set out on page 6 of this Scheme Booklet (but those dates are subject to change).

It should be noted that implementation of the Share Scheme is not conditional upon the Option Scheme being approved or implemented.

8.3 Share Scheme Meeting and Option Scheme Meeting

In accordance with an order of the Court dated 5 April 2013, Synergy Metals Shareholders will be asked to approve the Share Scheme at the Share Scheme Meeting to be held at Level 18, 101 Collins Street, Melbourne, Victoria, Australia 3000 on 16 May 2013 commencing at 2:00 pm (AEST). The notice convening the Share Scheme Meeting is set out in Annexure D.

At the Share Scheme Meeting, Synergy Metals Shareholders will be asked to consider and, if thought fit, pass a resolution approving the Share Scheme. For the acquisition of Synergy Metals Shares by SML to proceed and the Share Scheme Consideration to be provided, the Share Scheme must be approved by:

- unless the Court orders otherwise, a majority in number of Synergy Metals Shareholders voting at the Share Scheme Meeting (whether in person, by attorney, by proxy or, in the case of corporations, by an authorised representative); and

- Synergy Metals Shareholders who must together hold at least 75% of the votes cast on the resolution.

In accordance with an order of the Court dated 5 April 2013, Synergy Metals Optionholders will be asked to approve the Option Scheme at the Option Scheme Meeting to be held at Level 18, 101 Collins Street, Melbourne, Victoria, Australia 3000 on 16 May 2013 commencing at 3:00 pm (AEST). The notice convening the Option Scheme Meeting is set out in Annexure E.

At the Option Scheme Meeting, Synergy Metals Optionholders will be asked to consider and, if thought fit, pass a resolution approving the Option Scheme. For the cancellation of the Synergy Metals Options to proceed and the Option Scheme Consideration to be provided, the Option Scheme must be approved by:

- unless the Court orders otherwise, a majority in number of Synergy Metals Optionholders voting at the Option Scheme Meeting (whether in person, by attorney, by proxy or, in the case of corporations, by an authorised representative); and

- Synergy Metals Optionholders who must together hold at least 75% of the votes cast on the resolution.

8.4 Second Court Hearing

If the Share Scheme is approved by Synergy Metals Shareholders by the requisite majorities and all other conditions precedent to implementation of the Share Scheme set out in the Implementation Agreement (other than approval by the Court) have been satisfied or waived, Synergy Metals will apply to the Court for orders approving the Share Scheme. The *Corporations Act* and the relevant Court rules provide a procedure for Synergy Metals Shareholders to oppose the approval by the Court of the Share Scheme. Any Synergy Metals Shareholder who wishes to oppose the approval of the Share Scheme at the Second Court Hearing may do so by filing with the Court and serving on Synergy Metals a notice of appearance in the prescribed form together with any affidavit on which the Synergy Metals Shareholder will seek to rely at the Second Court Hearing. The Second Court Hearing is currently expected to occur on 24 May 2013. Any change to this date will be announced to ASX (www.asx.com.au) and published on Synergy Metals' website (www.synergymetals.com.au).

If the Option Scheme is approved by Synergy Metals Optionholders by the requisite majorities and all other conditions precedent to implementation of the Option Scheme set out in the Implementation Agreement (other than approval by the Court) have been satisfied or waived, Synergy Metals will apply to the Court for orders approving the Option Scheme. The *Corporations Act* and the relevant Court rules provide a procedure for Synergy Metals Optionholders to oppose the approval by the Court of the Option Scheme. Any Synergy Metals Optionholder who wishes to oppose the approval of the Option Scheme at the Second Court Hearing may do so by filing with the Court and serving on Synergy Metals a notice of appearance in the prescribed form together with any affidavit on which the Synergy Metals Optionholder will seek to rely at the Second Court Hearing. The Second Court Hearing is currently scheduled to occur on 24 May 2013. Any change to this date will be announced to ASX (www.asx.com.au) and published on Synergy Metals' website (www.synergymetals.com.au).

If the Option Scheme is not approved by the requisite majorities, but the Share Scheme is approved by the requisite majorities of Synergy Metals Shareholders, then (subject to Court approval) the Share Scheme will proceed and the Synergy Metals Optionholders will have the opportunity to apply for SML Options under Fall-Back Option Offer.

The Fall-Back Option Offer gives Synergy Metals Optionholders the opportunity to apply for and receive SML Options in consideration for them agreeing to the cancellation of all their Synergy Metals Options (subject to the Share Scheme becoming Effective).

8.5 Effective Date

If the Court approves the Share Scheme, Synergy Metals will lodge with ASIC an office copy of the Court order approving the Share Scheme. Synergy Metals intends to lodge this with ASIC no later than 4:00 pm (AEST) on the first Business Day after the day on which the Court approves the Share Scheme. The Share Scheme comes into effect on the date on which the order is lodged. This date is referred to in this Scheme Booklet as the Effective Date. If the Share Scheme has not become Effective by the Final End Date or such later date as Synergy Metals and SML agree in writing, the Share Scheme will lapse and have no further force or effect.

Once the Share Scheme comes into effect, Synergy Metals will notify the ASX and will apply for Synergy Metals Shares to be suspended from official quotation on ASX from close of trading on the Effective Date.

If the Court approves the Option Scheme, Synergy Metals will lodge with ASIC an office copy of the Court order approving the Option Scheme. Synergy Metals intends to lodge this with ASIC no later than 4:00 pm (AEST) on the first Business Day after the day of which the Court approves the Option Scheme. The Option Scheme comes into effect on the date on which the order is lodged. This date is referred to in this Scheme Booklet as the Effective Date. If the Option Scheme has not become Effective by the Final End Date or such later date as Synergy Metals and SML agree in writing, the Share Scheme will lapse and have no further force or effect.

Once the Option Scheme comes into effect, Synergy Metals will notify the ASX and will apply for Synergy Metals Options to be suspended from official quotation on ASX from close of trading on the Effective Date.

8.6 Determination of entitlements to Scheme Consideration

Except for Ineligible Foreign Holders, arrangements for whom are set out in section 8.11, Synergy Metals Shareholders will be entitled to receive the Share Scheme Consideration if, and only if, they are registered as the holders of Synergy Metals Shares as at 5:00 pm (AEST) on the Scheme Record Date. The Scheme Record Date is the date that is five Business Days after the Effective Date, currently expected to be 5 June 2013.

For the purposes of establishing the Synergy Metals Shareholders that are entitled to receive the Share Scheme Consideration, dealings in Synergy Metals Shares will be recognised provided that:

- in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Synergy Metals Share Register as the holder of the relevant Synergy Metals Shares before 5:00 pm (AEST) on the Scheme Record Date; or

- in the case of all other dealings in Synergy Metals Shares, registrable transfers or transmission applications in respect of those dealings are received by the Australian Registry before 5:00 pm (AEST) on the Scheme Record Date (in which case Synergy Metals must register such transfers before 5:00 pm (AEST) on the Scheme Record Date).

Synergy Metals will not accept for registration, or recognise for any purpose, any transmission application on transfer in respect of Synergy Metals Shares received after 5:00 pm (AEST) on the Scheme Record Date.

Except for Ineligible Foreign Holders, arrangements for whom are set out in section 8.11, Synergy Metals Optionholders will be entitled to receive the Option Scheme Consideration if, and only if, they are registered as the holders of Synergy Metals Options as at 5:00 pm (AEST) on the Scheme Record Date. The Scheme Record Date is the date that is five Business Days after the Effective Date, currently expected to be 5 June 2013.

For the purposes of establishing the Synergy Metals Optionholders that are entitled to receive the Option Scheme Consideration, dealings in Synergy Metals Options will be recognised provided that:

- in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Synergy Metals Option Register as the holder of the relevant Synergy Metals Options before 5:00 pm (AEST) on the Scheme Record Date; or

- in the case of all other dealings in Synergy Metals Options, registrable transfers or transmission applications in respect of those dealings are received by the Australian Registry before 5:00 pm (AEST) on the Scheme Record Date (in which case Synergy Metals must register such transfers before 5:00 pm (AEST) on the Scheme Record Date).

Synergy Metals will not accept for registration, or recognise for any purpose, any transmission application on transfer in respect of Synergy Metals Options received after 5:00 pm (AEST) on the Scheme Record Date.

8.7 Dealings in Synergy Metals Shares and Synergy Metals Options after the Scheme Record Date

As from 5:00 pm (AEST) on the Scheme Record Date (and other than for SML following the Implementation Date), all share certificates and holding statements for the Synergy Metals Shares will cease to have effect as documents of title, and each entry on the Synergy Metals Share Register at that time will cease to have any effect other than as evidence of entitlement to the Share Scheme Consideration. As from 5:00 pm (AEST) on the Scheme Record Date, all certificates and holding statements for Synergy Metals Options will cease to have effect as documents of title, and each entry on the Synergy Metals Option Register at that time will cease to have any effect other than as evidence of entitlement to the Option Scheme Consideration.

8.8 Trading of SML Shares and SML Options

SML will apply to ASX for the SML Shares issued as Share Scheme Consideration to be quoted on ASX and to trade on ASX on a deferred settlement basis from the commencement of trading on the first trading day after the Effective Date. Normal trading of SML Shares on ASX is expected to commence on the fifth trading day on ASX after the Implementation Date.

SML will apply to ASX for the SML Options issued as Option Scheme Consideration to be quoted on ASX and to trade on ASX on a deferred settlement basis from the commencement of trading on the first trading day after the Effective Date. Normal trading of SML Options on ASX is expected to commence on the fifth trading day on ASX after the Implementation Date.

It is the responsibility of each person who is issued SML Shares or SML Options under the respective Schemes to confirm their holding before trading in SML Shares or SML Options to avoid the risk of selling shares on options that they do not own. Any person who sells SML Shares on SML Options before they receive their holding statement or confirm their uncertificated holdings of SML Shares or SML Options (as the case may be) does so at their own risk. To the maximum extent permitted by law, Synergy Metals and SML disclaim all liability to persons who trade SML Shares or SML Options before receiving their holding statements or confirming their uncertificated holdings.

8.9 Implementation Date

The Implementation Date will be the next Business Days after the Scheme Record Date. On the Implementation Date:

- in respect of any Share Scheme Consideration required to be provided to Synergy Metals Shareholders in the form of SML Shares, SML will issue those SML Shares to the relevant Synergy Metals Shareholder;
- in respect of any Option Scheme Consideration required to be provided to Synergy Metals Optionholders in the form of SML Options, SML will issue those SML Options to the relevant Synergy Metals Optionholder;
- in respect of any Scheme Consideration required to be provided to Ineligible Foreign Holders, SML will issue to the Sale Nominee the number of SML Shares and/or SML Options (as the case may be) that would have been issued to them under the Share Scheme and/or Option Scheme (as the case may be), had they not been Ineligible Foreign Holders, and will procure that the Sale Nominee deals with those SML Shares and/or SML Options in the manner described in section 8.11; and

- once the Scheme Consideration has been issued as described above, all of the Synergy Metals Shares and Synergy Metals Options will be transferred to SML without any need for further action by Synergy Metals Shareholders and the Synergy Metals Optionholders respectively.

Holding statements and confirmations of CHESS holdings for SML Shares and SML Options issued as described above are expected to be dispatched within five Business Days after the Implementation Date.

In the case of any Scheme Consideration due in respect of Synergy Metals Shares or Synergy Metals Options held in joint names (other than Scheme Consideration due to Ineligible Foreign Holders), the Scheme Consideration will be issued to and registered in those joint names and holding statements and confirmations will be dispatched to the holder whose name appears first in the Synergy Metals Share Register as at 5:00 pm (AEST) or Synergy Metals Option Register as at 5:00 pm (AEST) on the Scheme Record Date. In the case of any Scheme Consideration due to Ineligible Foreign Holders in respect of Synergy Metals Shares and/or Synergy Metals Options (as the case may be) held in joint names, cheques for the net proceeds of sale of the relevant SML Shares and/or SML Options (as the case may be) as described in section 8.11 will be made payable and dispatched to the holder whose name appears first in the Synergy Metals Share Register and/or Synergy Metals Option Register (as the case may be) as at the time detailed above.

8.10 Warranties from Synergy Metals Shareholders and Synergy Metals Optionholders

The attention of Synergy Metals Shareholders is drawn to the warranties that Synergy Metals Shareholders will be deemed to have given, if the Share Scheme takes effect, under clause 8.2 of the Share Scheme. The Share Scheme is set out in Annexure B.

In summary, clause 8.2 of the Share Scheme provides that, if the Share Scheme becomes Effective, each Synergy Metals Shareholder is taken to have warranted to Synergy Metals and SML that:

- all of the Synergy Metals Shares registered in the name of that Synergy Metals Shareholder as at the Scheme Record Date will, as at the Implementation Date, be fully paid and free from all security interests, mortgages, charges, liens, encumbrances and interests of third parties and from all other restrictions on transfer; and

- in the case of the Synergy Metals Shareholders, they have full power and capacity to transfer their Synergy Metals Shares to SML under the Share Scheme.

The attention of Synergy Metals Optionholders is drawn to the warranties that Synergy Metals Optionholders will be deemed to have given, if the Option Scheme takes effect, under clause 8.2 of the Option Scheme. The Option Scheme is set out in Annexure C.

In summary, clause 8.2 of the Option Scheme provides that, if the Option Scheme becomes Effective, each Synergy Metals Optionholder is taken to have warranted to Synergy Metals and SML that:

- all of the Synergy Metals Options registered in the name of that Synergy Metals Optionholder as at the Scheme Record Date will, as at the Implementation Date, be free from all security interests, mortgages, charges, liens, encumbrances and interests of third parties and from all other restrictions on transfer; and

- in the case of the Synergy Metals Optionholders, they have full power and capacity to consent to the cancellation of their Synergy Metals Options.

8.11 Arrangements for Ineligible Foreign Holders

(a) Under the Schemes

Ineligible Foreign Holders will not be issued with SML Shares and/or SML Options (as the case may be) under the Schemes. Instead, the SML Shares and/or SML Options (as the case may be) that would otherwise have been issued to Ineligible Foreign Holders under the Schemes (**Foreign Shares** or **Foreign Options** (as the case may be)), will be issued to the Sale Nominee on the Implementation Date.

SML must:

(a) procure that as soon as practicable after the Implementation Date, the Sale Nominee sells the Foreign Shares or Foreign Options (in the manner set out in this section); and

(b) pay, or procure the payment, to each Ineligible Foreign Holders an amount determined in accordance with the following formula and rounded down to the nearest cent:

P x (N / T)

where:

P is the net sale proceeds received by the Sale Nominee (after deducting any applicable selling costs, tax and charges) for the sale of all Foreign Shares or Foreign Options (as the case may be) issued to the Sale Nominee under this section;

N is the number of Foreign Shares or Foreign Options (as the case may be) which would otherwise have been issued to that Ineligible Foreign Holder had it not been an Ineligible Foreign Holder; and

T is the total number of Foreign Shares or Foreign Options (as the case may be) which were issued to the Sale Nominee in accordance with this section.

Synergy Metals, SML and the Sale Nominee give no undertaking, representation, warranty on other assurance as to the price that will be achieved for the sale of SML Shares and/or SML Options (as the case may be) as described above. The amount that each Ineligible Foreign Holder receives may be more or less than the current market value of their holdings of Synergy Metals Shares and/or Synergy Metals Options (as the case may be).

The Sale Nominee will sell the Foreign Shares and/or Foreign Options (as the case may be) on the ASX in such manner (including selling the SML Shares and/or SML Options (as the case may be) in one or more lots), at such price and on such other terms as the Sale Nominee determines in good faith as soon as practicable after the Implementation Date, provided the Sale Nominee uses all reasonable endeavours to achieve the best price reasonably obtainable at the time of sale.

Payments of the amounts referred to in this section will be made as soon as reasonably practicable by cheque in Australian dollars and sent by prepaid post (at the risk of the Ineligible Foreign Holder) to the address recorded in the Synergy Metals Share Register and/or Synergy Metals Option Register (as the case may be) at the Scheme Record Date.

(b) **Under the Fall-Back Option Offer**

In the event that the Share Scheme is approved by the requisite majorities but the Option Scheme is not, then Ineligible Foreign Holder will not be able to apply for SML Options under the Fall-Back Option Offer unless SML agrees in writing that it is lawful and not unduly onerous or impractical to issue that Synergy Metals Optionholder with SML Options when the Share Scheme becomes Effective.

8.12 Arrangements for Northwest in relation to Northwest Options

(a) **Summary**

Under the Implementation Agreement, Synergy Metals has agreed to use all reasonable endeavours to procure that by no later than five Business Days before the Second Court Date, Northwest enters into a binding agreement with Synergy Metals and SML, conditional on the Share Scheme becoming Effective, under which Northwest agrees to the cancellation of those Northwest Options in consideration for the grant by SML of an equivalent number of SML Northwest Options on terms and conditions which replicate those of the Northwest Options.

(b) **Summary of terms of SML Northwest Options**

SML Northwest Options granted in consideration for the cancellation of the Northwest Options will include the following key terms:

(i) **Issue:** The terms and conditions of the SML Northwest Options replicate those of the Synergy Metals Consideration Northwest Options;

(ii) **Number:** In consideration for the cancellation of their Northwest Options, SML will grant an equal number of SML Northwest Options to Northwest.

(iii) **Exercise Price:** Each SML Northwest Option granted will have an exercise price equal to the exercise price of the Synergy Metals Northwest Option which it replaces.

(iv) **Expiry Date:** Each SML Northwest Option granted will have the same expiry date as that of the Synergy Metals Northwest Option which it replaces.

(v) **Exercise Conditions:** Each SML Northwest Option granted will have the same exercise conditions as those of the Synergy Metals Northwest Option which it replaces with such modifications as are necessary to reflect that the issuer of SML Northwest Options is SML.

Synergy Metals, SML and Northwest have agreed to enter into such a binding agreement. A summary of the terms and conditions of the SML Northwest Options is set out in section 4.7(b).

Northwest, which currently holds approximately 48.68% of the issued share capital of Synergy Metals and is the single largest shareholder of Synergy Metals, has advised Synergy Metals that it intends to vote in favour of the Share Scheme.

As at the date of this Scheme Booklet, Synergy Metals has 52,500,000 Northwest Options on issue, with an exercise price of $0.32 and an expiry date of 20 June 2014.

If the Share Scheme is implemented, and assuming that all Northwest Options are cancelled as described above in section 8.12(a), the number of SML Northwest Options to be granted as consideration for the cancellation of the Northwest Options will be 52,500,000 SML Northwest Options on issue, with an exercise price of $0.32 per option and an expiry date of 20 June 2014.

9. Taxation implications

The paragraphs below prepared by BDO comment on the general Australian taxation position of individual and corporate resident Synergy Metals Shareholders and Synergy Metals Optionholders in relation to the disposal of their Synergy Metals Shares and Synergy Metals Options in exchange for SML Shares and SML Options respectively.

9.1 Incorporation of new entities

The incorporation of SML and SML Resources will not have any Australian income tax consequences.

9.2 Interposition of new entities

(a) Exchange of Synergy Metals Shares for SML shares

The interposition of SML and SML Resources will trigger a capital gains tax ("CGT") event because Synergy Metals Shareholders will dispose of their Synergy Metals Shares in exchange for SML Shares.

However, we consider that the interposition of the two new companies between Synergy Metals and Synergy Metals Shareholders will be eligible for a rollover under the CGT provisions (conditions discussed below). Therefore, Synergy Metals Shareholders who hold their Synergy Metals Shares on capital account will not make an immediate taxable capital gain at the time of the Share Scheme and the cost base of their SML Shares will be the same as the cost base of their Synergy Metals Shares. The capital gain will be deferred until a CGT event happens in relation to the SML Shares.

Existing Synergy Metals Shareholders who hold their Synergy Metals Shares on capital account can be broken into three main groups:

(i) Australian tax resident Synergy Metals Shareholders;

(ii) Non-Australian tax resident Synergy Metals Shareholders who hold more than 10% of the issued capital of Synergy Metals; and

(iii) Non-Australian tax resident Synergy Metals Shareholders who hold less than 10% of the issued capital of Synergy Metals.

It is only the first two groups who will potentially have CGT consequences on the Share Scheme and who therefore have to consider whether they can access the CGT rollover provisions.

Where non-Australian tax resident Synergy Metals Shareholders hold less than 10% of the issued capital of Synergy Metals, the capital gain from the disposal of the Synergy Metals Shares is disregarded because a shareholding of less than 10% is not taxable Australian property.

Synergy Metals Shareholders who acquired their Synergy Metals Shares prior to 20 September 1985 ("pre-CGT") and whose Synergy Metals Shares have remained as "pre-CGT assets" will not be entitled to roll-over relief on the basis that they are not subject to CGT in respect of the exchange of their Synergy Metals Shares for SML Shares under the Share Scheme.

Conditions for CGT Rollover

Synergy Metals Shareholders will be eligible for the rollover under Subdivision 124-M of the Income Tax Assessment Act 1997 ("ITAA 1997") where:

(1) the Synergy Metals Shareholder exchanges their Synergy Metals Shares for SML Shares;

(2) the exchange is as a result of a single arrangement which:

  (a) results in the acquiring group becoming the owner of at least 80% of the shares in Synergy Metals; and

  (b) either:

    (i) all owners of voting shares in Synergy Metals can participate on substantially the same terms in the arrangement; or

    (ii) the arrangement is a Corporations Act regulated take-over bid, or court approved scheme of arrangement; and

(3) the Synergy Metals Shares held by the shareholder are post-CGT shares (Synergy Metals Shares held by the shareholder were acquired on or after 20 September 1985); and

(4) apart from the rollover, the Synergy Metals Shareholder would realise a capital gain; and

(5) the replacement SML Shares are either shares in the acquiring company, or in the ultimate holding company of the acquiring company; and

(6) where there are one or more Synergy Metals Shareholders who own at least 30% of the shares in Synergy Metals, or there is a group of entities which collectively own 80% of the shares in Synergy Metals, the Synergy Metals Shareholders and Synergy Metals must jointly elect that the rollover will apply; and

(7) the market value of the replacement SML Shares must be substantially the same market value as the original Synergy Metals Shares; and

(8) the rights and obligations attaching to the replacement SML Shares must be of the same kind as those attaching to the original Synergy Metals Shares.

For the non-Australian tax resident Synergy Metals Shareholders who own more than 10% of the shares in Synergy Metals, their replacement shares in SML must be taxable Australian property immediately after the arrangement is completed.

Shares will be taxable Australian property where, broadly, more than 50% of the market value of the assets of the company are Australian real property (including mining tenements).

Failure of Synergy Metals Shareholders entitled to CGT rollover relief to notify SML in writing of the CGT cost base of their original Synergy Metals Shares worked out just before the CGT event may result in the rollover relief not being available.

In our view, the rollover will be applicable to all taxpayers who will make a capital gain where:

(i) the 80% acceptance test is met; and

(ii) the joint election is made between Synergy Metals Shareholders and Synergy Metals to apply the rollover.

(b) **Exchange of Synergy Metals Options for SML Options**

Similarly, the interposition of SML and SML Resources will trigger a capital gains tax ("CGT") event for Synergy Metals Optionholders who hold Synergy Metals Options because they will dispose of their Synergy Metals Options for SML Options.

However, we consider that the CGT rollover in subdivision 124-M ITAA 1997 discussed above will also be available to the following Synergy Metals Optionholders who hold their Synergy Metals Options on capital account (subject to our comments below):

(i) Australian tax resident Synergy Metals Optionholders; and

(ii) Non-Australian tax resident Synergy Metals Optionholders who hold a number of Synergy Metals Options that, in aggregate, entitle them to acquire more than 10% of the issued capital of Synergy Metals.

Therefore, Synergy Metals Optionholders who hold their Synergy Metals Options on capital account will not make an immediate taxable capital gain at the time of the Option Scheme if it occurs in conjunction with the Share Scheme and the cost base of their SML Options will be the same as the cost base of their Synergy Metals Options. The capital gain will be deferred until a CGT event happens in relation to the SML Options.

Where non-Australian tax resident taxpayers hold a number of Synergy Metals Options that entitle them to acquire less than 10% of the issued capital of Synergy Metals, the capital gain from the disposal of those options is disregarded because this will not constitute taxable Australian property.

Synergy Metals Optionholders who acquired their Synergy Metals Options prior to 20 September 1985 ("pre-CGT") and whose Synergy Metals Options have remained as "pre-CGT assets" will not be entitled to roll-over relief on the basis that they are not subject to CGT in respect of the exchange of Synergy Metals Options for SML Options under the Option Scheme.

Conditions for CGT Rollover

In order for Synergy Metals Optionholders to be eligible for the CGT rollover under subdivision 124-M *ITAA 1997*, we make the following comments:

(1) Synergy Metals Optionholders must exchange their Synergy Metals Options for SML options; and

(2) the exchange of options must be part of the Share Scheme transaction whereby Synergy Metals Shareholders exchange their Synergy Metals Shares for SML Shares in order to satisfy the "single arrangement" condition in section 124-780(2) ITAA 1997 (discussed above); and

(3) all Synergy Metals Optionholders must be able to participate on substantially the same terms in the arrangement; and

(4) the Synergy Metals Options held by Synergy Metals Optionholders are post-CGT options (Synergy Metals Options held by Synergy Metals Optionholders were acquired on or after 20 September 1985); and

(5) apart from the rollover, Synergy Metals Optionholders would realise a capital gain; and

(6) the replacement SML Options are either options in the acquiring company or in the ultimate holding company of the acquiring company; and

(7) a joint election as discussed above is made that the rollover will apply; and

(8) the market value of the replacement SML Options must be substantially the same market value as the original Synergy Metals Options; and

(9) the rights and obligations attaching to the replacement SML Options must be of the same kind as those attaching to the original Synergy Metals Options.

For the non-Australian tax resident Synergy Metals Optionholders who own a number of Synergy Metals Options that, in aggregate, entitle them to acquire more than 10% of the issued capital of Synergy Metals, their replacement SML Options must be taxable Australian property immediately after the arrangement is completed.

The options will be taxable Australian property where, broadly, as discussed above more than 50% of the market value of the assets of the company are Australian real property (including mining tenements).

Failure of Synergy Metals Optionholders entitled to CGT rollover relief to notify SML in writing of the CGT cost base of their original Synergy Metals Options worked out just before the CGT event may result in the rollover relief not being available.

In our view, the rollover should be applicable to all taxpayers who will make a capital gain from the disposal of their Synergy Metals Options where all of the conditions of the rollover discussed above under "(i) Exchange of Synergy Metals Shares for SML Shares" are satisfied and:

(i) Synergy Metals Optionholders are issued with SML Options in conjunction with the Share Scheme;

(ii) the SML Options issued carry the same kind of rights and obligations that attached to the Synergy Metals Options; and

(iii) the market value of the SML Options is substantially the same market value as the original Synergy Metals Options.

(c) **Fall-Back Option Offer**

In the event that the Option Scheme is not approved and Synergy Metals Optionholders exchange all of their Synergy Metals Options for SML Options under the Fall-Back Option Offer, a CGT event will be triggered because Synergy Metals Optionholders will dispose of their Synergy Metals Options for SML Options.

We consider that the CGT rollover in subdivision 124-M ITAA 1997 that will be available if the Option Scheme is approved, will also be available if the Option Scheme is not approved but Synergy Metals Optionholders exchange their Synergy Metals Options for SML Options under the Fall-Back Option Offer. We consider that the rollover will be available to the following Synergy Metals Optionholders who hold their Synergy Metals Options on capital account:

(i) Australian tax resident Synergy Metals Optionholders; and

(ii) Non-Australian tax resident Synergy Metals Optionholders who hold a number of Synergy Metals Options that, in aggregate, entitle them to acquire more than 10% of the issued capital of Synergy Metals.

Therefore, those Synergy Metals Optionholders who hold their Synergy Metals Options on capital account and take advantage of the Fall-Back Option Offer will not make an immediate taxable capital gain at the time of the Share Scheme and the cost base of their SML Options will be the same as the cost base of their Synergy Metals Options. The capital gain will be deferred until a CGT event happens in relation to the SML Options.

Where non-Australian tax resident taxpayers hold a number of Synergy Metals Options that entitle them to acquire less than 10% of the issued capital of Synergy Metals, the capital gain from the disposal of the Synergy Metals Options is disregarded because this will not constitute taxable Australian property.

Synergy Metals Optionholders who acquired their Synergy Metals Options prior to 20 September 1985 ("pre-CGT") and whose Synergy Metals Options have remained as "pre-CGT assets" will not be entitled to roll-over relief on the basis that they are not subject to CGT in respect of the exchange of Synergy Metals Options for SML Options under the Fall Back Option Offer.

Synergy Metals Optionholders who do not take advantage of the Fall-Back Option Offer will continue to hold Synergy Metals Options. For those Synergy Metals Optionholders who do not take advantage of the Fall-Back Option Offer, we consider that there will be no income tax implications until a CGT event happens in relation to the Synergy Metals Options, for example when the Synergy Metals Options are disposed of or when the options expire.

Conditions for CGT Rollover

In order for Synergy Metals Optionholders to be eligible for the CGT rollover in subdivision 124-M ITAA 1997 under the Fall-Back Option Offer, the same conditions described above under the Option Scheme (refer to comments 1 - 9 under "Exchange of Synergy Metals Options for SML Options" will need to be satisfied).

For the non-Australian tax resident Synergy Metals Optionholders who own a number of Synergy Metals Options that, in aggregate, entitle them to acquire more than 10%

of the issued capital of Synergy Metals, their replacement SML Options must be taxable Australian property immediately after the arrangement is completed.

The options will be taxable Australian property where, broadly, as discussed above more than 50% of the market value of the assets of the company are Australian real property (including mining tenements).

Failure of Synergy Metals Optionholders entitled to CGT rollover relief to notify SML in writing of the CGT cost base of their original Synergy Metals Options worked out just before the CGT event may result in the rollover relief not being available.

In our view, the rollover should be applicable to all taxpayers who take advantage of the Fall-Back Option Offer and exchange their Synergy Metals Options for SML Options where the terms of the Fall-Back Option Offer are the same as the terms of the Option Scheme, all of the conditions for the rollover discussed above are satisfied (under "Exchange of Synergy Metals Shares for SML Shares") and:

(i) Synergy Metals Optionholders are issued with SML Options in conjunction with the Share Scheme;

(ii) the SML Options issued carry the same kind of rights and obligations that attached to the Synergy Metals Options; and

(iii) the market value of the SML Options issued is substantially the same market value as the original Synergy Metals Options.

9.3 Summary of Australian income taxation implications – Holding SML Shares

(a) Dividends received

The Australian taxation consequences for Australian resident SML Shareholders receiving a dividend from SML are detailed below.

For Australian tax resident individual SML Shareholders:

- Australian tax resident individual SML Shareholders must include the amount of any dividends received on SML Shares in their assessable income in the year the dividend is paid;
- Bermuda does not impose tax on dividends and there is no withholding tax therefore Australian tax resident individual SML Shareholders will not be entitled to any foreign income tax offset;
- Accordingly, Australian tax resident individual SML Shareholders will be taxed on dividends received from their SML Shares at marginal tax rates in the year the dividend is received.

For Australian tax resident companies:

- Australian resident companies that hold less than 10% of the SML Shares on issue must include the amount of any dividends received on SML Shares in their assessable income in the year the dividend is paid. As discussed above, Bermuda does not impose tax on dividends and there is no withholding tax therefore Australian resident companies that hold less than 10% of the SML Shares on issue will be taxed on the dividends at 30% and will not be entitled to any foreign income tax offset;

- Where an Australian resident company that holds at least 10% of the voting power in SML such as Northwest, receives a dividend from SML the dividend will be non-assessable non-exempt income and therefore will not be assessable income of the company for Australian taxation purposes.

(b) **Disposal of shares**

The Australian taxation consequences for SML Shareholders when disposing of SML Shares are detailed below.

For individual SML Shareholders:

- Where an Australian tax resident individual SML Shareholder disposes of SML Shares, the disposal will trigger a taxable capital gain. Where the individual has held the SML Shares for more than 12 months, the capital gain will be reduced by 50%. For those individual SML Shareholders who elect for the scrip for scrip rollover to apply to their Synergy Metals Shares as part of the Share Scheme (as discussed above), the acquisition date of their SML Shares is taken to be the acquisition date of their original Synergy Metals Shares. Further, for those SML Shareholders who elect for the scrip for scrip rollover to apply, the SML Shares will inherit the cost base of the Synergy Metals Shares.

- Where a non-Australian tax resident individual SML Shareholder who holds more than 10% of the SML Shares on issue disposes of their SML Shares, the disposal will trigger a taxable capital gain. At the date this report has been prepared, the Australian Government is proposing to remove the 50% discount on capital gains earned after 8 May 2012 by non-residents on taxable Australian property. Therefore if the Government passes the proposed law change, the full amount of the capital gain will be assessable at non-resident rates of tax. For those SML Shareholders who elect for the scrip for scrip rollover to apply as part of the Share Scheme, the SML Shares will inherit the cost base of the Synergy Metals Shares.

- Where a non-Australian tax resident individual SML Shareholder who holds less than 10% of the SML Shares on issue disposes of their SML Shares, the capital gain from the disposal of the SML Shares is disregarded because a shareholding of less than 10% is not taxable Australian property.

For companies:

- Where an Australian resident company that holds less than 10% of the SML Shares on issue disposes of their SML Shares, the capital gain from the disposal of the SML Shares will be taxable. For those corporate SML Shareholders that elected for the scrip for scrip rollover to apply to their Synergy Metals Shares as part of the Share Scheme(as discussed above), the SML Shares will inherit the cost base of the Synergy Metals Shares.

- Where an Australian tax resident company that holds more than 10% of the SML Shares on issue disposes of their SML Shares, the capital gain from the disposal of the SML Shares is likely to be 100% taxable in Australia.

Under the taxation provisions, where shares in a foreign company are disposed of, the capital gain is reduced by a percentage that reflects the foreign business assets of the foreign company at the time of the CGT event. Where there is a foreign wholly owned group the subsidiary companies are treated as part of the foreign company. Therefore, SML Resources and Synergy Metals will be treated as part of SML. Accordingly, if Synergy Metals holds all of the assets of the group and the assets are all situated in Australia, the capital gain will not be reduced and will be 100% taxable.

For those corporate SML Shareholders that elected for the scrip for scrip rollover to apply to their Synergy Metals Shares as part of the Share Scheme, the SML Shares will inherit the cost base of the Synergy Metals Shares.

- Where a non-Australian tax resident company that holds more than 10% of the SML Shares on issue disposes of their SML Shares, the disposal will trigger a taxable capital gain. For those SML Shareholders who elect for the scrip for scrip rollover to apply to the Share Scheme, the SML Shares will inherit the cost base of the Synergy Metals Shares.

- Where a non-Australian tax resident company that holds less than 10% of the SML Shares on issue disposes of their SML Shares, the capital gain from the disposal of the SML Shares is disregarded because a shareholding of less than 10% is not taxable Australian property.

(c) **Stamp duty implications of Share Scheme and Option Scheme**

Subject to obtaining a favourable ruling from the relevant revenue office otherwise, duty may be imposed on the transactions associated with the Share Scheme and Option Scheme. However, Synergy Metals Shareholders and Synergy Metals Optionholders will not individually be required to pay any stamp duty on either the disposal of their Synergy Metals Shares or their Synergy Metals Options or the acquisition of the SML Shares or SML Options.

9.4 Carry Forward Revenue and Capital Losses of Synergy Metals

At the time of the proposed Share Scheme, Synergy Metals has carried forward revenue and capital losses.

In order for Synergy Metals to utilise prior year revenue and/or capital losses, it must satisfy either the continuity of ownership test (“COT”) or the same business test (“SBT”).

The COT requires tracing through to individual persons and specifically requires that there must be continuity in the persons who have more than 50% of the voting power, rights to dividends and rights to capital distributions between the loss year and the income year in which Synergy Metals seeks to deduct prior year revenue and/or capital losses.

If the COT cannot be satisfied, the SBT must be satisfied in order for Synergy Metals to utilise prior year revenue and/or capital losses. The SBT requires that Synergy Metals carried on the same business at the time Synergy Metals fails the COT and throughout the income year that Synergy Metals seeks to deduct the prior year revenue and/or capital losses.

If in future Synergy Metals seeks to utilise prior year revenue and/or capital losses, Synergy Metals will need to satisfy the COT or SBT. The proposed Share Scheme itself will not cause the COT to be immediately failed for income tax purposes. However, if Synergy Metals seeks to utilise prior year revenue and/or capital losses in future, further detailed consideration in relation to the loss testing will be required.

10. Additional information

10.1 Synergy Metals securities

At the date of this Scheme Booklet, Synergy Metals has on issue:

- 107,838,740 Synergy Metals Shares;
- 36,892,397 Synergy Metals Options; and
- 52,500,000 Northwest Options.

In accordance with section 170 of the *Corporations Act*, Synergy Metals maintains a register of the names of all Synergy Metals Shareholders and Synergy Metals Optionholders. Pursuant to section 173 of the *Corporations Act*, Synergy Metals Shareholders and Synergy Metals Optionholders may, upon request to Synergy Metals:

(a) inspect the register free of charge; and

(b) obtain a copy of the register, subject to payment of a prescribed fee to Synergy Metals.

10.2 Substantial shareholders

As at 27 February 2013, the following persons had a relevant interest in 5% or more of Synergy Metals Shares on issue:

Name	Number of Synergy Metals Shares[1]	Percentage of Synergy Metals Shares
Northwest	**52,500,000**	**48.7%**
HSBC Custody Nominees (Australia) Limited	**6,622,703**	**6.1%**

10.3 SML's interests in Synergy Metals securities

(a) SML's interests in Synergy Metals Shares and Synergy Metals Options

As at the date of this Scheme Booklet, SML does not have a Relevant Interest in any Synergy Metals Shares (or Synergy Metals Options). Accordingly, as at the date of this Scheme Booklet, SML had no voting power in Synergy Metals.

[1] These Synergy Metals Shares are represented by Synergy Metals Options.

(b) **Acquisitions of Synergy Metals Shares or Synergy Metals Options by SML or its associates**

In the four months prior to the date of lodgement of this Scheme Booklet with ASIC, neither SML nor any of its associates have provided, or agreed to provide, consideration for Synergy Metals Shares or Synergy Metals Options under a purchase agreement, other than under the agreement to pay the Scheme Consideration under the Schemes if they become Effective.

10.4 No collateral benefits

In the four months prior to the date of lodgement of this Scheme Booklet with ASIC, neither SML nor any of its associates have provided any benefit, or agreed to provide any benefit, to a person to induce them to vote in favour of the Schemes or to dispose of their Synergy Metals Shares or Synergy Metals Options, other than under the agreement to pay the Scheme Consideration under the Schemes if they become Effective.

10.5 Synergy Metals securities held by Synergy Metals Directors and SML Directors

The Synergy Metals Directors and SML Directors (and the Proposed SML Directors), and the number of Synergy Metals Shares and Synergy Metals Options held by or on behalf of each of them at the date of lodgement of this Scheme Booklet with ASIC are set out below:

Name	Number of Synergy Metals Shares	Number of Synergy Metals Options
Poh Kiat	3,231,335	2,154,223
Freddie Heng KC	2,901,911	1,934,607

10.6 Interests of Synergy Metals Directors and SML Directors in SML securities

As at the date of this Scheme Booklet, no Synergy Metals Director nor SML Director holds any interest in any securities of SML.

10.7 Payments and other benefits to directors (proposed directors), secretaries and executive officers of Synergy Metals and SML

(a) **Remuneration**

The directors of Synergy Metals are currently paid the following remuneration and it is proposed that they will also be paid the following as directors of SML following implementation of the Scheme:

Name	Annual Remuneration (exclusive of superannuation) Annual Salary and Fees
Sun Feng	$48,000

Name	Annual Remuneration (exclusive of superannuation) Annual Salary and Fees
Poh Kiat	$30,000
Freddie Heng KC	$30,000
Sze Shaw Pao	$30,000
Ren Xiaohua	$30,000
Foong Yong (Chief Financial Officer)	$27,000

The remuneration of the executive directors of SML, in respect of which currently there are none, can be fixed by the SML board and may consist of salary, bonuses or any other elements, but must not be a commission on, or percentage of, operating revenue.

The remuneration as outlined above is current as at the date of this Scheme Booklet, but is subject to adjustment in the ordinary course.

(b) **Termination payments**

Except as set out in this section 10.7 and section 10.8, no payment or other benefit is proposed to be made or given to any director, proposed directors, or secretary or executive officer of Synergy Metals, SML, or any body corporate related to Synergy Metals or SML, as compensation for loss of, or as consideration for or in connection with, his or her retirement from office as director, secretary or executive officer of Synergy Metals, SML or a body corporate connected with Synergy Metals or SML.

As set out in section 5.3(a), Synergy Metals and SML understand that, after completion of the Share Scheme, the SML Proposed Directors will be appointed as Directors of SML.

(c) **Participation in the Scheme**

Other than as described elsewhere in this Scheme Booklet, all directors, proposed directors, secretaries and executive officers of Synergy Metals, SML or any of Synergy Metals or SML's related entities, who are Synergy Metals Shareholders and/or Synergy Metals Optionholders (each a **Participating Officer**) will be treated in the same way under the Schemes as all other Synergy Metals Shareholders and/or Synergy Metals Optionholders (as the case may be) . Other than as described elsewhere in this Scheme Booklet, no payment or other benefit is proposed to be made or given to any Participating Officer that is not also given to all other Synergy Metals Shareholders and/or Synergy Metals Optionholders (as the case may be).

10.8 Other agreements or arrangements with Synergy Metals Directors or SML Directors (or SML Proposed Directors) in connection with the Schemes

Except as set out in section 10.7 and this section 10.8, there are no agreements or arrangements made between any Synergy Metals Director, any SML Director, any SML Proposed Director and any other person, including SML, in connection with or conditional upon the outcome of either of the Schemes.

(a) **Agreements or arrangements between Synergy Metals Directors or SML Directors (or SML Proposed Directors), and SML**

SML has entered into deeds with each of the SML Directors (and will enter into deeds with each of the SML Proposed Directors) to provide them with an indemnity from SML for director-related proceedings and actions.

(b) **Service Agreements or arrangements between Synergy Metals Directors or SML Directors (or SML Proposed Directors), and SML**

SML has entered into service agreements with each of the SML Directors (and will enter into service agreements with each of the SML Proposed Directors), effective from when the Share Scheme is implemented, on the same terms as their current service agreements with Synergy Metals in respect of their services as directors, which current service agreements will terminate upon the Share Scheme being implemented.

10.9 Interests of Synergy Metals Directors and SML Directors (and SML Proposed Directors) in contracts entered into by SML

Except as set out in section 10.8, no Synergy Metals Director nor SML Director nor SML Proposed Director has any interest in any contract entered into by SML.

10.10 Intentions of Synergy Metals Directors and SML Directors (and SML Proposed Directors) concerning the business of Synergy Metals

SML has provided a statement of its intentions concerning the business of Synergy Metals which is set out in section 5.2(b). In that statement SML states that, other than as disclosed elsewhere in this Scheme Booklet, it:

- intends to continue the business of Synergy Metals as currently conducted;
- does not intend to make any major changes to the business of Synergy Metals or redeploy any fixed assets of Synergy Metals; and
- does not intend to change or affect the future employment of the present employees of Synergy Metals.

That statement has been approved by the SML Directors and SML Proposed Directors, who are collectively the same as the Synergy Metals Directors. Accordingly, the intentions of the Synergy Metals Directors are the same as those of SML and the SML Proposed Directors.

10.11 Information in relation to existing SML Shares

As at the date of this Scheme Booklet, there are two SML Founder Shares in the issued and outstanding capital of SML. The two SML Founder Shares were issued to Synergy Metals on 15 October 2012 at an issue price of A$0.001 per SML Founder Share. No other securities in the capital of SML have been issued, transferred or sold in the three months before the date of lodgement of this Scheme Booklet with ASIC. As at the date of this Scheme Booklet, no SML Options have been issued and neither SML Shares nor SML Options have been granted official quotation on any securities exchange. Other than pursuant to the Schemes, SML will not raise any capital for three months after the date of this Scheme Booklet.

10.12 Quotation of SML Shares and SML Options

(a) Quotation on ASX of SML Shares

SML will apply for official quotation on ASX of all SML Shares to be issued under the Share Scheme within seven days after the date of this Scheme Booklet. That application will be conditional upon the Share Scheme becoming Effective. It is anticipated that SML Shares will begin trading on ASX on a deferred settlement basis on 28 May 2013, being the first trading day on ASX after the Effective Date and on a normal settlement basis on 13 June 2013, being the fifth trading day after the Implementation Date.

(b) Quotation on ASX of SML Options if Option Scheme is approved

SML will apply for official quotation on ASX of all SML Options to be issued under the Option Scheme within seven after the date of this Scheme Booklet. That application will be conditional upon the Option Scheme becoming Effective. It is anticipated that SML Options will begin trading on ASX on a deferred settlement basis on 28 May 2013, being the first trading day on ASX after the Effective Date and on a normal settlement basis on 13 June 2013, being the fifth trading day after the Implementation Date.

(c) Quotation on ASX of SML Options if Option Scheme is not approved

In the event that the Option Scheme is not approved, then Synergy Metals Optionholders will have the opportunity to apply for SML Options under the Fall-Back Option Offer (details of which are set out in section 1.8).

Provided that the conditions prescribed by ASX Listing Rule 2.5 are satisfied, then SML will seek to have all options issued pursuant to the Fall-Back Option Offer quoted on ASX. The conditions prescribed by ASX Listing Rule 2.5 include that there must be at least 100,000 SML Options and 50 holders of SML Options with a “marketable parcel” (as that term is defined by the ASX Listing Rules).

ASX has reserved the code ‘SOP’ for SML Shares and SML Options.

10.13 Regulatory matters

(a) ASX waivers

ASX has confirmed that, upon receipt of an application from SML for the admission of SML to the official list of ASX, it will:

- grant a waiver from ASX Listing Rule 6.23.2 to the extent necessary to allow Synergy to cancel the Synergy Metals Options under the Fall-Back Option Offer and the Synergy Northwest Options without shareholder approval, subject to the Share Scheme being approved by Synergy Metals Shareholders and the Court, and full details of the cancellations of those Synergy Metals Options are set out to the ASX's satisfaction in this Scheme Booklet;

- grant a waiver from ASX Listing Rule 10.11 to the extent necessary to allow SML to issue, without shareholder approval, the SML Northwest Options in consideration for the cancellation of its Synergy Northwest Options. This will be subject to:

  (a) the SML Northwest Options being issued on the same basis to Northwest and otherwise on the terms set out in this Scheme Booklet;

  (b) the Share Scheme being approved by the Synergy Metals Shareholders;

  (c) full details of the SML Northwest Options are set out to the ASX's satisfaction in this Scheme Booklet;

  (d) the SML Northwest Options being issued within one month from SML being admitted to the official list of the ASX (and which are not to be quoted on the ASX);

- confirm that ASX Listing Rule 10 will not apply in relation to the buy-back (or redemption) of the initial 2 SML Founder Shares;

- grant a waiver from paragraphs 10A and 10B of Appendix 1A of the ASX Listing Rules by not having SML provide an original or true certified copy of criminal history obtained from the relevant authority or search of the relevant insolvency/bankruptcy authority in relation to each Director and proposed Director of SML;

- grant a waiver from paragraphs 75 to 80B of Appendix 1A of the ASX Listing Rules to the extent necessary to permit SML not to provide information in relation to satisfying the profits test;

- grant a waiver from paragraphs 81 to 87C of Appendix 1A of the ASX Listing Rules to the extent necessary to permit SML not to provide information in relation to satisfying the assets test;

- grant a waiver from paragraph 42 of Appendix 1A of the ASX Listing Rules to the extent necessary to permit this Scheme Booklet not to include a brief history of SML;

- grant a waiver from paragraph 106 of Appendix 1A of the ASX Listing Rules to permit this Scheme Booklet not to include details of SML's existing and proposed activities and level of operations, or a statement of its main business;

- grant a waiver from paragraph 108 of Appendix 1A of the ASX Listing Rules to the extent necessary to permit this Scheme Booklet to be regarded as an information memorandum for the purposes of SML's application to list on ASX and by omitting the statement that this Scheme Booklet contains all information required by the prospectus provisions of the Act on condition that Synergy provides a statement to the market that it is in compliance with ASX Listing Rule 3.1 at the time SML is admitted to the official list of the ASX;

- grant a waiver from paragraph 117 of Appendix 1A of the ASX Listing Rules to the extent necessary to permit this Scheme Booklet not to comply with paragraph 117 of Appendix 1A by omitting the statement that a supplementary Scheme Booklet will be issued if SML becomes aware of certain matters occurring between the date of issue of this Scheme Booklet and the date the securities are quoted on the ASX, on condition that any such matters are announced to the market by Synergy;

- grant a waiver from paragraphs 124 and 126 to 129 of Appendix 1A of the ASX Listing Rules by omitting maps or a schedule of its mining tenements prepared by a qualified person, details of the interests of the mining tenements acquired by SML, or a financial statement by the Directors setting out a program and timetable for expenditure and a declaration of conformity or otherwise with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves for any reports on mineral resources;

- grant a waiver from condition 7 of ASX Listing Rule 1.1 to the extent necessary to permit SML to be admitted to the official list of the ASX without satisfying the specified shareholder spread requirements;

- grant a waiver from condition 8 of ASX Listing Rule 1.1 to the extent necessary to permit SML to be admitted to the official list of the ASX without complying with either ASX Listing Rule 1.2 or 1.3, on condition that SML satisfies ASX Listing Rules 12.1 and 12.2 at the time SML is admitted to the official list of the ASX;

- grant a waiver from condition 17 of ASX Listing Rule 1.1 to the extent necessary to permit SML to be admitted to the official list of the ASX without having to satisfy the ASX as to the good fame and character of the Directors and proposed Directors of SML;

- grant a waiver from condition 2 of ASX Listing Rule 2.1 to the extent necessary to permit SML to have its shares quoted on the ASX without those shares having an issue or sale price of at least $0.20 in cash;

- confirm that the terms that apply to the securities of SML are appropriate and equitable for the purposes of ASX Listing Rule 6.1;

- confirm that a waiver from ASX Listing Rule 7.1 is not required to permit SML to issue to Northwest the SML Northwest Options and the new SML Options to the Synergy Metals Options who apply for SML Options under the Fall-Back Option Offer (if the Option Scheme is not approved), without the approval of Synergy Metals Shareholders, and for those options not to be taken into account for the purposes of the ASX Listing Rule 7.1 formula;

- grant a waiver from ASX Listing Rule 10.11 to the extent necessary to allow SML to issue, without shareholder approval, the new SML Options under the Fall-Back Option Offer to the two directors of SML (who are also directors of Synergy Metals), namely Mr Poh Kiat and Mr Freddie Heng KC. This will be subject to:

  (a) the new SML Options being issued to Messrs Poh Kiat and Freddie Heng KC under the Fall-Back Option Offer on the same terms as the

Synergy Metals Options and otherwise on the terms set out in this Scheme Booklet;

(b) the Share Scheme being approved by the Synergy Metals Shareholders;

(c) full details of the new SML Options set out to the ASX's satisfaction in this Scheme Booklet; and

(d) the new SML Options being issued within one month from SML being admitted to the official list of the ASX and, subject to satisfying ASX Listing Rule 2.5, will be quoted on the ASX;

(b) **FIRB approval**

The acquisition of Synergy Metals Shares by SML under the Share Scheme is currently the subject of review by the Treasurer of the Commonwealth of Australia under section 26 of the *Foreign Acquisitions and Takeovers Act*. As the Share Scheme does not involve any change in the beneficial ownership of the Synergy Metals Group it is anticipated that SML, together with SML Resources, will be granted approval by the Treasurer (or his delegate) for the purposes of the *Foreign Acquisitions and Takeovers Act.*

10.14 Consents and disclaimers

(a) **Consents**

Each of the following persons have given and have not before the date of this Scheme Booklet withdrawn their written consent to be named in this Scheme Booklet in the form and context in which it is named:

- William Ross, as legal adviser to Synergy Metals and SML as to matters of Australian law;
- Boardroom Pty Limited as the Australian Registry.

Grant Thornton has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as the auditor to Synergy Metals and the independent accountants to SML and to the inclusion in this Scheme Booklet of extracts from and references to information from Synergy Metals' audited financial statements for the financial year ended 30 June 2012 and reviewed financial statements for the 6-month period ending on 31 December 2012, in the form and context in which they are included.

Appleby has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as legal adviser to Synergy Metals and SML as to matters of Bermudian law and to the inclusion in this Scheme Booklet of the summary of certain matters under Bermudian law set out in section 7 and the references to the contents or conclusions of that summary elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.

BDO has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named as Australian tax advisers to Synergy Metals and SML and to the inclusion in this Scheme Booklet of their report on the taxation implications of the Share Scheme for certain Synergy Metals Shareholders and the Option Scheme for certain Synergy Metals Optionholders set out in section 9 and the references to that report elsewhere in this Scheme Booklet including the summary in section 1.9, in each case in the form and context in which they are included.

DMR Corporate Pty Ltd has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named as the Independent Expert in this Scheme Booklet and to the inclusion in this Scheme Booklet of the Independent Expert's report set out in Annexure A and the references to the Independent Expert's Report elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.

SML has given and has not before the date of this Scheme Booklet withdrawn its written consent to the inclusion in this Scheme Booklet of the SML Information in the form and context in which it is included.

SML Resources has given and has not before the date of this Scheme Booklet withdrawn its written consent to the inclusion in this Scheme Booklet of the SML Resources Information in the form and context in which it is included.

(b) **Disclaimers of responsibility**

Each person named in section 10.14(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet on any statement on which a statement in this Scheme Booklet is based other than as specified in section 10.14(a); and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of, this Scheme Booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person referred to in section 10.14(a).

10.15 Fees and interests of advisers and certain other persons

Each of the persons named in section 10.14(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of changing. Professional fees in connection with the preparation and distribution of this Scheme Booklet are estimated by Synergy Metals to be approximately A$550,000.

Except as described elsewhere in this Scheme Booklet:

(a) no Synergy Metals Director or proposed director of Synergy Metals, or SML Director or SML Proposed Director; and

(b) no person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet, has, or had in the two years before the date of this Scheme Booklet, an interest in:

- the formation or promotion of SML;
- any property acquired or proposed to be acquired by SML in connection with its formation or promotion or the proposed issue of SML Shares and/or SML Options under the Schemes respectively; or
- the proposed issue of SML Shares and/or SML Options under the Schemes respectively,

and no amounts have been paid or agreed to be paid and no one has given or agreed to give a benefit to any such person to induce him to become or to qualify him as a director of SML or Synergy Metals, or for services rendered in connection with the promotion or formation of SML, or the proposed issue of SML Shares and/or SML Options under the Schemes respectively.

10.16 Publicly available information in relation to Synergy Metals

Synergy Metals is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. In addition, under the ASX Listing Rules, subject to certain limited exceptions, Synergy Metals is required to notify ASX immediately on becoming aware of any information which a reasonable person might expect to have a material impact on the price or value of Synergy Metals Shares or Synergy Metals Options.

Copies of documents given by Synergy Metals to ASIC under the *Corporations Act* may be obtained from or inspected at any office of ASIC. Copies of documents given by Synergy Metals to ASX are available from ASX's website (www.asx.com.au) and on Synergy Metals' website (www.synergymetals.com.au).

The documents available on ASX's website and Synergy Metals' website include the Synergy Metals' annual report and financial report for the year ended 30 June 2012.

Synergy Metals will make copies of these documents available free of charge to Synergy Metals Shareholders and Synergy Metals Optionholders. Please contact Ms Foong Yong of Synergy Metals on +61 3 9078 1199 from within Australia between 9.00 am and 5.00 pm (AEST) Monday to Friday.

10.17 Supplementary information

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Court Approval Date, SML becomes aware of any of the following:

- a material statement in the SML Information is false or misleading;
- a material omission from the SML Information;
- a significant change affecting a matter included in the SML Information; or
- a significant new matter affecting SML that has arisen and that would have been required to be included in the SML Information if it had arisen before the date of lodgment of this Scheme Booklet for registration by ASIC,

SML will make available supplementary information to Synergy Metals. Synergy Metals will make any such supplementary material provided by SML available to Synergy Metals Shareholders and Synergy Metals Optionholders by releasing that material to ASX (www.asx.com.au) and posting the supplementary document on Synergy Metals' website (www.synergymetals.com.au). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Synergy Metals may also send such supplementary materials to Synergy Metals Shareholders and Synergy Metals Optionholders.

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Synergy Metals becomes aware of any of the following:

- a material statement in this Scheme Booklet is false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter that has arisen and that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Synergy Metals will make available supplementary material to Synergy Metals Shareholders and Synergy Metals Optionholders. Synergy Metals intends to make available any supplementary material by releasing that material to ASX (www.asx.com.au) and posting the supplementary document to Synergy Metals' website (www.synergymetals.com.au). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Synergy Metals may also send such supplementary materials to Synergy Metals Shareholders and Synergy Metals Optionholders.

10.18 Other material information

Except as set out in this Scheme Booklet (including the information contained in the Independent Expert's Report and the other Annexures to this Scheme Booklet), there is no information material to the making of a decision in relation to the Share Scheme, being information that is within the knowledge of any Synergy Metals Director, or any director of any Related Body Corporate of Synergy Metals, which has not previously been disclosed to Synergy Metals Shareholders and Synergy Metals Optionholders.

THE ISSUE OF THIS SCHEME BOOKLET IS AUTHORISED BY THE DIRECTORS OF SYNERGY METALS LIMITED AND SML CORPORATION LIMITED AND THE SML PROPOSED DIRECTORS AND THIS SCHEME BOOKLET HAS BEEN SIGNED BY OR ON BEHALF OF THE DIRECTORS OF SYNERGY METALS LIMITED AND SML CORPORATION LIMITED AND SML PROPOSED DIRECTORS ON 8 MARCH 2013.

Mr Sun Feng

Mr Poh Kiat

Mr Freddie Heng KC

Mr Sze Shaw Pao

Mr Ren Xiaohua

11. Glossary

11.1 Definitions

In this Scheme Booklet:

A$ means the lawful currency of the Commonwealth of Australia;

ACN means Australian company number;

AEST means the time in Melbourne, Victoria;

Appleby means Appleby Hong Kong office, of 2206-19 Jardine House, 1 Connaught Place, Central, Hong Kong;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market operated by ASX Limited;

ASX Listing Rules means the official listing rules of the ASX;

Australian Registry means Boardroom Pty Limited (ACN 003 209 836);

BDO means BDO (QLD) Pty Ltd of Level 18, 300 Queen Street, Brisbane, Queensland, Australia 4000;

Bermuda Companies Act means the *Companies Act 1981* of Bermuda as may be amended or replaced from time to time;

Board or **Synergy Metals Board** means the board of directors of Synergy Metals;

Business Day means a business day as defined in the ASX Listing Rules;

CHESS means the Cleaning House and Electronic Sub-register System which provides for the electronic transfer, settlement and registration of securities in Australia;

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

Court means the Supreme Court of Victoria;

Deed of Cancellation means the deed of that name to be entered into between Northwest, Synergy Metals and SML in accordance with the Implementation Agreement;

Directors means the directors of Synergy Metals as at the date of this Scheme Booklet, whose names are set out in section 3.3(a);

DMR means DMR Corporate Pty Ltd (ACN 063 564 045) of Level 7, 470 Collins Street, Melbourne, Victoria, Australia, 3000;

Effective means, when used in relation to the Share Scheme or the Option Scheme, the coming into effect pursuant to section 411(10) of the *Corporations Act* of the order of the

Court made under section 411(4)(b) in relation to the Share Scheme or the Option Scheme (as the case may be);

Effective Date means the date a Scheme becomes Effective;

Excluded Securities means any Synergy Metals Shares or Synergy Metals Options or both (as the case may be) held by SML or by any other person on behalf of or for the benefit of SML or any related entity of SML;

Fall-Back Option Offer means the invitation to Synergy Metals Optionholders set out in the Prospectus issued by SML which is subject to the following conditions:

(a) the Synergy Metals Optionholders not approving the Option Scheme at the Option Scheme Meeting by the requisite majorities, and the Share Scheme becoming Effective;

(b) the Synergy Metals Optionholder agrees to the cancellation of all its Synergy Metals Options in consideration for the grant of an equivalent number of SML Options on terms and conditions which replicate those of the Synergy Metals Options;

(c) the Synergy Metals Optionholder undertaking to SML that it will not trade or otherwise deal with its Synergy Metals Options after the date on which it signs the Fall-Back Option Offer; and

(d) SML will only accept and process application forms which it receives in respect of the Fall-Back Option Offer prior to 5:00 pm AEST on the date being 20 Business Days from the date Option Scheme is not approved by the requisite majorities;

Final End Date means 31 July 2013, or such later date as SML and Synergy Metals agree in writing;

First Court Date means the first day on which an application is made to the Court for an order under section 411(1) of the *Corporations Act* approving the convening of a Scheme Meeting, or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing;

Foreign Acquisitions and Takeovers Act means the *Foreign Acquisitions and Takeovers Act 1975* (Cth);

Grant Thornton means Grant Thornton Australia, Level 2, 215 Spring Street Melbourne, Victoria, Australia 3000;

GST means Australian goods and services tax;

Implementation Agreement means the scheme implementation agreement in the form set out in Annexure F;

Implementation Date means the date which is the next Business Day after the Scheme Record Date, on such other date as SML and Synergy Metals agree in writing;

Independent Expert means DMR;

Independent Expert's Report means the independent expert's report prepared by the Independent Expert in relation to the Schemes, a copy of which is set out in Annexure A;

Ineligible Foreign Holder means any Synergy Metals Shareholder whose address on the Synergy Metals Share Register or any Synergy Metals Optionholder whose address on the Synergy Metals Option Register (as the case may be) as at the Scheme Record Date is a place outside of:

(a) Australia and its external territories;

(b) New Zealand;

(c) Hong Kong;

(d) Singapore;

(e) British Virgin Islands;

(f) Ireland;

(g) Malaysia;

(h) United Kingdom; and

(i) any other jurisdiction where it is lawful and not unduly onerous or impracticable to offer or issue any of the SML Shares or SML Options,

unless, no less than three Business Days prior to the Scheme Meeting, Synergy Metals and SML agree in writing that it is lawful and not unduly onerous or impractical to issue that Synergy Metals Shareholder with SML Shares or that Synergy Metals Optionholder with SML Options (as the case may be) when the Scheme becomes Effective;

JORC means the Australasian Joint Ore Reserves Committee;

JORC Code means the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, which is available at www.jorc.org;

Northwest means Northwest Nonferrous Australia Mining Pty Ltd (ACN 134 016 087);

Northwest Options means the 52,500,000 Synergy Metals Options held by Northwest exercisable at $0.32 and expiring on 20 June 2014, issued to Northwest by Synergy Metals on and subject to the terms set out in the 2011 Synergy Metals AGM notice of meeting announced on ASX on 11 May 2011;

Notice of Option Scheme Meeting means the Notice of Option Scheme Meeting set out in Annexure E;

Notice of Share Scheme Meeting means the Notice of Share Scheme Meeting set out in Annexure D;

Option Scheme means the scheme of arrangement under Part 5.1 of the *Corporations Act* between Synergy Metals and the Synergy Metals Optionholders, the form of which is to be agreed between the parties in writing on terms that are consistent with the provisions of the Implementation Agreement (and under which the Synergy Metals Optionholders will receive the Option Scheme Consideration), subject to any alterations or conditions made or required by the Court under section 411(6) of the *Corporations Act* as are agreed to by the parties in writing;

Option Scheme Consideration means, other than for Ineligible Foreign Holders who shall receive cash in accordance with section 8.11, one SML Option for every one Synergy Metals Option held by an Synergy Metals Optionholder on the Scheme Record Date;

Option Scheme Deed Poll means the deed poll to be entered into by SML in favour of the Synergy Metals Optionholders in the form set out in Annexure H, with such amendments as are approved by the Court;

Option Scheme Meeting means the meeting of Synergy Metals Optionholders ordered by the Court to be convened pursuant to section 411(1) of the *Corporations Act* in respect of the Option Scheme, and includes any adjournment of that meeting;

Option Scheme Nominee means the nominee appointed by SML under the Implementation Agreement to sell those SML Options to which Ineligible Foreign Holders would otherwise become entitled and to remit the proceeds received (after deducting any applicable brokerage, stamp duty and other taxes and charges) to SML for it to pay to the Ineligible Foreign Holders in accordance with the Implementation Agreement;

Other Regulatory Approval means:

(a) any necessary approval from the Australian Foreign Investment Review Board; and

(b) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Government Agency; or

(c) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action;

Prospectus means the disclosure document of SML dated the same date as this Scheme Booklet in relation to the Fall-Back Option Offer, which is enclosed with this Scheme Booklet;

Proxy Form means the proxy form for the Scheme Meetings which accompanies this Scheme Booklet;

Related Body Corporate has the meaning given in the *Corporations Act*;

Relevant Interest has the meaning given in the *Corporations Act*;

Sale Nominee means either the Option Scheme Nominee or the Share Scheme Nominee appointed by SML in accordance with the terms and conditions of the Implementation Agreement;

Scheme means a scheme of arrangement under Part 5.1 of the *Corporations Act* between Synergy Metals and Synergy Metals Shareholders, in the form attached as Annexure B, or a scheme of arrangement under Part 5.1 of the *Corporations Act* between Synergy Metals and Synergy Metals Optionholders, in the form attached as Annexure C, subject to any amendments made or required by the Court under section 411(6) of the *Corporations Act* and approved by SML and Synergy Metals in writing and **Schemes** means both of those schemes of arrangement;

Scheme Booklet means this document;

Scheme Consideration means, other than for Ineligible Foreign Holders who shall receive cash in accordance with section 8.11, one SML Share for every one Synergy Metals Share held by a Synergy Metals Shareholder and one SML Option for every one Synergy Metals Option held by Synergy Metals Optionholder, in each case, on the Scheme Record Date;

Scheme Meeting means the meeting of Synergy Metals Shareholders or the meeting of Synergy Metals Optionholders ordered by the Court to be convened pursuant to section 411(1) of the *Corporations Act* in respect of a Scheme and **Scheme Meetings** means both of those meetings;

Scheme Record Date means, when used in relation to a Scheme, 5.00 pm on the fifth Business Day after the Effective Date of the Scheme, or such other date (after the Effective Date) as agreed between the parties;

Second Court Date means the first day on which an application made to the Court for orders under section 411(4)(b) (and, if applicable, section 411(6)) of the *Corporations Act*) approving the Schemes is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard;

Second Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the *Corporations Act* approving the Scheme or Schemes, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard;

Share Scheme means the scheme of arrangement under Part 5.1 of the *Corporations Act* between Synergy Metals and the Synergy Metals Shareholders, the form of which is to be agreed between the parties in writing on terms that are consistent with the provisions of the Implementation Agreement (and under which the Synergy Metals Shareholders will receive the Share Scheme Consideration), subject to any alterations or conditions made or required by the Court under section 411(6) of the *Corporations Act* as agreed to by the parties in writing;

Share Scheme Consideration means, other than for Ineligible Foreign Holders who shall receive cash in accordance with section 8.11, one SML Share for every one Scheme Share held by a Synergy Metals Shareholder on the Scheme Record Date;

Share Scheme Deed Poll means the deed poll to be entered into by SML in favour of the Synergy Metals Shareholders in the form set out in Annexure G, with such amendments as are approved by the Court;

Share Scheme Meeting means the meeting of Synergy Metals Shareholders ordered by the Court to be convened pursuant to section 411(1) of the *Corporations Act* in respect of the Share Scheme, and includes any adjournment of that meeting;

Share Scheme Nominee means the nominee appointed by SML under the Implementation Agreement to sell those SML Shares to which Ineligible Foreign Holders would otherwise become entitled and to remit the proceeds received (after deducting any applicable brokerage, stamp duty and other taxes and charges) to SML for it to pay to the Ineligible Foreign Holders in accordance with the Implementation Agreement;

SML means SML Corporation Limited, ARBN 161 803 032, a company incorporated in Bermuda;

SML Directors means the directors of SML as at the date of this Scheme Booklet, who are Poh Kiat and Freddie Heng KC;

SML Group means, following the Effective Date, SML and the Synergy Metals Group;

SML Founder Shares means the two 2 Class A shares of par value of A$0.001 in the capital of SML;

SML Information means all information concerning SML, SML Shares and SML Options set out in sections 4, 5, 6, 7. 10.3, 10.4, 10.11 and 10.12 of this Scheme Booklet but, for the avoidance of doubt, not including the information contained in the report on the taxation implications of the Schemes contained in section 9 of this Scheme Booklet, the Independent Expert's Report contained in Annexure A;

SML Northwest Option means an option to subscribe for one SML Share that is subject to the same terms and conditions as the Northwest Option in respect of which it is being issued;

SML Option means an option to subscribe for one SML Share but excludes the SML Northwest Options;

SML Proposed Directors means the directors of Synergy Metals, as at the date of this Scheme Booklet, other than Poh Kiat and Freddie Heng KC;

SML Resources means SML Resources Ltd, a company incorporated in the British Virgin Islands;

SML Resources Information means all information concerning SML Resources set out in sections 4.1 of this Scheme Booklet but, for the avoidance of doubt, not including the information contained in the report on the taxation implications of the Schemes contained in section 9 of this Scheme Booklet, the Independent Expert's Report contained in Annexure A;

SML Share means a fully paid common shares of par value A$0.001 in the capital of SML;

SML's Share Register means the register of shareholders of SML in Bermuda or any branch register thereof;

Subsidiary has the meaning given to it in section 46 of the *Corporations Act*;

Synergy Metals means Synergy Metals Limited (ACN 005 482 904);

Synergy Metals Board or **Board** means the board of directors of Synergy Metals;

Synergy Metals Directors means the directors of Synergy Metals as at the date of this Scheme Booklet, whose names are set out in section 3.3(a);

Synergy Metals Group means Synergy Metals and all of its Related Bodies Corporate;

Synergy Metals Information means all information included in this Scheme Booklet other than:

(a) the SML Information; and

(b) the information contained in the report on the taxation implications of the Scheme contained in section 9 of this Scheme Booklet, the Independent Expert's Report and the summary of the Competent Person's Report contained in Annexure ;

Synergy Metals Option means an option to subscribe for a Synergy Metals Share that remain on issue at the Scheme Record Date other than Excluded Securities (if any) and Northwest Options;

Synergy Metals Optionholder means a person who is registered in the Synergy Metals Option Register as the holder of one or more Synergy Metals Options;

Synergy Metals Option Register means the register of Synergy Metals Options maintained by the Australian Registry in Australia on behalf of Synergy Metals;

Synergy Metals Share means a fully paid ordinary share in the capital of Synergy Metals on issue at the Scheme Record Date other than any Synergy Metals Shares that are Excluded Securities (if any);

Synergy Metals Shareholder means a person who is registered in the Synergy Metals Share Register as the holder of one or more Synergy Metals Shares as at the Scheme Record Date; and

Synergy Metals Share Register means the register of Synergy Metals Shares maintained by the Australian Registry in Australia on behalf of Synergy Metals.

11.2 Related entities

For the purposes of this Scheme Booklet, an entity is a related entity of another entity if the first entity and the second entity would be related bodies corporate for the purposes of section 50 of the *Corporations Act* if the *Corporations Act* were read so that:

(a) references to bodies corporate included references to other entities;

(b) a subsidiary of an entity included an entity that is controlled by the first entity for the purposes of section 50AA of the *Corporations Act*;

(c) a trust is a subsidiary of another entity if it would have been a subsidiary had the trust been a body corporate and had units in the trust been shares; and

(d) an entity is a subsidiary of a trust if it would have been a subsidiary had the trust been a body corporate.

11.3 References to certain other words and terms

In this Scheme Booklet:

(a) any reference, express or implied, to any legislation in any jurisdiction includes:

    (i) that legislation as amended, extended or applied by, or under any other legislation made before or after the date of this Scheme Booklet;

    (ii) any legislation which that legislation re-enacts with or without modification; and

    (iii) any subordinate legislation made before or after the date of this Scheme Booklet under that legislation, including (where applicable) that legislation as amended, extended or applied as described in subsection 11.3(a)(i), or under any legislation which it re-enacts as described in subsection 11.3(a)(ii);

(b) words denoting persons include bodies corporate and unincorporated associations of persons;

(c) references to an individual or a natural person include his estate and personal representatives;

(d) the Annexures form part of this Scheme Booklet and a reference to a section, schedule or Annexure is a reference to a section, schedule or Annexure of or to this Scheme Booklet;

(e) a reference to any time, unless otherwise indicated, is a reference to that time in Perth, Australia; and

(f) a reference to **$**, **A$** or to **dollars** is to Australian currency, unless the context otherwise requires.

11.4 Rules of interpretation and construction

In this Scheme Booklet:

(a) singular words include the plural and vice versa;

(b) a word of any gender includes the corresponding words of any other gender;

(c) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;

(d) general words must not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; and

(e) the headings do not affect interpretation.

Annexure A

Independent Expert's Report

DMR
CORPORATE

DMR Corporate Pty Ltd A.C.N. 063 564 045
470 Collins Street
Melbourne Telephone (03) 9629 4277
Victoria 3000 Facsimile (03) 9629 4598
Australia Web www.dmrcorporate.com.au

7 March 2013

The Directors
Synergy Metals Limited
Level 4
468 St Kilda Road
Melbourne
Vic 3004

Dear Sirs,

Re: Independent Expert's Report

1. Introduction

Synergy Metals Limited ("Synergy") is an Australian Securities Exchange ("ASX") listed company engaged in the exploration and development of mineral resources in Australia. Its primary exploration focus is on gold, silver and base metals. Synergy holds interests in various tenements covering approximately 621 square kilometers in north-eastern Victoria, Australia and this is the area where all exploration work is currently being focused.

On 16 November 2012, Synergy announced a proposal to implement a restructure whereby Synergy shareholders will exchange their existing Synergy shares for shares in a newly incorporated company domiciled in Bermuda and named SML Corporation Limited ("SML"). The proposed re-domiciliation of Synergy to Bermuda is to be effected pursuant to Part 5.1 of the Corporations Act 2001 ("the Act") by way of a share scheme of arrangement ("Share Scheme") that must be approved by Synergy's shareholders and the Supreme Court of Victoria ("the Court").

It is a condition of the Share Scheme that the ASX will have approved SML for listing, subject to the Share Scheme taking effect.

A second scheme of arrangement ("the Option Scheme") will be voted on by the optionholders, pursuant to which the holders of the Synergy options listed on the ASX will have their existing Synergy options cancelled and they will be issued new options on the same commercial terms in SML. Approval of the Option Scheme is not a condition of the Share Scheme, however the Option Scheme is conditional upon the Share Scheme being approved by the Synergy shareholders. If the optionholders approve the Option Scheme then the Court must also approve the Option Scheme before it can be implemented.

The Share Scheme and the Option Scheme are collectively referred to throughout this report as "the Schemes".

2. The Proposed Schemes

The proposed re-domiciliation of Synergy to Bermuda is to be effected by these two schemes:

Share Scheme - Under the Share Scheme, members will have their shares in Synergy transferred to SML Resources Limited (a wholly owned subsidiary company of SML established in the British Virgin Islands) ("SML Resources") and they will in return receive a like number of SML shares.

Option Scheme - Under the Option Scheme, optionholders will have their options in Synergy cancelled and they will in return receive a like number of SML options on the same commercial terms as their existing Synergy options.

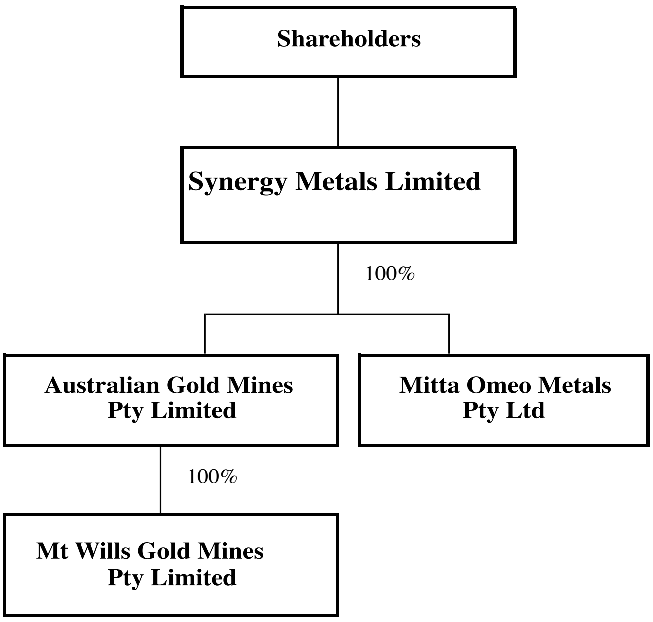
If the Option Scheme is not approved by optionholders and/or the Court, then the optionholders will have the opportunity to apply for SML options on the basis of them agreeing to the cancellation of their Synergy options under the Fall-Back Option Offer.

The Fall-Back Option Offer is made by SML under the terms of a prospectus dated on or about 8 March 2013 and it is an invitation made exclusively to Synergy optionholders to apply for SML options.

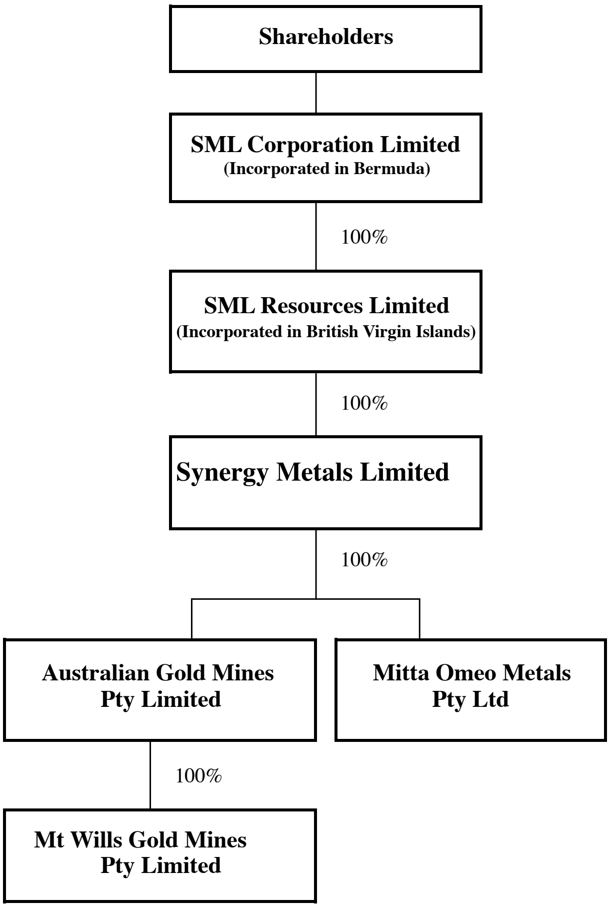
The terms proposed for the Schemes are as follows:

- **Share Scheme** - one fully paid SML share will be issued for every one fully paid Synergy share transferred to SML Resources;
- **Option Scheme** - one SML option will be issued for every one fully paid Synergy option cancelled under the Option Scheme, or subscribed for, pursuant to the Fall-Back Option Offer. The SML options will be issued on the same commercial terms as the Synergy options.

The present structure of Synergy is as follows:



After the implementation of the Share Scheme the group structure of Synergy will be as follows:



SML and Synergy entered into an implementation agreement on 8 February 2013, which sets out certain arrangements agreed between SML and Synergy, in relation to the proposed re-domiciliation of Synergy to Bermuda.

The Share Scheme becomes binding on Synergy and all of its shareholders if, amongst other things, the required majority of shareholders vote in favour of the Share Scheme and, if it is then approved by the Court.

The Directors of Synergy have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise shareholders whether the Proposed Share Scheme is in the best interests of the shareholders and whether the Proposed Option Scheme is in the best interests of the optionholders.

A copy of our report will accompany the Notice of Meeting and will be included as part of the Scheme Booklet to be sent by Synergy to its shareholders and optionholders.

3. Summary Opinions

3.1 Share Scheme:

In our opinion, the Proposed Share Scheme is in the best interests of the Synergy shareholders, in the absence of a superior proposal.

Our principal reason for determining that the Proposed Share Scheme is in the best interests of the shareholders is that we consider that the advantages of the Share Scheme outweigh the disadvantages – (Section 9).

3.2 Option Scheme:

In our opinion, the Proposed Option Scheme is in the best interests of the Synergy optionholders, in the absence of a superior proposal.

Our principal reason for determining that the Proposed Option Scheme is in the best interests of the optionholders is that we consider that the advantages of the Option Scheme outweigh the disadvantages – (Section 9).

4. Structure of this Report

This report is divided into the following Sections:

5. Purpose of the Report

The proposed re-domiciliation of Synergy to Bermuda is to be implemented by way of a Scheme of Arrangement under Section 411 of the Act.

Section 411 of the Act provides that where a Scheme of Arrangement is proposed between a company and its members or any class of them, the Court may order that a meeting of members or meetings of classes of members be convened. Section 412 (1) provides that where a meeting is convened under Section 411, the notice sent to members convening the meeting shall include an explanatory statement that includes prescribed information.

Regulation 8303 to the Act prescribes that if a director of any corporation that is the other party to a proposed reconstruction or amalgamation is a director of a company the subject of the Scheme, the Scheme Booklet must be accompanied by a copy of a report made by an expert who is not associated with the corporation that is the other party, stating whether or not, in his opinion, the proposed Scheme is in the best interest of the members of the company the subject of the Scheme and setting out his or her reasons for that opinion.

In relation to the proposed re-domiciliation of Synergy to Bermuda, Messrs' Kiat POH and Kim Chuan Freddie HENG are directors of SML and they are also directors of Synergy and consequently an independent expert's report is required to be included in the Scheme Booklet.

ASIC Regulatory Guide 111 – Content of Expert Reports ("RG111") does not specify the approach that an expert should take in preparing an expert report in relation to a change of domicile, however RG111.4 states:

> "In deciding on the appropriate form of analysis for a report, an expert should bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction. An expert should focus on the purpose and outcome of the transaction, that is, the substance of the transaction, rather than the legal mechanism used to effect the transaction."

The economic substance of a change in domicile transaction is that there is no change in the economic interests of the shareholders or optionholders, who effectively retain their existing interests in the assets of Synergy. While the legal form of the transaction, which involves the exchange of shares and options in Synergy for shares and options in SML, is akin to a change in control transaction, there is not, in any substance, any change in control taking place under the Share Scheme or the Option Scheme. Accordingly, we do not consider it appropriate to analyse a change in domicile transaction as a control transaction.

6. Criteria For the Evaluation of the Schemes

6.1 If shareholders and the Court approve the Share Scheme, then shareholders will receive one SML share for every one Synergy share they presently hold. As the underlying value of the shares received will be exactly the same as the underlying value of the shares that will be transferred to SML Resources, the Share Scheme is deemed to be fair.

6.2 If optionholders and the Court approve the Option Scheme, then optionholders will receive one SML option for every one Synergy option they presently hold. As the terms and the underlying value of the options received will be exactly the same as the terms and underlying value of the options that will be cancelled, the Option Offer is deemed to be fair.

6.3 We consider the most appropriate approach to assess whether the Share Scheme and the Option Scheme are in the 'best interests' of the shareholders and optionholders is to consider the advantages and disadvantages of the Schemes and other relevant factors, and to conclude either that:

Share Scheme

- the Share Scheme is in the best interests of the shareholders if the advantages and other factors outweigh the disadvantages; or
- the Share Scheme is not in the best interests of the shareholders if the disadvantages and other factors outweigh the advantages.

Option Scheme

- the Option Scheme is in the best interests of the optionholders if the advantages and other factors outweigh the disadvantages; or
- the Option Scheme is not in the best interests of the optionholders if the disadvantages and other factors outweigh the advantages.

6.4 We have evaluated the Schemes for shareholders and optionholders as a whole however we have not considered the effect of the Schemes on the particular circumstances of individual investors. Due to investors' particular circumstances, investors may place a different emphasis on various aspects of the Schemes from the one adopted in this report. Accordingly, investors may reach different conclusions to DMR Corporate on whether the Schemes are in the best interests of shareholders and optionholders. If in doubt then investors should consult with an independent adviser who should take into account their individual circumstances.

7. Synergy - Key Information

7.1 Background

Synergy is a mineral exploration company with interests in the following mining tenements in East Gippsland:

Tenement	Location	Area (sq km)	Grant Date	Expiry Date	Annual Commitment
MIN 4921	Glen Wills - Sunnyside	2.4	18/01/90	13/05/14	$214,000
EL 3916	Mount Wills - Merrimac	47	13/05/96	13/05/14	$136,000
EL 4717	Benambra - Omeo	420	28/01/09	27/01/14	$173,600
EL 4744	Granite Flat	99.8	29/11/06	28/11/14	$69,500
EL 5300	Banimboola	52	20/04/11	19/04/16	$25,400
Totals		**621.20**			**$618,500**

Source: Synergy 2012 Annual Report and updated information provided by Synergy

A brief summary of each of the above exploration areas is as follows[1]:

Glen Wills – Maude Gold Mine (Mining lease 4921)

Surface and underground exploration drilling programmes at the Maude Gold Mine in the Glen Wills Goldfield project have continued. The drilling has successfully extended known mineralisation to the north below the historic mining area with positive outcomes. Drilling is ongoing with the programme designed to test mineralisation and structural setting at depth and to the north of the old mine area.

Glen Wills – Sunnyside Project (Mining lease 4921)

The Glen Wills – Sunnyside project has an inferred mineral resource totalling 197,000 tonnes averaging 11.1 g/t Au for 70,060 ounces of gold. Historically, the Glen Wills and Sunnyside

[1] Extracts from the Synergy 2012 Annual Report.

goldfields produced more than 217,000 ounces of gold at an average grade of 23g/t Au. There is some evidence to indicate that both goldfields are linked structurally, giving rise to the possibility that a mineralised corridor of more than 5 kilometres exists within the goldfields.

Two campaigns of surface drilling have occurred during the 2011-2012 year. The first from July – September 2011 consisted of 4 diamond drill holes for a total of 971 metres. Results from these holes were encouraging and allowed for a second programme of 6 holes to be drilled in the first half of 2012.

Some assay results from the most recent programme are still pending. However, alteration and sulphide mineralisation was recognised in most of the holes around the expected depths. Further, with the mineralised structure tested, the "Central Line" is known to extend to the south and includes the historic workings of the "Golden Fleece" and the "Three Star" mines.

Glen Wills – Goldfield Project (Mining lease 4921)

Synergy has received the approval of the Victorian Department of Primary Industries ("DPI") to commence drilling at the Centre Country Prospect, located between Glen Wills and Sunnyside Goldfields. The exploration campaign aims to confirm the existence of mineralisation over a 5 kilometre long structure by linking the 2 goldfields that will significantly enhance the exploration potential of the Project.

The Company has commenced construction of the exploration drill pads and access track. Track rehabilitation has been completed down to the No. 2 drilling pad chosen for its location on a pre-existing track to minimise earthworks and vegetation disturbance.

Drilling works will commence to test for mineralisation in this project.

Mount Wills – Merrimac (EL 3916)

A reduction in total area of the tenements has been made from its previous 121 km^2 down to 47 km^2. This reduction was undertaken as part of the process to renew the existing Exploration Licence for a further 2 years ending 13 May 2014.

Merrimac's work plan has been approved by the DPI to allow the commencement of drilling activities on this Prospect. Site preparation has been minimal, as all new drill holes will be collared on existing tracks. Drill holes will target strong gold-in-soil anomalies sourced from a sheeted quartz vein system.

Omeo Shear Zone - Benambra – Omeo (EL 4717)

During 2012 Synergy commenced and completed diamond drilling at the Forsyth Silver/Gold Prospect within EL 4717 located approximately 4 kilometres south of the township of Omeo. The 3 drill holes were designed to obtain geological information and test for mineralisation associated with historic prospecting work have been completed, while the final diamond drill hole encountered significant silver and gold mineralisation along with associated base metal credits.

Following the encouraging results received, the Company will continue with its exploration programme to further determine the extent of this mineralisation.

Plan is well advanced to undertake a follow-up programme centred on the Forsyth Silver/Gold Prospect discovery made during the year. Synergy has also completed geochemical soil sampling over a one square kilometre area of the Comstock Silver/Gold Prospect. At the same time, the review of the exploration potential at Mountain Maid and Dry Gully Prospects is continuing.

At the Comstock Prospect located 2 kilometres south from Forsyth's, soil sampling has confirmed co-incident multi-element targets (Silver/Arsenic/Antimony/Copper) within a broader low-level gold anomaly. The results of the geochemical sampling will be used to aid drill target selection at the Prospect. Drill testing of the Prospect has been approved by the DPI.

Granite Flat (EL4744) and Banimboola (EL 5300)

Granite Flat's work plan has been approved by the DPI to allow the commencement of drilling activities on this prospect. The Exploration Licence for Granite Flat has been renewed for a further 2 years ending on 28 November 2014.

Reprocessing of available magnetic geophysical data is continuing. The reworked data will aid future exploration targeting within EL 4744 and also within EL5300 which adjoins to the north of EL 4744.

Mt. Will Gold Mines Pty Ltd had on 23 August 2012 completed the transfer and registration of its exploration licence EL 5300 to Mitta Omeo Metals Pty Ltd, both of which are wholly owned subsidiaries.

Resources:

As at the 31 December 2012 Synergy had released the following resource figures to the market (comparison with 2009 resources):

Resources 2009 (3.0 g/t Au Cut-off)					**Resources 2012** (3.0 g/t Au Cut-off)				
Project	**Tonnes**	**g/t Au**	**Ozs Au**	**Ozs Ag**	**Project**	**Tonnes**	**g/t Au**	**Ozs Au**	**Ozs Ag**
Glen Wills					**Glen Wills**				
Indicated	-	-	-	-	Indicated	114,000	5.6	20,560	-
Inferred	338,200	7.04	76,550	118,100	Inferred	306,000	6.8	66,790	61,280
Total	338,200	7.04	76,550	118,100	Total	420,000	6.5	87,350	61,280
Sunnyside					**Sunnyside**				
Indicated	-	-	-	-	Indicated	-	-	-	-
Inferred	75,600	7.14	17,350	-	Inferred	197,000	11.1	70,060	82,070
Total	75,600	7.14	17,350	-	Total	197,000	11.1	70,060	82,070
Glen Wills Tailings					**Glen Wills Tailings**				
Indicated	-	-	-	-	Indicated	-	-	-	-
Inferred	112,000	2.60	9,350	-	Inferred	112,000	2.6	9,350	-
Total	112,000	2.60	9,350	-	Total	112,000	2.6	9,350	-
Total Resource					**Total Resource**				
Indicated	-	-	-	-	Indicated	114,000	5.6	20,560	-
Inferred	525,800	6.11	103,250	118,100	Inferred	615,000	7.4	146,200	143,350
Total	525,800	6.11	103,250	118,100	Total	729,000	7.1	166,760	143,350

7.2 Share Capital

As at 22 January 2013 Synergy had 107,838,740 fully paid ordinary shares on issue and the 10 largest shareholders were as follows:

Shareholder Name	Shares Held As At 22/01/13	%
NORTHWEST NONFERROUS AUSTRALIA MINING PTY LTD	52,500,000	48.68%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,622,187	6.14%
CITICORP NOMINEES PTY LIMITED	3,480,226	3.23%
MR SIK ERN WONG	3,386,400	3.14%
MS LEE LUANG YEO	3,210,906	2.98%
MR EWE GHEE LIM & MISS CHARLENE YULING LIM	3,147,374	2.92%
MR KIAT POH & MISS JU-LYNN POH	2,893,835	2.68%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,819,504	1.69%
KENG CHUEN THAM	1,600,000	1.48%
NATIONAL NOMINEES LIMITED	1,395,997	1.29%
	80,056,429	74.24%

Source: Synergy Share Register – 22/1/2013

Synergy also had the following options on issue as at 22 January 2013:

- 36,892,397 options - exercise price $0.20, expiry date of 23 November 2015 – listed options
- 52,500,000 options - exercise price $0.32, expiry date of 20 June 2014 – all of these options are held by Northwest Nonferrous Australia Mining Pty Ltd

The 10 largest holders of the listed options expiring on 23 November 2015 were as follows:

Optionholders Name	Options Held As At 22/01/13	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,684,617	23.54%
MS LEE LUANG YEO	6,206,253	16.82%
MR SIK ERN WONG	3,386,400	9.18%
MR EWE GHEE LIM & MISS CHARLENE YULING LIM	2,098,250	5.69%
MR KIAT POH & MISS JU-LYNN POH	1,929,224	5.23%
NEFCO NOMINEES PTY LTD	1,562,719	4.24%
NATIONAL NOMINEES LIMITED	1,062,818	2.88%
MR MELVIN BOON KHER POH	806,957	2.19%
GOFFACAN PTY LTD	600,000	1.63%
CITICORP NOMINEES PTY LIMITED	534,778	1.45%
	26,872,016	72.84%

Source: Synergy Option Register – 22/1/2013

7.3 Financial Performance

Synergy's audited Statements of Comprehensive Income for the years ended 30 June 2011 and 2012 and the reviewed half yearly Statement of Comprehensive Income for the six months to 31 December 2012 are as follows:

Statement of Comprehensive Income	Year Ended 2011 Audited $	Year Ended 2012 Audited $	Six Months Ended 31/12/2012 Reviewed $
Revenue			
Interest	57,434	583,168	189,572
Other revenue	4,000	10,324	60,153
Expenses			
Operating expenses	(1,288,172)	(897,558)	(660,794)
Exploration expenditure expensed	(25,803)	-	-
Property, plant and equipment written off	-	(29,764)	-
Impairment of property, plant and equipment	-	(814,402)	-
Loss before income tax expenses	(1,252,541)	(1,148,232)	(411,069)

Source: Synergy 2012 Annual Report and the Half Yearly Report for the six months to 31 December 2012

7.4 Financial Position

Synergy's audited Statements of Financial Position as at 30 June 2011 and 2012 and the reviewed Statement of Financial Position as at 31 December 2012 are as follows:

Statement of Financial Position	As At 30/6/11 Audited $	As At 30/6/12 Audited $	As At 31/12/12 Reviewed $
Assets			
Current assets			
Cash and cash equivalents	12,361,874	8,874,200	7,356,341
Trade and other receivables	199,378	115,662	71,022
Other	27,837	1,080	1,080
Total current assets	12,589,089	8,990,942	7,428,443
Non-current assets			
Property, plant and equipment	3,087,538	2,020,689	1,935,052
Deferred exploration and evaluation expenditure	16,326,988	19,737,803	20,575,118
Total non-current assets	19,414,526	21,758,492	22,510,170
Total assets	32,003,615	30,749,434	29,938,613
Liabilities			
Current liabilities			
Trade and other payable	613,501	507,552	107,798
Total current liabilities	613,501	507,552	107,798
Non-current liabilities			
Provisions	85,000	85,000	85,000
Total liabilities	698,501	592,552	192,798
Net assets	31,305,114	30,156,882	29,745,815
Equity			
Contributed equity	63,056,279	63,056,279	63,056,281
Accumulated losses	(31,751,165)	(32,899,397)	(33,310,466)
Total equity	31,305,114	30,156,882	29,745,815

Source: Synergy 2012 Annual Report and the Half Yearly Report as at 31 December 2012

7.5 Statements of Cash Flows

Synergy's audited Statements of Cash Flows for the years ended 30 June 2011 and 2012 and the reviewed half yearly Statement of Cash Flows for the six months to 31 December 2012 are as follows:

Consolidated Cash Flow	Year Ended 2011 Audited $	Year Ended 2012 Audited $	Six Months Ended 31/12/2012 Reviewed $
Cash flows related to operating activities			
Payment to suppliers (Inclusive of GST)	(641,238)	(655,753)	(930,271)
Interest received	57,434	583,168	191,958
Other revenue	-	-	57,767
Net cash used in operating activities	(583,804)	(72,585)	(680,546)
Cash flows from investing activities			
Payments for property, plant and equipment	(23,823)	(4,274)	
Payment for exploration and evaluation	(1,393,704)	(3,410,815)	(837,315)
Net cash used in investing acivities	(1,417,527)	(3,415,089)	(837,315)
Cash flows from financing activities			
Proceeds from issue of shares	14,444,620	-	2
Share issue transaction costs	(931,072)	-	-
Net cash from financing activities	13,513,548	-	2
Net increase in cash and cash equivalents	11,512,217	(3,487,674)	(1,517,859)
Cash and cash equivalents at the beginning of the financial year	849,657	12,361,874	8,874,200
Cash and cash equivalents at the end of the financial year	12,361,874	8,874,200	7,356,341

Source: Synergy 2012 Annual Report and the Half Yearly Report for the six months to 31 December 2012

8. SML – Key Information

SML was incorporated in Bermuda on 15 October 2012 and it was registered as a foreign company in Australia on 2 January 2013. It has an authorised share capital 1,000,000,000 shares with a par value of A$0.001 each.

The present directors of SML are Messrs. Kiat POH and Kim Chuan Freddie HENG and each has been issued with one share in the capital of SML.

If the Share Scheme is implemented then the remainder of the current directors of Synergy will be appointed as directors of SML.

SML has not traded since the date of incorporation and the only assets that SML presently holds are shares in SML Resources. If the Share Scheme is implemented, the 2 founder shares will be repurchased by SML and cancelled.

SML holds 100% of the capital in SML Resources and this subsidiary was incorporated in the British Virgin Islands on 16 October 2012. SML Resources has no assets.

9. Advantages and Disadvantages of the Schemes

9.1 Advantages of the Share Scheme

The likely advantages to shareholders if the Share Scheme is approved and implemented include:

9.1.1 Enhanced ability to raise funds

Synergy's objectives are to develop and fulfil its exploration programme on its Australian tenements with the aim of progressing to production in the future. Synergy also intends to pursue further growth opportunities by way of investments, joint ventures, mergers or acquisitions both in Australia and overseas.

In order to fund these objectives, the directors believe that it is essential to diversify its potential sources of capital from Australia into international markets to increase its investor base.

Our research indicates that 52% of the companies listed on the Hong Kong stock exchange are Bermuda incorporated companies[2]. We have also noted that overseas investors have recently been proposing investments into Australia through companies domiciled outside of Australia. We therefore consider that the proposed re-domiciliation of Synergy to Bermuda will give Synergy a structure that is commonly applied to listed companies in the South East Asian markets and the evidence suggests that this structure is viewed favourably by international investors.

If the proposed re-domiciliation is approved, an investor could acquire a significant or even a controlling interest in Synergy without having to make a takeover offer to all shareholders or obtain shareholder approval for the acquisition of the Synergy shares. The re-domiciliation may enable Synergy to raise capital faster as the process will by-pass certain existing Australian regulatory restrictions which are both costly and time consuming.

Whilst this may appear to be initially disadvantageous to Australian investors, if it leads to an investor taking a greater than 20% interest, and at a later stage making a takeover bid for 100% of the equity, then all shareholders would benefit from the takeover bid.

Alternatively, an influx of new funds could be arranged more quickly to make off shore investments through new wholly owned subsidiaries incorporated in the Bermuda or the British Virgin Islands. Once again this would place the Australian shareholders in a better position than they are currently as it would enhance the size of Synergy, diversify its interests and potentially add growth or upside from new investments.

A review of Synergy's share register as at 22 January 2013 indicates that 97 members holding 4,844,687 shares representing 4.5% of the total issued capital of Synergy were resident outside Australia. There were 2,544 resident Australians holding 102,994,046 shares representing approximately 95.5%. This figure includes 52,500,000 shares held by Northwest Nonferrous Australia Mining Pty Ltd, an Australian company, however it is 100% owned by Northwest Geological Exploration and Mining Bureau for Nonferrous Metals, which was founded in 1957 by the Chinese Ministry of Metallurgy with all the shares being owned by the Provincial Government of Shannxi in China. If this parcel was classified as an offshore investor then the Australian residents currently hold 50,494,046 shares or a 46.82% interest in Synergy.

[2] Legal Media Group – page 97

The non-Australian registered members were residents in the following countries:

Country	Number of shareholders	Number of shares held
Singapore	15	4,392,603
United Kingdom	10	205,018
Hong Kong	3	128,789
Malaysia	1	41,672
Ireland	18	35,281
New Zealand	26	30,975
Canada	9	5,760
Qatar	3	2,133
United States of America	4	1,666
British Virgin Islands	2	505
Germany	3	185
Switzerland	2	50
China	1	50
Total	97	4,844,687

Source: DMR Corporate analysis of the 23 January 2013 share register

9.1.2 Improved liquidity in the Synergy shares

If the Share Scheme is approved by shareholders and then implemented, the directors have advised that they will undertake new capital raisings to fund new acquisitions in the resources sector and this should improve the interest in and liquidity of the Synergy shares. At the present time there is only minimal trading occurring in the Synergy shares and Synergy has a market capitalisation of approximately $9.2 million despite having cash resources of $7.3 million as at 31 December 2012.

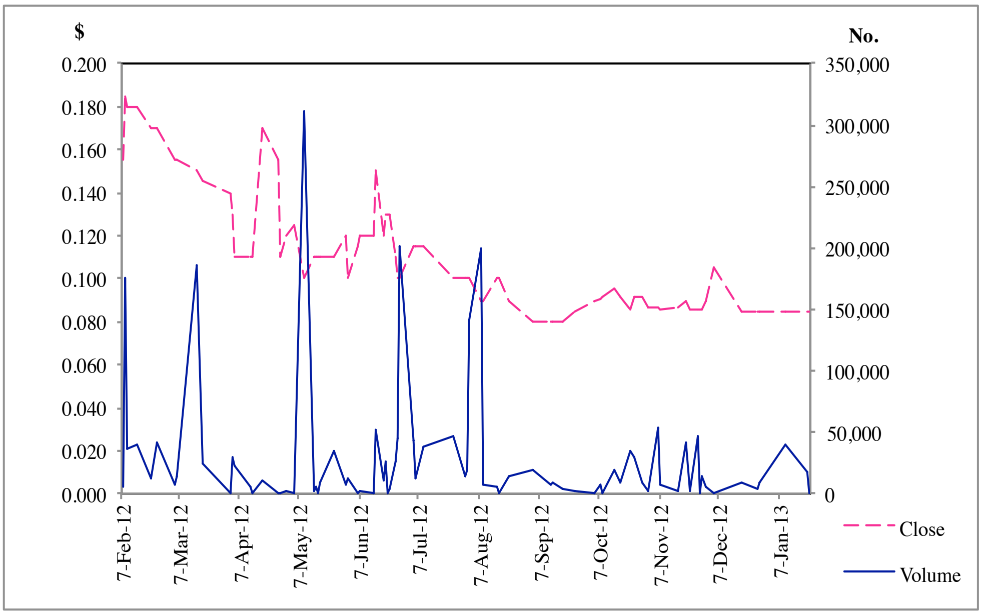
A table of the volume and value of the Synergy shares traded in the period from 1 February 2012 to 22 January 2013 is as follows:

Month	Share Price High $	Share Price Low $	Share Price Average $	Volume	Value $
2012					
February	0.185	0.155	0.181	311,523	56,285
March	0.155	0.145	0.150	232,389	34,845
April	0.170	0.110	0.128	74,105	9,483
May	0.125	0.100	0.102	374,450	38,174
June	0.150	0.100	0.111	384,040	42,570
July	0.115	0.100	0.109	156,000	17,003
August	0.100	0.090	0.094	387,136	36,502
September	0.085	0.080	0.080	41,602	3,341
October	0.095	0.086	0.091	112,526	10,197
November	0.090	0.086	0.087	178,530	15,601
December	0.105	0.085	0.085	22,731	1,938
January (1 - 22)	0.085	0.085	0.085	59,167	5,029
				2,334,199	270,968

Over the approximate 12-month period above, the trading in Synergy shares has only totalled 2,334,199 shares and this represents 2.2% of the total issued capital. We have concluded that the trading in Synergy shares is illiquid.

As additional capital is raised and new investments are consummated, we would expect to see increased turnover and this should lead to an increase in the share price.

Graphically the daily closing prices and volumes of the Synergy shares traded in the period from 1 February 2012 to 22 January 2013 is as follows:



The shares have decreased from a high of $0.185 in February 2012 to a low of $0.08 in September 2012. Since September 2012 the shares have traded in a range of $0.080 to $0.105.

9.2 Disadvantages of the Share Scheme

The likely disadvantages to shareholders if the Share Scheme is approved and implemented include:

9.2.1 Lack of takeover protection for the Synergy shareholders

Synergy shareholders may be disadvantaged by the lack of takeover protection provided under the Companies Act 1981 of Bermuda ("the Bermudian Companies Act") compared with the Act in Australia.

The main difference would appear to be that an investor could acquire a significant or even a controlling interest in Synergy/SML without having to make a takeover offer to all shareholders or obtain shareholder approval for the acquisition (refer to Section 7.3 of the Scheme Booklet for further particulars).

ASX listing rules offer some protection to the Synergy/SML shareholders in respect of Related Party transactions, continuous disclosure requirements and the issue of shares for capital raisings. However, the ASX listing rules do not provide similar protection to that legislated and embodied in the Act in respect of takeovers.

9.2.2 Ongoing costs in Bermuda

We would expect that on going secretarial and share registry costs would also be incurred in Bermuda in addition to similar costs being incurred in Australia for the same services.

9.3 Advantages of the Option Scheme

The likely advantages to optionholders if the Option Scheme is approved and implemented will be the same as the advantages listed in Section 9.1 above in respect of the Share Scheme.

9.4 Disadvantages of the Option Scheme

The likely disadvantages to optionholders if the Option Scheme is approved and implemented will be the same as the disadvantages listed in Section 9.2 above in respect of the Share Scheme.

9.5 Other factors

9.5.1 Support For the Proposed Schemes from Synergy's Largest Shareholder and Optionholder

Northwest Nonferrous Australia Mining Pty Ltd ("Northwest"), Synergy's largest shareholder and the holder of 52,500,000 unlisted options, which are not subject to the Option Scheme, has advised Synergy that it supports the proposed Share Scheme and that it will enter into a separate agreement with Synergy to have its present options cancelled in exchange for new options in SML, on the same commercial terms.

This indicates that Northwest consider that further capital should be raised by Synergy to expand Synergy's capital base and open up opportunities for new investments and joint ventures.

9.5.2 The Schemes appear to be tax neutral for most shareholders

Whilst the Share and Option Schemes may be neutral for most holders, there may be a limited number of share and option holders that find themselves disadvantaged due to their particular financial circumstances.

Failure of Synergy Metals Shareholders entitled to CGT rollover relief to notify SML in writing of the capital gains tax ("CGT") cost base of their original Synergy Metals Shares worked out just before the CGT event may result in the rollover relief not being available.

Shareholders and optionholders should read the report on the taxation implications of the Share Scheme and the Option Scheme (Section 9 of the Scheme Booklet) and then obtain their own independent advice as to the consequences of the proposed Schemes.

9.5.3 Continuation of ASX Listing

The implementation of the Share Scheme is conditional on approval from the ASX for the listing of SML shares on the ASX following the implementation of the Share Scheme.

Australian investors will therefore be able to buy, sell or hold their investments in SML in exactly the same way in which they currently buy, sell or hold their Synergy shares.

9.5.4 Implementation of the Scheme involves once-off transaction costs

The directors have advised us that the estimated costs of the proposal to redomicile Synergy to Bermuda will be approximately $550,000. These are one off costs and no further costs are expected to be incurred in respect of the Share Scheme.

These costs have all been contracted for already and will be payable whether the Share Scheme is approved by the shareholders or not.

9.5.5 Liquidity in the Synergy shares

Until new capital is raised, further development is made on existing tenements and new acquisitions or joint ventures consummated, then we do not consider that there will be any significant changes in the liquidity of the Synergy/SML shares.

9.5.6 Ineligible foreign holders will be forced to sell their shares

Ineligible foreign holders of Synergy shares and Synergy options who reside outside of Australia, New Zealand, United Kingdom, Hong Kong the British Virgin Islands, Ireland, Malaysia and Singapore will be forced to sell their shares through a structured process implemented by SML. Depending on their individual circumstances, these shareholders and optionholders may be disadvantaged by the Share Scheme and/or the Option Scheme (as the case may be).

9.5.7 If the Option Scheme is not agreed to by optionholders

If the optionholders do not approve the Option Scheme then the Share Scheme can still proceed (assuming that the shareholders and the Court has approved the Share Scheme) and this could leave optionholders with options in an unlisted company unless they exercise their rights under the Fall-Back Option Offer Prospectus.

Pursuant to the Fall-Back Option Offer optionholders may apply for SML options that will have identical terms and conditions as their existing Synergy options. The Fall-Back Option Offer is conditional upon Synergy optionholders agreeing to the cancellation of their existing options in exchange for new SML options.

10. Opinions - Best Interests

We have considered:

- the advantages and disadvantages of the Share Scheme – Sections 9.1 & 9.2 above;
- the advantages and disadvantages of the Option Scheme – Sections 9.3 & 9.4 above;
- the Other Factors – Section 9.5 above;
- the taxation implications of the Schemes as detailed in Section 9 of the Scheme Booklet;

and we have concluded that the Share Scheme and the Option Scheme are both in the 'best interests' of the shareholders and option holders as the advantages of the Schemes outweigh the disadvantages.

11. Financial Services Guide

11.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

11.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice for securities to retail and wholesale investors.

11.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate's independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

11.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

11.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Paul Lom has any interest in the outcome of the Proposed Transaction, nor any relationship with Synergy, SML, their shareholders or their optionholders.

Drafts of this report were provided to and discussed with a Synergy Director. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR Corporate and its related entities do not have any shareholding in or other relationship with Synergy or SML that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposed Schemes.

DMR Corporate had no part in the formulation of the proposed Schemes. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

11.6 Remuneration

DMR Corporate is entitled to receive a fee of up to $30,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Except for the fees referred to above, neither DMR Corporate, nor any of its directors, employees or associated entities receive any fees or other benefits, directly or indirectly, for or in connection with the provision of any report.

11.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne, Vic 3000.

Yours faithfully

DMR Corporate Pty Ltd

Paul Lom

D. M Ryan

Paul Lom - Director

Derek Ryan – Director

Appendix A

Synergy Metals Limited

Sources of Information

The following sources of information have been utilised and relied upon, without independent verification, in the course of preparing this report:

- Audited financial statements of Synergy for the financial years ended 30 June 2011 and 2012 and the reviewed financial statements for the half-year ended 31 December 2012;
- Draft Notice of Meeting and Scheme Booklet;
- Listing of Synergy shareholders and option holders as at 22 January 2013;
- Synergy ASX releases, public announcements and other public filings;
- Share price details from Capital IQ and other data from Commonwealth Securities Limited;
- Discussions with three Synergy Directors and the Company Secretary.

Appendix B

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the Directors of Synergy for inclusion in a Scheme Booklet to be provided to Synergy shareholders and optionholders in connection with the proposed re-domiciliation of Synergy to Bermuda. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Schemes are in the best interests of Synergy shareholders and optionholders.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 40 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Chartered Accountant and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

DMR Corporate consents to the inclusion of this report in its current form and context in the Synergy Scheme Booklet.

Annexure B

Share Scheme of Arrangement

Synergy Metals Limited (ACN 005 482 904)

■ WILLIAM ROSS ■

Lawyers & Advisers

Level 27, 101 Collins Street
Melbourne VIC 3000 Australia
www.williamross.com.au

Contents

Share Scheme of Arrangement

Parties

1. **Synergy Metals Limited** ACN 005 482 904 of Suite 3, Level 5, 468 St Kilda Road, Melbourne, Victoria, Australia 3004 (**Synergy Metals**).

2. The holders of fully paid ordinary shares in the capital of Synergy Metals as at the Scheme Record Date.

Background

A. This Share Scheme of Arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Operative provisions

1. Defined terms and interpretation

1.1 Definitions

In this Share Scheme:

A$ means the lawful currency of the Commonwealth of Australia;

ACN means Australian company number;

AEST means the time in Melbourne, Victoria;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market operated by ASX Limited;

ASX Listing Rules means the official listing rules of ASX;

Australian Registry means Boardroom Pty Limited (ACN 003 209 836);

Business Day means a business day as defined in the ASX Listing Rules;

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

Court means the Supreme Court of Victoria;

Effective means, when used in relation to the Share Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) in relation to the Share Scheme;

Effective Date means the date the Share Scheme becomes Effective;

Excluded Securities means any Synergy Metals Shares held by SML or by any other person on behalf of or for the benefit of SML or any related entity of SML;

Final End Date means 31 July 2013 or such later date as SML and Synergy Metals agree in writing;

Implementation Agreement means the implementation agreement entered into by Synergy Metals and SML dated 8 February 2013;

Implementation Date means the date which is the next Business Day after the Scheme Record Date, or such other date as SML and Synergy Metals agree in writing;

Ineligible Foreign Holder means any Synergy Metals Shareholder whose address on the Synergy Metals Share Register as at the Scheme Record Date is a place outside of:

(a) Australia and its external territories;

(b) New Zealand;

(c) Hong Kong;

(d) Singapore;

(e) British Virgin Islands;

(f) Ireland;

(g) Malaysia;

(h) United Kingdom; and

(i) any other jurisdiction where it is lawful and not unduly onerous or impracticable to offer or issue any of the SML Shares;

unless, no less than three Business Days prior to the Share Scheme Meeting, Synergy Metals and SML agree in writing that it is lawful and not unduly onerous or impractical to issue that Synergy Metals Shareholder with SML Shares when this Share Scheme becomes Effective;

Sale Facility means the sale facility referred to in clause 5.3;

Scheme Record Date means 5:00 pm (AEST) on the fifth Business Day after the Effective Date of the Share Scheme, or such other date (after the Effective Date) as agreed between the parties;

Second Court Date means the first day on which the application made to the Court for orders under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Share Scheme is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard;

Share Scheme means this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Synergy Metals and SML;

Share Scheme Consideration means, other than for Ineligible Foreign Holders who shall receive cash in accordance with clause 5.3, one SML Share for every one Synergy Metals Share held by a Synergy Metals Shareholder on the Scheme Record Date;

Share Scheme Deed Poll means the deed poll entered into by SML in favour of the Synergy Metals Shareholders;

Share Scheme Meeting means the meeting of Synergy Metals Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Share Scheme, and includes any adjournment of that meeting;

Share Scheme Nominee means a person appointed by SML to sell the SML Shares that would otherwise be issued to Ineligible Foreign Holders under the terms of this Share Scheme;

SML means SML Corporation Limited (ARBN 161 803 032) a company incorporated in Bermuda;

SML Nominee means SML Resources being the nominee of SML;

SML Resources means SML Resources Ltd, a company incorporated in the British Virgin Islands;

SML Share means a fully paid common share of par value A$0.001 in the capital of SML;

SML Share Register means the register of registered shareholders of SML in Bermuda or any branch register thereof;

Synergy Metals means Synergy Metals Limited (ACN 005 482 904);

Synergy Metals Share means a fully paid ordinary share in the capital of Synergy Metals on issue at the Scheme Record Date other than any Synergy Metals Shares that are Excluded Securities (if any);

Synergy Metals Shareholder means a person who is registered in the Synergy Metals Share Register as the holder of one or more Synergy Metals Shares as at the Scheme Record Date; and

Synergy Metals Share Register means the register of Synergy Metals Shares maintained by the Australian Registry in Australia on behalf of Synergy Metals.

1.2 Interpretation

In this Share Scheme unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) other parts of speech and grammatical forms of a word or phrase defined in this document have a corresponding meaning;

(c) a reference to a clause or party is a reference to a clause of and a party to this document;

(d) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

(e) a reference to a document (including this document) includes all amendments or supplements to, or replacements or novations of, that document;

(f) a reference to an agreement other than this document includes an undertaking, deed, agreement or legally enforceable arrangement or understanding whether or not in writing;

(g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(h) the meaning of general words is not limited by specific examples introduced by 'including', 'in particular', 'such as' or any similar expression; and

(i) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day; and

(j) for the purposes of this document, an entity is a related entity of another entity if the first entity and the second entity would be related bodies corporate within the meaning of section 50 of the Corporations Act if the Corporations Act were read so that:

(i) references to bodies corporate included references to other entities;

(ii) a subsidiary of an entity included an entity that is controlled by the first entity within the meaning of section 50AA of the Corporations Act;

(iii) a trust is a subsidiary of another entity if it would have been a subsidiary had the trust been a body corporate and had units in the trust been shares; and

(iv) an entity is a subsidiary of a trust if it would have been a subsidiary had the trust been a body corporate.

2. Preliminary matters

(a) Synergy Metals is a public company registered in Australia and is a company limited by shares.

(b) As at 8 March 2013, 107,838,740 Synergy Metals Shares are on issue.

(c) SML is a company incorporated in Bermuda. SML is the sole shareholder in SML Resources.

(d) If the Share Scheme becomes Effective:

(i) in consideration for the transfer of each Synergy Metals Share to SML or the SML Nominee, Synergy Metals will procure SML to provide the Share Scheme Consideration to Synergy Metals Shareholders in accordance with this Share Scheme; and

(ii) all the Synergy Metals Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to SML or the SML Nominee, and Synergy Metals will enter the name of SML or the SML

Nominee, in the Synergy Metals Share Register in respect of the Synergy Metals Shares.

(e) Synergy Metals and SML have agreed, by executing the Implementation Agreement, to implement this Share Scheme.

(f) SML has agreed, by executing the Share Scheme Deed Poll, to perform its obligations under this Share Scheme, including the obligation to provide or procure the provision of the Share Scheme Consideration to the Synergy Metals Shareholders.

3. Conditions to this Share Scheme

3.1 Conditions precedent to the Share Scheme

(a) This Share Scheme is conditional on:

(i) as at 8.00 am on the Second Court Date, all the conditions precedent in clause 3.1 of the Implementation Agreement (other than the condition precedent relating to the approval of the Court set out in clause 3.1(d) of the Implementation Agreement) required to be satisfied by the Final End Date having been satisfied or waived in accordance with the terms of the Implementation Agreement;

(ii) approval of this Share Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act with or without modification; and

(iii) the Implementation Agreement not having been terminated by either party to that agreement before 8.00 am on the Second Court Date.

(b) Satisfaction of the conditions in clause 3.1(a) is a condition precedent to the operation of clause 4.

(c) The Share Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the Final End Date, or any later date that SML and Synergy Metals agree in writing.

3.2 Confirmations in relation to conditions

At the Court hearing on the Second Court Date Synergy Metals and SML must each provide to the Court a certificate, or such other evidence as the Court requests, confirming (in respect of the matters within their knowledge) whether or not the conditions precedent set out in clause 3.1 of the Implementation Agreement (other than the condition precedent relating to the approval of the Court set out in clause 3.1(d) of the Implementation Agreement) have been satisfied or waived in accordance with the terms of the Implementation Agreement and whether or not the conditions to the Share Scheme set out in clause 3.1 above have been satisfied. The certificates provided by Synergy Metals and SML under this clause 3.2 shall constitute conclusive evidence as to whether or not those conditions have been satisfied or waived.

4. Implementation of the Share Scheme

4.1 Lodgement of Court orders

Synergy Metals will, for the purposes of section 411(10) of the Corporations Act, lodge with ASIC copies of the Court orders under section 411(4)(b) of the Corporations Act approving the Share Scheme by 5.00 pm (AEST) on the first Business Day after the day on which the Court approves the Share Scheme.

4.2 Transfer of Synergy Metals Shares

On the Implementation Date:

(a) subject to the provision of the Share Scheme Consideration in the manner contemplated by clause 5, all of the Synergy Metals Shares together with all rights and entitlements attaching to them as at the Implementation Date, will be transferred to SML or the SML Nominee, without the need for any further act by any Synergy Metals Shareholder (other than acts performed by Synergy Metals as attorney and agent for Synergy Metals Shareholders under clause 8.5) by:

  (i) Synergy Metals delivering to SML duly completed and executed share transfer forms (or master share transfer form) to transfer all the Synergy Metals Shares to SML or the SML Nominee; and

  (ii) SML or the SML Nominee, duly executing the share transfer forms (or master share transfer form), attending to the stamping of the share forms (or master share transfer form) (if required) and delivering the share transfer forms (or master share transfer form) to Synergy Metals for registration;

(b) immediately after receipt of the share transfer forms (or master share transfer form) in accordance with clause 4.2(a), Synergy Metals must enter, or procure the entry of, the name of SML, or the SML Nominee, in the Synergy Metals Share Register in respect of all the Synergy Metals Shares; and

(c) the transfer of Synergy Metals Shares will be deemed to be effective on the Implementation Date.

4.3 Agreement by Synergy Metals Shareholder

Each Synergy Metals Shareholder agrees to the transfer of their Synergy Metals Shares to SML, or the SML Nominee, in accordance with the terms of this Share Scheme.

5. Provision of Share Scheme Consideration

5.1 Provision of Share Scheme Consideration

(a) Subject to clause 5.2, the obligation of SML to provide or procure the provision of the Share Scheme Consideration to Synergy Metals Shareholders will be satisfied by SML:

  (i) in the case of Share Scheme Consideration that is required to be provided to Synergy Metals Shareholders in the form of SML Shares:

(A) on the Implementation Date, issuing to each Synergy Metals Shareholder such number of SML Shares that the Synergy Metals Shareholder is entitled to receive as Share Scheme Consideration in accordance with this Share Scheme;

(B) on the Implementation Date, entering into the SML Share Register the name and address of each such Synergy Metals Shareholder in relation to all the SML Shares which the Synergy Metals Shareholder is entitled to receive as Share Scheme Consideration in accordance with this Share Scheme; and

(C) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of a share certificate or holding statement to the address recorded in the Synergy Metals Share Register on the Scheme Record Date for the SML Shares issued to each such Synergy Metals Shareholder on the Implementation Date;

(ii) in the case of Share Scheme Consideration that is required to be dealt with as a result of the operation of clause 5.2:

(A) on the Implementation Date, issuing to the Share Scheme Nominee such number of SML Shares as necessary under clause 5.2, to be held in trust for the Ineligible Foreign Holders;

(B) on the Implementation Date, ensuring that the name and address of the Share Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) is entered into the SML Share Register in relation to those SML Shares which each Ineligible Foreign Holder would otherwise be entitled to;

(C) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of a share certificate or holding statement to the Share Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) for the SML Shares issued to the Share Scheme Nominee on the Implementation Date; and

(D) procuring that the Share Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) sells the SML Shares issued to it on behalf of the Ineligible Foreign Holders and the proceeds are paid to the Synergy Metals Shareholder in accordance with clause 5.3.

(b) In the case of any Synergy Metals Shares held in joint names:

(i) SML Shares issued under this Share Scheme will be issued to and registered in the names of the joint holders;

(ii) any cheque required to be sent under this Share Scheme will be made payable and sent to the holder whose name appears first in the Synergy Metals Share Register as at the Scheme Record Date; and

(iii) any uncertificated holding statement or other document will be issued in the names of the joint holders and sent to the holder whose name appears first in the Synergy Metals Share Register as at the Scheme Record Date.

(c) Upon issue:

(i) all SML Shares will rank equally with all existing SML Shares; and

(ii) each SML Share will be fully paid and free from any security interest, mortgage, charge, lien, encumbrance or any other type of security interest.

(d) Any binding instructions between a Synergy Metals Shareholder and Synergy Metals relating to Synergy Metals Shares (including, without limitation, any instructions relating to payment of dividends or to communications from Synergy Metals) will, from the Implementation Date, be deemed by reason of the Share Scheme to be a similarly binding instruction to and accepted by SML in respect of SML Shares issued to Synergy Metals Shareholder until that instruction is revoked or amended in writing addressed to SML at the SML Share Registry.

5.2 Ineligible Foreign Holders

SML will be under no obligation under the Share Scheme to issue, and will not issue, any SML Shares to any Ineligible Foreign Holder and must instead procure that the number of SML Shares that would have been issued to an Ineligible Foreign Holder had they not been an Ineligible Foreign Holder are dealt with on behalf of the Ineligible Foreign Holder in accordance with clause 5.3.

5.3 Sale Facility

(a) The SML Shares that would otherwise have been issued to Ineligible Foreign Holders under the Share Scheme (the **Foreign Shares**), will be issued to the Share Scheme Nominee on the Implementation Date.

(b) SML must:

(i) procure that as soon as practicable after the Implementation Date, the Share Scheme Nominee sells under the Sale Facility (in the manner set out in clause 5.3(c)) the Foreign Shares; and

(ii) pay, or procure the payment to, each Ineligible Foreign Holder an amount determined in accordance with the following formula and rounded down to the nearest cent:

P x (N / T)

where:

P is the net sale proceeds received by the Share Scheme Nominee (after deducting any applicable selling costs, tax and charges) for the sale of all of the Foreign Shares;

N is the number of Foreign Shares which would otherwise have been issued to that Ineligible Foreign Holder had it not been an Ineligible Foreign Holder;

T is the total number of Foreign Shares which were issued to the Share Scheme Nominee in accordance with this clause 5.3.

(c) The Share Scheme Nominee will sell the Foreign Shares on the ASX in such manner (including selling the SML Shares in one or more lots), at such price and on such other terms as the Share Scheme Nominee determines in good faith as soon as practicable after the Implementation Date, provided the Share Scheme Nominee uses all reasonable endeavours to achieve the best price reasonably obtainable at the time of sale.

(d) None of SML, Synergy Metals or the Share Scheme Nominee gives any undertaking, representation, warranty or assurance as to the price that will be achieved for the sale of Foreign Shares under the Sale Facility described in this clause 5.3.

(e) Each Ineligible Foreign Holder acknowledges that the Share Scheme Nominee is the nominee in trust of the SML Shares and is dealing as principal with the those SML Shares attributable to it and implementing the actions set out in this clause 5.3, and that the Share Scheme Nominee is not a broker or other agent of the Ineligible Foreign Holder.

(f) Payments of amounts referred to in this clause 5.3 will be made as soon as reasonably practicable by cheque in Australian dollars and sent by prepaid post (at the risk of the Ineligible Foreign Holder) to the address recorded in the Synergy Metals Share Register at the Scheme Record Date.

6. Dealings in Synergy Metals Shares

(a) To establish the identity of the Synergy Metals Shareholders, dealings in Synergy Metals Shares will only be recognised if:

(i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Synergy Metals Share Register as the holder of the relevant Synergy Metals Shares on the Scheme Record Date; and

(ii) in the case of all other dealings in Synergy Metals Shares, registrable transmission applications or transfers in respect of those dealings are received by the Australian Registry before the Scheme Record Date.

(b) If the Share Scheme becomes Effective, Synergy Metals Shareholders (and any person claiming through such holder) must not dispose of or purport or agree to dispose of any Synergy Metals Shares, or any interest in them after the Scheme Record Date.

(c) Synergy Metals will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Synergy Metals Shares received after the Scheme Record Date, other than a transfer of Synergy Metals Shares to SML or the SML Nominee pursuant to the Share Scheme or any subsequent transfer by SML to its successors in title.

(d) For the purpose of determining entitlements to the Share Scheme Consideration, Synergy Metals must maintain the Synergy Metals Share Register in accordance with the provisions of this clause 6 until the Share Scheme Consideration has been provided to all Synergy Metals Shareholders. The Synergy Metals Share Register in this form will solely determine entitlements to the Share Scheme Consideration.

(e) All statements of holding and share certificates for Synergy Metals Shares will cease to have effect from 5.00 pm (AEST) on the Scheme Record Date, in each case as documents of title in respect of those securities and, as from that date, each entry current at that date on the Synergy Metals Share Register will cease to have effect except as evidence of entitlement to the Share Scheme Consideration in respect of the Synergy Metals Shares relating to that entry.

(f) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Synergy Metals will ensure that details of the names, registered addresses and holdings of Synergy Metals Shares for each Synergy Metals Shareholder as shown in the Synergy Metals Share Register as at 5.00 pm (AEST) on the Scheme Record Date, are available to SML in the form SML reasonably requires.

7. Quotation of Synergy Metals Shares

(a) On the Effective Date Synergy Metals will apply to ASX to suspend trading on the ASX in Synergy Metals Shares from close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by SML, Synergy Metals will apply for termination of the official quotation of Synergy Metals Shares on the ASX, and to have itself removed from the official list of the ASX.

8. General Share Scheme provisions

8.1 Consent to Share Scheme amendments

If the Court proposes to approve the Share Scheme subject to any alterations or conditions, Synergy Metals may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which SML has consented.

8.2 Synergy Metals Shareholders' agreement and warranties

(a) Each Synergy Metals Shareholder will transfer their Synergy Metals Shares to SML or the SML Nominee (together with all rights and entitlements attaching to those Synergy Metals Shares) in accordance with this Share Scheme.

(b) Each Synergy Metals Shareholder acknowledges that this Share Scheme binds Synergy Metals and all Synergy Metals Shareholders (including those who do not attend the Share Scheme Meeting, do not vote at the Share Scheme Meeting or vote against this Share Scheme at the Share Scheme Meeting).

(c) Each Synergy Metals Shareholder agrees to be bound by SML's bye-laws.

(d) Each Synergy Metals Shareholder is taken to have warranted to Synergy Metals and SML that all of the Synergy Metals Shares registered in the name of that Synergy Metals Shareholder as at the Scheme Record Date will, as at the Implementation Date, be fully paid and free from all security interests, mortgages, charges, liens, encumbrances and interests of third parties and from all other restrictions on transfer.

(e) Each Synergy Metals Shareholder is taken to have warranted to Synergy Metals and SML that they have full power and capacity to transfer their Synergy Metals Shares to SML or the SML Nominee under this Share Scheme.

(f) Each Synergy Metals Shareholder shall be deemed to have irrevocably appointed SML and each of its directors and officers (jointly and severally) as its attorneys for the purpose of executing any form of application, letter of transmittal or other instruments or documents required to effect the issue and allotment of the SML Shares.

8.3 Title to and rights in Synergy Metals Shares

(a) To the extent permitted by law, the Synergy Metals Shares transferred under this Share Scheme will be transferred free from all security interests, mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.

(b) On and from the Implementation Date, SML will be beneficially entitled to the Synergy Metals Shares transferred to it under this Share Scheme pending registration by Synergy Metals of SML in the Synergy Metals Share Register as the holder of the Synergy Metals Shares.

8.4 Appointment of Sole Proxy

Upon this Share Scheme becoming Effective and provision of the Share Scheme Consideration, and until Synergy Metals registers SML as the holder of all Synergy Metals Shares in the Synergy Metals Share Register, each Synergy Metals Shareholder:

(a) is deemed to have irrevocably appointed SML as attorney and agent (and directed SML in each such capacity) to appoint any director, officer, secretary or agent nominated by SML as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders meetings, exercise the votes attaching to the Synergy Metals Shares registered in their name and sign every shareholders' resolution, and no Synergy Metals Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 8.4(a));

(b) undertakes not to otherwise attend shareholders meetings, exercise the votes attaching to the Synergy Metals Shares registered in their name and sign any shareholders resolutions, whether in person, by proxy or corporate representative;

(c) must take all other actions in the capacity of a registered holder of Synergy Metals Shares as SML reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), SML or any officer or agent nominated by SML may act in the best interests of SML as the intended registered holder of the Synergy Metals Shares.

8.5 Power of attorney

(a) Synergy Metals Shareholders will be deemed to have authorised Synergy Metals, and all of its directors, officers and secretaries (jointly and severally), to do and execute all acts, matters, things and documents on the part of each Synergy Metals Shareholder necessary to implement this Share Scheme including (without limitation) executing, as agent and attorney of each Synergy Metals Shareholder, a share transfer form (or master share transfer form) in relation to Synergy Metals Shares as contemplated by clause 4.2(a).

(b) Each Synergy Metals Shareholder, without the need for any further act, irrevocably appoints Synergy Metals and all of its directors, officers and secretaries (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Share Scheme including without limitation, a proper instrument of transfer of its Synergy Metals Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Synergy Metals Shares.

8.6 Enforcement of Share Scheme Deed Poll

Synergy Metals undertakes in favour of each Synergy Metals Shareholder to enforce the Share Scheme Deed Poll against SML on behalf of and as agent and attorney for the Synergy Metals Shareholder.

8.7 Dividends

Neither Synergy Metals nor SML will declare or pay any dividends on the Synergy Metals Shares or the SML Shares (as applicable) prior to the Implementation Date.

8.8 Effect of Share Scheme

This Share Scheme binds Synergy Metals and all Synergy Metals Shareholders from time to time and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Synergy Metals.

9. General

9.1 Costs

Synergy Metals must pay the costs and expenses of this Share Scheme, except that SML must pay any stamp duties and similar charges payable under Australian law in connection with the transfer of the Synergy Metals Shares to SML or the SML Nominee.

9.2 Consent

The Synergy Metals Shareholders consent to Synergy Metals doing all things necessary or incidental to the implementation of this Share Scheme.

9.3 Notices

(a) If a notice, transfer, transmission, application, direction or other communication referred to in the Share Scheme is sent by post to Synergy Metals, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Synergy Metals registered office or at the office of the Synergy Metals Share Register.

(b) The accidental omission to give notice of the Share Scheme Meeting to, or the non-receipt of notice of the Share Scheme Meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

9.4 Liability

None of Synergy Metals, SML nor any of their respective directors, officers or employees shall have any liability for acts taken in good faith.

9.5 Governing law

(a) This Share Scheme is governed by and construed under the law in the State of Victoria.

(b) Any legal action in relation to this Share Scheme against any party or its property may be brought in any court of competent jurisdiction in the State of Victoria.

(c) Each party to this Share Scheme irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this provision in relation to both itself and its property.

9.6 Further action

Synergy Metals must, at its own expense, do all things and execute all documents necessary to give full effect to this Share Scheme and the transactions contemplated by it.

Annexure C

Option Scheme of Arrangement

Synergy Metals Limited (ACN 005 482 904)

■ WILLIAM ROSS ■

Lawyers & Advisers

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Melbourne VIC 3000 Australia
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Contents

Option Scheme of Arrangement

Parties

1. **Synergy Metals Limited** ACN 005 482 904 of Suite 3, Level 5, 468 St Kilda Road, Melbourne, Victoria, Australia 3004 (**Synergy Metals**).

2. The holders of options to subscribe for fully paid ordinary shares in Synergy Metals that have an exercise price of $0.20 and an expiry date of 23 November 2015 (**Synergy Metals Options**).

Background

A. This Option Scheme of Arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Operative provisions

1. Defined terms and interpretation

1.1 Definitions

In this Option Scheme:

A$ means the lawful currency of the Commonwealth of Australia;

ACN means Australian company number;

AEST means the time in Melbourne, Victoria;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market operated by ASX Limited;

ASX Listing Rules means the official listing rules of ASX;

Australian Registry means Boardroom Pty Limited (ACN 003 209 836);

Business Day means a business day as defined in the ASX Listing Rules;

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

Court means the Supreme Court of Victoria;

Effective means, when used in relation to the Option Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) in relation to the Option Scheme;

Effective Date means the date the Option Scheme becomes Effective;

Excluded Securities means any Synergy Metals Shares or Synergy Metals Options or both (as the case may be) held by SML or by any other person on behalf of or for the benefit of SML or any related entity of SML;

Final End Date means 31 July 2013 or such later date as SML and Synergy Metals agree in writing;

Implementation Agreement means the implementation agreement entered into by Synergy Metals and SML dated 8 February 2013;

Implementation Date means the date which is the next Business Day after the Scheme Record Date, or such other date as SML and Synergy Metals agree in writing;

Ineligible Foreign Holder means any Synergy Metals Optionholder whose address on the Synergy Metals Option Register as at the Scheme Record Date is a place outside of:

(a) Australia and its external territories;

(b) New Zealand;

(c) Hong Kong;

(d) Singapore;

(e) British Virgin Islands;

(f) Ireland;

(g) Malaysia;

(h) United Kingdom; and

(i) any other jurisdiction where it is lawful and not unduly onerous or impracticable to offer or issue any of the SML Options;

unless, no less than three Business Days prior to the Option Scheme Meeting, Synergy Metals and SML agree in writing that it is lawful and not unduly onerous or impractical to issue that Synergy Metals Optionholder with SML Options when the Option Scheme becomes Effective;

Northwest means Northwest Nonferrous Australia Mining Pty Ltd (ACN 134 016 087);

Northwest Options means the 52,500,000 Synergy Metals Options held by Northwest exercisable at $0.32 and expiring on 20 June 2014, issued to Northwest by Synergy Metals on and subject to the terms set out in the 2011 Synergy Metals AGM notice of meeting announced on ASX on 11 May 2011;

Option Scheme means this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Synergy Metals and SML;

Option Scheme Consideration means, other than for Ineligible Foreign Holders who shall receive cash in accordance with clause 5.3, one SML Option for every one Synergy Metals Option held by a Synergy Metals Optionholder on the Scheme Record Date;

Option Scheme Deed Poll means the deed poll entered into by SML in favour of the Synergy Metals Optionholders;

Option Scheme Meeting means the meeting of Synergy Metals Optionholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Option Scheme, and includes any adjournment of that meeting;

Option Scheme Nominee means a person appointed by SML to sell the SML Options that would otherwise be issued to Ineligible Foreign Holders under the terms of this Option Scheme;

Sale Facility means the sale facility referred to in clause 5.3;

Scheme Record Date means 5:00 pm (AEST) on the fifth Business Day after the Effective Date of the Option Scheme, or such other date (after the Effective Date) as agreed between the parties;

Second Court Date means the first day on which the application made to the Court for orders under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Option Scheme is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard;

SML means SML Corporation Limited (ARBN 161 803 032) a company incorporated in Bermuda;

SML Option means an option to subscribe for one SML Share and which is subject to the SML Option Terms;

SML Option Register means the register of registered optionholders of SML in Bermuda or any branch register thereof;

SML Option Terms means the terms and conditions to which the SML Options are subject to, and which are set out in schedule 1;

SML Share means a fully paid common share of par value A$0.001 in the capital of SML;

Synergy Metals means Synergy Metals Limited (ACN 005 482 904);

Synergy Metals Option means an option to subscribe for a Synergy Metals Share that remains on issue at the Scheme Record Date other than Excluded Securities (if any) and Northwest Options;

Synergy Metals Share means a fully paid ordinary share in the capital of Synergy Metals; and

Synergy Metals Option Register means the register of Synergy Metals Options maintained by the Australian Registry in Australia on behalf of Synergy Metals.

1.2 Interpretation

In this Option Scheme unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) other parts of speech and grammatical forms of a word or phrase defined in this document have a corresponding meaning;

(c) a reference to a clause or party is a reference to a clause of and a party to this document;

(d) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

(e) a reference to a document (including this document) includes all amendments or supplements to, or replacements or novations of, that document;

(f) a reference to an agreement other than this document includes an undertaking, deed, agreement or legally enforceable arrangement or understanding whether or not in writing;

(g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(h) the meaning of general words is not limited by specific examples introduced by ‘including’, ‘in particular’, ‘such as’ or any similar expression; and

(i) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day; and

(j) for the purposes of this document, an entity is a related entity of another entity if the first entity and the second entity would be related bodies corporate within the meaning of section 50 of the Corporations Act if the Corporations Act were read so that:

    (i) references to bodies corporate included references to other entities;

    (ii) a subsidiary of an entity included an entity that is controlled by the first entity within the meaning of section 50AA of the Corporations Act;

    (iii) a trust is a subsidiary of another entity if it would have been a subsidiary had the trust been a body corporate and had units in the trust been shares; and

    (iv) an entity is a subsidiary of a trust if it would have been a subsidiary had the trust been a body corporate.

2. Preliminary matters

(a) Synergy Metals is a public company registered in Australia and is a company limited by shares.

(b) As at 8 March 2013, there are 36,892,397 Synergy Metals Options are on issue.

(c) SML is a company incorporated in Bermuda.

(d) If the Option Scheme becomes Effective:

(i) all of the Synergy Metals Options will be cancelled; and

(ii) in consideration for the cancellation of the debts and claims evidence by, and the rights and obligations pertaining to or under, the Synergy Metals Options, SML will provide the Option Scheme Consideration to Synergy Metals Optionholders in accordance with this Option Scheme.

(e) Synergy Metals and SML have agreed, by executing the Implementation Agreement, to implement this Option Scheme.

(f) SML has agreed, by executing the Option Scheme Deed Poll, to perform its obligations under this Option Scheme, including the obligation to provide or procure the provision of the Option Scheme Consideration to the Synergy Metals Optionholders.

3. Conditions to this Option Scheme

3.1 Conditions precedent to the Option Scheme

(a) This Option Scheme is conditional on:

(i) as at 8.00 am on the Second Court Date, all the conditions precedent in clause 3.2 of the Implementation Agreement (other than the precedent condition relating to the approval of the Court set out in clause 3.2(d) of the Implementation Agreement) required to be satisfied by the Final End Date having been satisfied or waived in accordance with the terms of the Implementation Agreement;

(ii) approval of this Option Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act with or without modification; and

(iii) the Implementation Agreement not having been terminated by either party to that agreement before 8.00 am on the Second Court Date.

(b) Satisfaction of the conditions in clause 3.2(d) is a condition precedent to the operation of clause 4.

(c) The Option Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the Final End Date, or any later date that SML and Synergy Metals agree in writing.

3.2 Confirmations in relation to conditions

At the Court hearing on the Second Court Date Synergy Metals and SML must each provide to the Court a certificate, or such other evidence as the Court requests, confirming (in respect of the matters within their knowledge) whether or not the conditions precedent set out in clause 3.2 of the Implementation Agreement (other than the condition precedent relating to the approval of the Court set out in clause 3.2(d) of the Implementation Agreement) have been satisfied or waived in accordance with the terms of the Implementation Agreement and whether or not the conditions to the Option Scheme set out in clause 3.1 above have been satisfied. The certificates provided by Synergy Metals and SML under this clause 3.2 shall constitute conclusive evidence as to whether or not those conditions have been satisfied or waived.

4. Implementation of the Option Scheme

4.1 Lodgement of Court orders

Synergy Metals will, for the purposes of section 411(10) of the Corporations Act, lodge with ASIC copies of the Court orders under section 411(4)(b) of the Corporations Act approving the Option Scheme by 5.00 pm (AEST) on the first Business Day after the day on which the Court approves the Option Scheme.

4.2 Cancellation of Synergy Metals Options

On the Implementation Date subject to the provision of the Option Scheme Consideration in the manner contemplated by clause 5, the debts and claims evidence by, and the rights and obligations pertaining to or under, the Synergy Metals Options will be cancelled and extinguished without the need for any further act by any Synergy Metals Optionholder (other than acts performed by Synergy Metals as attorney and agent for Synergy Metals Optionholders under clause 8.4), and each Synergy Metals Optionholder:

(a) releases Synergy Metals from all its obligations in relation to their Synergy Metals Options;

(b) releases and waives any and all rights in relation to their Synergy Metals Options; and

(c) authorises Synergy Metals to update the Synergy Metals Option Register recording the cancellation of their Synergy Metals Options.

4.3 Agreement by Synergy Metals Optionholder

Each Synergy Metals Optionholder agrees to the cancellation of their Synergy Metals Options in accordance with the terms of this Option Scheme.

5. Provision of Option Scheme Consideration

5.1 Provision of Option Scheme Consideration

(a) Subject to clause 5.2, the obligation of SML to provide or procure the provision of the Option Scheme Consideration to Synergy Metals Optionholders will be satisfied by SML:

  (i) in the case of Option Scheme Consideration that is required to be provided to Synergy Metals Optionholders in the form of SML Options:

    (A) on the Implementation Date, issuing to each Synergy Metals Optionholder such number of SML Options that the Synergy Metals Optionholder is entitled to receive as Option Scheme Consideration in accordance with this Option Scheme;

    (B) on the Implementation Date, entering into the SML Option Register the name and address of each such Synergy Metals Optionholder in relation to all the SML Options which the Synergy Metals

Optionholder is entitled to receive as Option Scheme Consideration in accordance with this Option Scheme; and

(C) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of an option certificate or holding statement to the address recorded in the Synergy Metals Option Register on the Scheme Record Date for the SML Options issued to each such Synergy Metals Optionholder on the Implementation Date;

(ii) in the case of Option Scheme Consideration that is required to be dealt with as a result of the operation of clause 5.2:

(A) on the Implementation Date, issuing to the Option Scheme Nominee such number of SML Options as necessary under clause 5.2, to be held in trust for the Ineligible Foreign Holders;

(B) on the Implementation Date, ensuring that the name and address of the Option Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) is entered into the SML Option Register in relation to those SML Options which each Ineligible Foreign Holder would otherwise be entitled to;

(C) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of an option certificate or holding statement to the Option Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) for the SML Options issued to the Option Scheme Nominee on the Implementation Date; and

(D) procuring that the Option Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) sells the SML Options issued to it on behalf of the Ineligible Foreign Holders and the proceeds are paid to the Synergy Metals Optionholder in accordance with clause 5.3.

(b) In the case of any Synergy Metals Options held in joint names:

(i) SML Options issued under this Option Scheme will be issued to and registered in the names of the joint holders;

(ii) any cheque required to be sent under this Option Scheme will be made payable and sent to the holder whose name appears first in the Synergy Metals Option Register as at the Scheme Record Date; and

(iii) any uncertificated holding statement or other document will be issued in the names of the joint holders and sent to the holder whose name appears first in the Synergy Metals Option Register as at the Scheme Record Date.

(c) Upon issue:

(i) all SML Options will be issued subject to the SML Option Terms;

(ii) all SML Options will rank equally with all existing SML Options;

(iii) each SML Option will be free from any security interest, mortgage, charge, lien, encumbrance or any other type of security interest,

and any SML Shares issued pursuant to the exercise of SML Options will:

(iv) rank equally with all existing SML Shares;

(v) be fully paid and free from any security interest, mortgage, charge, lien, encumbrance or any other type of security interest; and

(vi) be subject to SML's bye-laws.

(d) Any binding instructions between a Synergy Metals Optionholder and Synergy Metals relating to Synergy Metals Options (including, without limitation, any instructions relating to payment of dividends or to communications from Synergy Metals) will, from the Implementation Date, be deemed by reason of this Option Scheme to be a similarly binding instruction to and accepted by SML in respect of SML Options issued to that Synergy Metals Optionholder until that instruction is revoked or amended in writing addressed to SML at the SML Option Registr.

5.2 Ineligible Foreign Holders

SML will be under no obligation under this Option Scheme to issue, and will not issue, any SML Options to any Ineligible Foreign Holder and must instead procure that the number of SML Options that would have been issued to an Ineligible Foreign Holder had they not been an Ineligible Foreign Holder are dealt with on behalf of the Ineligible Foreign Holder in accordance with clause 5.3.

5.3 Sale Facility

(a) The SML Options that would otherwise have been issued to Ineligible Foreign Holders under this Option Scheme (the **Foreign Options**), will be issued to the Option Scheme Nominee on the Implementation Date.

(b) SML must:

(i) procure that as soon as practicable after the Implementation Date, the Option Scheme Nominee sells under the Sale Facility (in the manner set out in clause 5.3(c)) the Foreign Options; and

(ii) pay, or procure the payment to, each Ineligible Foreign Holder an amount determined in accordance with the following formula and rounded down to the nearest cent:

$$\mathbf{P \times (N / T)}$$

where:

P is the net sale proceeds received by the Option Scheme Nominee (after deducting any applicable selling costs, tax and charges) for the sale of all of the Foreign Options;

N is the number of Foreign Options which would otherwise have been issued to that Ineligible Foreign Holder had it not been an Ineligible Foreign Holder;

T is the total number of Foreign Options which were issued to the Option Scheme Nominee in accordance with this clause 5.3.

(c) The Option Scheme Nominee will sell the Foreign Options on the ASX in such manner (including selling the SML Options in one or more lots), at such price and on such other terms as the Option Scheme Nominee determines in good faith as soon as practicable after the Implementation Date, provided the Option Scheme Nominee uses all reasonable endeavours to achieve the best price reasonably obtainable at the time of sale.

(d) None of SML, Synergy Metals or the Option Scheme Nominee gives any undertaking, representation, warranty or assurance as to the price that will be achieved for the sale of Foreign Options under the Sale Facility described in this clause 5.3.

(e) Each Ineligible Foreign Holder acknowledges that the Option Scheme Nominee is the nominee in trust of the SML Options and is dealing as principal with the those SML Options attributable to it and implementing the actions set out in this clause 5.3, and that the Option Scheme Nominee is not a broker or other agent of the Ineligible Foreign Holder.

(f) Payments of amounts referred to in this clause 5.3 will be made as soon as reasonably practicable by cheque in Australian dollars and sent by prepaid post (at the risk of the Ineligible Foreign Holder) to the address recorded in the Synergy Metals Option Register at the Scheme Record Date.

6. Dealings in Synergy Metals Options

(a) To establish the identity of the Synergy Metals Optionholders, dealings in Synergy Metals Options will only be recognised if:

(i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Synergy Metals Option Register as the holder of the relevant Synergy Metals Options on the Scheme Record Date;

(ii) in the case of all other transfers of Synergy Metals Options, registrable transmission applications or transfers in respect of those dealings are received by the Australian Registry before the Scheme Record Date; and

(iii) in the case of an exercise of Synergy Metals Options, a valid notice of exercise of a Synergy Metals Option is received by the Australian Registry before the Scheme Record Date and is given in accordance with any applicable rules in respect of the Synergy Metals Option.

(b) If this Option Scheme becomes Effective, Synergy Metals Optionholders (and any person claiming through such holder) must not exercise, dispose of or purport or agree to dispose of any Synergy Metals Options, or any interest in them after the Scheme Record Date.

(c) Synergy Metals will not accept for registration or recognise for any purpose any exercise notice, transmission application or transfer in respect of Synergy Metals Options received after the Scheme Record Date.

(d) For the purpose of determining entitlements to the Option Scheme Consideration, Synergy Metals must maintain the Synergy Metals Option Register in accordance with the provisions of this clause 6 until the Option Scheme Consideration has been provided to all Synergy Metals Optionholders. The Synergy Metals Option Register in this form will solely determine entitlements to the Option Scheme Consideration.

(e) All statements of holding and option certificates for Synergy Metals Options will cease to have effect from 5.00 pm (AEST) on the Scheme Record Date, in each case as documents of title in respect of those securities and, as from that date, each entry current at that date on the Synergy Metals Option Register will cease to have effect except as evidence of entitlement to the Option Scheme Consideration in respect of the Synergy Metals Options relating to that entry.

(f) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Synergy Metals will ensure that details of the names, registered addresses and holdings of Synergy Metals Options for each Synergy Metals Optionholder as shown in the Synergy Metals Option Register as at 5.00 pm (AEST) on the Scheme Record Date, are available to SML in the form SML reasonably requires.

7. Quotation of Synergy Metals Options

(a) On the Effective Date Synergy Metals will apply to ASX to suspend trading on the ASX in Synergy Metals Options from close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by SML, Synergy Metals will apply for termination of the official quotation of Synergy Metals Options on the ASX, and to have itself removed from the official list of the ASX.

8. General Option Scheme provisions

8.1 Consent to Option Scheme amendments

If the Court proposes to approve the Option Scheme subject to any alterations or conditions, Synergy Metals may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which SML has consented.

8.2 Synergy Metals Optionholders' agreement and warranties

(a) Each Synergy Metals Optionholder irrevocably agrees:

(i) that this Option Scheme binds Synergy Metals and all Synergy Metals Optionholders (including those who do not attend the Option Scheme Meeting, do not vote at the Option Scheme Meeting or vote against this Option Scheme at the Option Scheme Meeting);

(ii) to the cancellation of all their Synergy Metals Options, together with all rights and entitlements attaching to those Synergy Metals Options in accordance with this Option Scheme;

(iii) if entitled to be issued with SML Options in accordance with this Option Scheme:

(A) to accept those SML Options on and subject to the SML Option Terms, and to be bound by the SML Option Terms in respect of the SML Options;

(B) upon the exercise of those SML Options, to be bound by SML's bye-laws; and

(iv) to the appointment of SML and each of its directors and officers (jointly and severally) as its attorneys for the purpose of executing any form of application or other instruments or documents required to effect the issue and allotment of the SML Options.

(b) Each Synergy Metals Optionholder is taken to have warranted to Synergy Metals and SML that all of the Synergy Metals Options registered in the name of that Synergy Metals Optionholder as at the Scheme Record Date will, as at the Implementation Date, be free from all security interests, mortgages, charges, liens, encumbrances and interests of third parties and from all other restrictions on transfer.

(c) Each Synergy Metals Optionholder is taken to have warranted to Synergy Metals and SML that they have full power and capacity to consent to the cancellation of their Synergy Metals Options in accordance with this Option Scheme.

8.3 Appointment of Synergy Metals as agent and attorney

Upon this Option Scheme becoming Effective and provision of the Option Scheme Consideration, and until Synergy Metals records the cancellation of the Synergy Metals Options in accordance with the terms of this Option Scheme, each Synergy Metals Optionholder:

(a) must take all other actions in the capacity of a registered holder of Synergy Metals Options as SML reasonably directs; and

(b) acknowledges and agrees that in exercising the powers referred to in clause 8.2(a)(iv), SML or any officer or agent nominated by SML may act in the best interests of SML as the intended registered holder of the Synergy Metals Options.

8.4 Power of attorney

(a) Synergy Metals Optionholders will be deemed to have authorised Synergy Metals, and all of its directors, officers and secretaries (jointly and severally), to do and execute all acts, matters, things and documents on the part of each Synergy Metals Optionholder necessary to implement this Option Scheme.

(b) Each Synergy Metals Optionholder, without the need for any further act, irrevocably appoints Synergy Metals and all of its directors, officers and secretaries (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Option.

8.5 Enforcement of Option Scheme Deed Poll

Synergy Metals undertakes in favour of each Synergy Metals Optionholder to enforce the Option Scheme Deed Poll against SML on behalf of and as agent and attorney for the Synergy Metals Optionholder.

8.6 Effect of Option Scheme

The Option Scheme binds Synergy Metals and all Synergy Metals Optionholders from time to time and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Synergy Metals.

9. General

9.1 Costs

Synergy Metals must pay the costs and expenses of this Option Scheme, except that SML must pay any stamp duties and similar charges payable under Australian law in connection with this Option Scheme.

9.2 Consent

The Synergy Metals Optionholders consent to Synergy Metals doing all things necessary or incidental to the implementation of this Option Scheme.

9.3 Notices

(a) If a notice, transfer, transmission, application, direction or other communication referred to in this Option Scheme is sent by post to Synergy Metals, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Synergy Metals' registered office or at the office of the Synergy Metals Option Register.

(b) The accidental omission to give notice of the Option Scheme Meeting to, or the non-receipt of notice of the Option Scheme Meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

9.4 Liability

None of Synergy Metals, SML nor any of their respective directors, officers or employees shall have any liability for acts taken in good faith.

9.5 Governing law

(a) This Option Scheme is governed by and construed under the law in the State of Victoria.

(b) Any legal action in relation to this Option Scheme against any party or its property may be brought in any court of competent jurisdiction in the State of Victoria.

(c) Each party to this Option Scheme irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this provision in relation to both itself and its property.

9.6 Further action

Synergy Metals must, at its own expense, do all things and execute all documents necessary to give full effect to this Option Scheme and the transactions contemplated by it.

Schedule 1 – SML Option Terms

(i) Each SML Option entitles the holder to acquire one ordinary full paid share in the capital of SML.

(ii) The SML Options are exercisable at any time from 9.00 am (AEST) the date of issue to 5.00 pm (AEST) on 23 November 2015 (“**Exercise Period”**) by completing the SML Option exercise form and delivering it together with the payment for the number of SML Shares in respect of which the SML Options are exercised to the registered office of SML. Any SML Option that is not exercised during the Exercise Period automatically lapses.

(iii) The exercise price of the SML Options is $0.20 per SML Option payable in full on exercise.

(iv) Subject to the ASX Listing Rules, SML Options are freely transferable. All SML Shares issued upon exercise of SML Options will rank *pari passu* in all respects with, and will have the same terms as, issued SML Shares. SML will apply for official quotation by ASX of all SML Shares issued upon exercise of SML Options, subject to any restriction obligations imposed by ASX.

(v) The SML Options will not give any right to participate in dividends until SML Shares are issued pursuant to the exercise of the relevant SML Options.

(vi) There are no participation rights or entitlements inherent in the SML Options. Holders of the SML Options are not entitled to participate in new issues of securities offered to shareholders without first exercising the SML Options. Subject to any waiver granted by ASX, SML will send to the holders of SML Options, at least five business days prior to the record date, notices applying to offers of securities made to SML Shareholders during the currency of the SML Options.

(vii) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of SML prior to the expiry of the Exercise Period, the number of SML Options or the exercise price of the SML Options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.

Annexure D

Synergy Metals Limited

ACN 005 482 904

NOTICE OF SHARE SCHEME MEETING

on 16 May 2013 commencing at 2:00 pm (AEST)
at Level 18, 101 Collins Street, Melbourne, Victoria 3000

By an order of the Supreme Court of Victoria (**Court**) made on 5 April 2013 pursuant to section 411(1) of the Corporations Act 2001 (Cth) (**Corporations Act**), a meeting of holders of ordinary shares in Synergy Metals Limited ACN 005 482 904 (**Synergy Metals**) will be held at Level 18, 101 Collins Street, Melbourne, Victoria 3000 on 16 May 2013 at 2:00 pm (AEST).

The Court has also directed that Mr Poh Kiat act as Chairman of the Share Scheme Meeting or failing him Mr Freddie Heng KC, and has directed the Chairman to report the result of the Share Scheme Meeting to the Court.

Business of the Share Scheme Meeting

To consider and, if thought fit, pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

> "*That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between the Company and the holders of its ordinary shares as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part is approved, with or without modification as approved by the Court*."

Information on the resolution to be considered at the Share Scheme Meeting

To enable you to make an informed voting decision, further information on the Share Scheme is set out in the Scheme Booklet of which this notice convening the Share Scheme Meeting forms part. Terms used in this notice have the same meaning as set out in the Glossary in section 11 of the Scheme Booklet of which this notice forms part.

Voting at the Share Scheme Meeting

Registered holders of Synergy Metals Shares can vote at the Share Scheme Meeting by:

- attending the Share Scheme Meeting and voting in person, by attorney or, in the case of corporate Synergy Metals Shareholders, by corporate representative; or

- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying the Scheme Booklet of which this notice forms part.

Further details of how registered holders of Synergy Metals Shares can vote are set out below.

Voting in person

Synergy Metals Shareholders who are entitled to vote and wish to do so in person are asked to arrive at the venue 15 minutes prior to the time designated for the Share Scheme Meeting to allow for registration for the Share Scheme Meeting. Please bring your Share Scheme Meeting registration forms with you to facilitate admission to the Share Scheme Meeting. The Share Scheme Meeting registration form for the Share Scheme Meeting is the Proxy Form included with the Scheme Booklet of which this notice forms part.

Voting by attorney or corporate representative

Synergy Metals Shareholders who are entitled to vote and wish to do so by attorney or corporate representative should ensure that their attorney or corporate representative arrives at the venue 15 minutes prior to the time designated for the Share Scheme Meeting to allow for registration for the Share Scheme Meeting. If you are attending as an attorney you should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to Synergy Metals. If you are attending as a representative of a corporate Synergy Metals Shareholder you must present satisfactory evidence of your appointment to attend on behalf of that Synergy Metals Shareholder, unless previously lodged with the Australian Registry.

Voting by proxy

Synergy Metals Shareholders who are entitled to vote and wish to do so by proxy are entitled to appoint not more than two proxies. Each proxy will have the right to vote on the resolution to be put to the Share Scheme Meeting. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the Synergy Metals Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Synergy Metals Shareholder.

If a proxy is not directed how to vote any item of business, the proxy may vote or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote in the Synergy Metals Shareholder's behalf on the poll, and the Synergy Metals Shares the subject of the proxy appointment will not be counted in computing the required majority.

Synergy Metals Shareholders who return their Proxy Form(s) with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the Share Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Share Scheme Meeting, the Chairman of the Share Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Share Scheme Meeting, the company secretary of Synergy Metals or any Synergy Metals Director which do not contain a direction will be used to support the resolution to approve the Share Scheme.

Completed Proxy Forms must be:

- sent to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001;
- faxed to +61 2 9290 9655; or

- received in person at Level 7, 207 Kent St, Sydney, NSW 2000,

in each case so that they are received by no later than 2:00 pm (AEST) on 14 May 2013. Proxy Forms received after this time will be invalid.

The Proxy Form must be signed by the Synergy Metals Shareholder or the Synergy Metals Shareholder's attorney. If an attorney signs a Proxy Form on your behalf a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Australian Registry at the same time as the Proxy Form, unless you have already provided a certified copy of the power of attorney to Synergy Metals. Proxies given by corporations must be executed in accordance with the Corporations Act.

If you complete and return a Proxy Form, you may still attend the Share Scheme Meeting in person, revoke the proxy and vote at the Share Scheme Meeting.

Synergy Metals Shareholders who are entitled to vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at the Share Scheme Meeting is 2:00 pm (AEST) on 14 May 2013. Only those Synergy Metals Shareholders entered on the Synergy Metals Share Register at that time will be entitled to attend and vote at the Share Scheme Meeting. A Synergy Metals Shareholder who holds any Excluded Securities will not be entitled to vote the Excluded Securities at the Share Scheme Meeting.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, in order to become effective the Share Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this Share Scheme Meeting is passed by the requisite majorities and the other conditions precedent to the Share Scheme are satisfied, Synergy Metals intends to apply to the Court for approval of the Share Scheme.

By order of the Board of Synergy Metals Limited

Fleur Guenther
Company Secretary
Dated: 5 April 2013

Annexure E

Synergy Metals Limited

ACN 005 482 904

NOTICE OF OPTION SCHEME MEETING

on 16 May 2013 commencing at 3:00 pm (AEST)
at Level 18, 101 Collins Street, Melbourne, Victoria 3000

By an order of the Supreme Court of Victoria (**Court**) made on 5 April 2013 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of Synergy Metals Optionholders (as defined in the Scheme Booklet of which this notice convening the Option Scheme Meeting forms part) will be held at Level 18, 101 Collins Street, Melbourne, Victoria 3000 on 16 May 2013 at 3:00 pm (AEST).

The Court has also directed that Mr Poh Kiat act as Chairman of the Option Scheme Meeting or failing him Mr Freddie Heng KC, and has directed the Chairman to report the result of the Option Scheme Meeting to the Court.

Purpose of the Option Scheme Meeting

The purpose of the Option Scheme Meeting is to consider, and if thought fit, to agree to a scheme of arrangement (with or without modification) proposed to be made between Synergy Metals and Synergy Metals Optionholders.

Business of the Option Scheme Meeting

To consider and, if thought fit, pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

> "*That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between the company and Synergy Metals Optionholders as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part is approved, with or without modification as approved by the Court*."

Information on the resolution to be considered at the Option Scheme Meeting

To enable you to make an informed voting decision, further information on the Option Scheme is set out in the Scheme Booklet of which this notice convening the Option Scheme Meeting forms part. Terms used in this notice have the same meaning as set out in the Glossary in section 11 of the Scheme Booklet of which this notice forms part.

Voting at the Option Scheme Meeting

Registered holders of Synergy Metals Options can vote at the Option Scheme Meeting by:

- attending the Option Scheme Meeting and voting in person, by attorney or, in the case of corporate Synergy Metals Optionholders, by corporate representative; or

- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying the Scheme Booklet of which this notice forms part.

Further details of how registered Synergy Metals Optionholders can vote are set out below.

Voting in person

Synergy Metals Optionholders who are entitled to vote and wish to do so in person are asked to arrive at the venue 15 minutes prior to the time designated for the Option Scheme Meeting to allow for registration for the Option Scheme Meeting. Please bring your Option Scheme Meeting registration forms with you to facilitate admission to the Option Scheme Meeting. The Option Scheme Meeting registration form for the Option Scheme Meeting is the Proxy Form included with the Scheme Booklet of which this notice forms part.

Voting by attorney or corporate representative

Synergy Metals Optionholders who are entitled to vote and wish to do so by attorney or corporate representative should ensure that their attorney or corporate representative arrives at the venue 15 minutes prior to the time designated for the Option Scheme Meeting to allow for registration for the Option Scheme Meeting. If you are attending as an attorney you should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to Synergy Metals. If you are attending as a representative of a corporate Synergy Metals Optionholder you must present satisfactory evidence of your appointment to attend on behalf of that Synergy Metals Optionholder, unless previously lodged with the Australian Registry.

Voting by proxy

Synergy Metals Optionholders who are entitled to vote and wish to do so by proxy are entitled to appoint not more than two proxies. Each proxy will have the right to vote on the resolution to be put to the Option Scheme Meeting. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the Synergy Metals Optionholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Synergy Metals Optionholder.

If a proxy is not directed how to vote any item of business, the proxy may vote or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote in the Synergy Metals Optionholder's behalf on the poll, and the Synergy Metals Options the subject of the proxy appointment will not be counted in computing the required majority.

Synergy Metals Optionholders who return their Proxy Form(s) with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the Option Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Option Scheme Meeting, the Chairman of the Option Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Option Scheme Meeting, the company secretary of Synergy Metals or any Synergy Metals Director which do not contain a direction will be used to support the resolution to approve the Option Scheme.

Completed Proxy Forms must be:

- sent to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001;
- faxed to +61 2 9290 9655; or
- received in person at Level 7, 207 Kent St, Sydney, NSW 2000

in each case so that they are received by no later than 3:00 pm (AEST) on 14 May 2013. Proxy Forms received after this time will be invalid.

The Proxy Form must be signed by the Synergy Metals Optionholder or the Synergy Metals Optionholder's attorney. If an attorney signs a Proxy Form on your behalf a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Australian Registry at the same time as the Proxy Form, unless you have already provided a certified copy of the power of attorney to Synergy Metals. Proxies given by corporations must be executed in accordance with the Corporations Act.

If you complete and return a Proxy Form, you may still attend the Option Scheme Meeting in person, revoke the proxy and vote at the Option Scheme Meeting.

Synergy Metals Optionholders who are entitled to vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at the Option Scheme Meeting is 3:00 pm (AEST) on 14 May 2013. Only those Synergy Metals Optionholders entered on the Synergy Metals Option Register at that time will be entitled to attend and vote at the Option Scheme Meeting. A Synergy Metals Optionholder who holds any Excluded Options or Northwest Options will not be entitled to vote at the Option Scheme Meeting.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, in order to become effective the Option Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this Option Scheme Meeting is passed by the requisite majorities and the other conditions precedent to the Option Scheme are satisfied, Synergy Metals intends to apply to the Court for approval of the Option Scheme.

By order of the Board of Synergy Metals Limited

Fleur Guenther
Company Secretary
Dated: 5 April 2013

Annexure F

The Implementation Agreement

Synergy Metals Limited (ACN 005 482 904)

("**Synergy Metals**")

SML Corporation Limited (ARBN 161 803 032)

("**SML**")

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The Implementation Agreement

Date 8 February 2013

Parties

1. **Synergy Metals Limited** (ACN 005 482 904) of Suite 3, Level 5, 468 St Kilda Road, Melbourne, Victoria, Australia, 3004 (**Synergy Metals**).
2. **SML Corporation Limited** (ARBN 161 803 032) of Suite 3, Level 5, 468 St Kilda Road, Melbourne, Victoria, Australia, 3004 (**SML**).

Background

A. Synergy Metals is an Australian public company listed on ASX.

B. SML is a company incorporated in Bermuda. SML is the sole shareholder in SML Resources.

C. Synergy Metals is the sole shareholder in SML.

D. The directors of Synergy Metals have resolved to propose to Synergy Metals Shareholders a restructure by way of a share scheme of arrangement, the effect of which will make SML the holding company of Synergy Metals (the "**Share Scheme**"). In addition, the directors of Synergy Metals have resolved to propose to the Synergy Metals Optionholders an option scheme of arrangement (the "**Option Scheme**").

E. This Agreement is entered into to record the terms and conditions on which SML and Synergy Metals propose to implement the Share Scheme and the Option Scheme.

Operative provisions

1. Defined terms and interpretation

1.1 Defined terms

In this Agreement, the following definitions apply unless the context requires otherwise:

A$ means the lawful currency of the Commonwealth of Australia;

ACN means Australian company number;

AEST means the time in Melbourne, Victoria;

Adviser means, in relation to an entity, a financier, financial adviser, corporate adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant who provides advisory services in a professional capacity to the market in general and who has been engaged by that entity;

Agreement means this document;

ARBN means Australian registered body number;

ASIC means the Australian Securities and Investments Commission;

ASIC Review Draft means the draft of the Scheme Booklet which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act;

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market operated by ASX Limited;

ASX Listing Rules means the official listing rules of ASX;

ATO means the Australian Taxation Office;

Australian Registry means Boardroom Pty Limited (ACN 003 209 836);

Business Day means a business day as defined in the ASX Listing Rules;

Conditions Precedent has the meaning given to that term in clauses 3.1 and 3.2;

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

Corporations Regulations means the *Corporations Regulations 2001* (Cth);

Court means:

(a) the Federal Court of Australia, Melbourne Registry;

(b) the Supreme Court of Victoria; or

(c) any other court of competent jurisdiction,

as agreed between the parties as soon as practicable after the date of this Agreement.

Deed of Cancellation means the deed of cancellation to be entered into between Northwest, Synergy Metals and SML in accordance with clause 6.3, the form of which is to be agreed by Northwest, Synergy Metals and SML;

Deed Polls means the Share Scheme Deed Poll and the Option Scheme Deed Poll;

Effective means, when used in relation to the Share Scheme or the Option Scheme, the coming into effect pursuant to section 411(10) of the *Corporations Act* of the order of the Court made under section 411(4)(b) in relation to the Share Scheme or the Option Scheme (as the case may be);

Effective Date means the date a Scheme becomes Effective;

Excluded Securities means any Synergy Metals Shares or Synergy Metals Options or both (as the case may be) held by SML or by any other person on behalf of or for the benefit of SML or any related entity of SML;

Fall-Back Option Offer means the invitation to Synergy Metals Optionholders that will be set out in the Prospectus to be issued by SML, and that will be subject to the following conditions:

(a) the Synergy Metals Optionholders not approving the Option Scheme at the Option Scheme Meeting by the requisite majorities, and the Share Scheme becoming Effective;

(b) the Synergy Metals Optionholder agreeing to the cancellation of all its Synergy Metals Options in consideration for the grant of an equivalent number of SML Options on terms and conditions which replicate those of the Synergy Metals Options;

(c) the Synergy Metals Optionholder undertaking to SML that it will not trade or otherwise deal with its Synergy Metals Options after the date on which it signs an application form in respect of the Fall-Back Option Offer; and

(d) SML will only accept and process application forms which it receives in respect of the Fall-Back Option Offer prior to 5:00 pm AEST on the date being 20 Business Days from the date the Option Scheme is not approved by the requisite majorities;

Final End Date means 31 July 2013, or such later date as SML and Synergy Metals agree in writing;

First Court Date means the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act approving the convening of the Scheme Meetings is heard, or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing;

Government Agency means any foreign or Australian government or governmental, semi governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, including ASIC, the Commissioner of Taxation, the ATO and the Australian Competition and Consumer Commission;

Implementation Date means the date which is the next Business Day after the Scheme Record Date, on such other date as SML and Synergy Metals agree in writing;

Independent Expert means DMR Corporate Pty Ltd (ACN 063 564 045) of 470 Collins Street, Melbourne, Victoria 3000;

Independent Expert's Report means the independent expert's report prepared by the Independent Expert for inclusion in the Scheme Booklet;

Ineligible Foreign Holder means any Synergy Metals Shareholder whose address on the Synergy Metals Share Register or any Synergy Metals Optionholder whose address on the Synergy Metals Option Register (as the case may be) as at the Scheme Record Date is a place outside of:

(a) Australia and its external territories;

(b) New Zealand;

(c) Hong Kong;

(d) Singapore

(e) British Virgin Islands;

(f) Ireland;

(g) Malaysia;

(h) United Kingdom; and

(i) any other jurisdiction where it is lawful and not unduly onerous or impracticable to offer or issue any of the SML Shares or SML Options,

unless, no less than three Business Days prior to the Scheme Meeting, Synergy Metals and SML agree in writing that it is lawful and not unduly onerous on impractical to issue that Synergy Metals Shareholder with SML Shares or that Synergy Metals Optionholder with SML Options (as the case may be) when the Scheme becomes Effective;

Ineligible Foreign Optionholder means a Synergy Metals Optionholder who is an Ineligible Foreign Holder;

Ineligible Foreign Shareholder means a Synergy Metals Shareholder who is an Ineligible Foreign Holder;

Northwest means Northwest Nonferrous Australia Mining Pty Ltd (ACN 134 016 087);

Northwest Options means the 52,500,000 Synergy Metals Options held by Northwest exercisable at $0.32 and expiring on 20 June 2014, issued to Northwest by Synergy Metals on and subject to the terms set out in the 2011 Synergy Metals AGM notice of meeting announced on ASX on 11 May 2011;

Option Scheme means the scheme of arrangement under Part 5.1 of the *Corporations Act* between Synergy Metals and the Synergy Metals Optionholders, the form of which is to be agreed between the parties in writing on terms that are consistent with the provisions of this Agreement (and under which the Synergy Metals Optionholders will receive the Option Scheme Consideration), subject to any alterations or conditions made or required by the Court under section 411(6) of the *Corporations Act* as are agreed to by the parties in writing;

Option Scheme Consideration means, other than for Ineligible Foreign Optionholders who shall receive cash in accordance with clause 5.4, one SML Option for every one Synergy Metals Option held by a Synergy Metals Optionholder on the Scheme Record Date;

Option Scheme Deed Poll means the deed poll to be executed by SML in favour of the Synergy Metals Optionholders, the form of which is to be agreed between SML and Synergy Metals in writing on terms that are consistent with the provisions of this Agreement and under which SML will covenant in favour of the Synergy Metals Optionholders to observe and perform its obligations under the Option Scheme;

Option Scheme Meeting means the meeting of Synergy Metals Optionholders ordered by the Court to be convened pursuant to section 411(1) of the *Corporations Act* in respect of the Option Scheme, and includes any adjournment of that meeting;

Option Scheme Nominee has the meaning given to that term in clause 5.4(b);

Option Scheme Proceeds has the meaning given to that term in clause 5.4(b);

Option Scheme Resolution means the resolution in respect of the Option Scheme to be put to Synergy Metals Optionholders entitled to vote at the Option Scheme Meeting which, in order to be passed, must be approved by the requisite majorities prescribed by section 411(4)(a)(i) of the *Corporations Act*;

Other Regulatory Approval means:

(a) any necessary approval from the Australian Foreign Investment Review Board; and

(b) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Government Agency; or

(c) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action;

Prospectus means the disclosure document issued by SML in relation to the Fall-Back Option Offer;

Regulatory Approvals means the consents, authorisations, approvals and acts referred to in clause 3.1(a), and any Other Regulatory Approval;

Representative means, in relation to a party:

(a) a Subsidiary of the party;

(b) an Officer of the party or any of the party's Subsidiaries; or

(c) an Adviser to the party or any of its Subsidiaries.

RG 60 means Regulatory Guide 60 issued by ASIC and dated September 2011 (as amended).

Scheme means a scheme of arrangement under Part 5.1 of the *Corporations Act* between Synergy Metals and Synergy Metals Shareholders, or a scheme of arrangement under Part 5.1 of the *Corporations Act* between Synergy Metals and Synergy Metals Optionholders subject to any amendments made or required by the Court under section 411(6) of the *Corporations Act* and approved by SML and Synergy Metals in writing and **Schemes** means both of those schemes of arrangement;

Scheme Booklet means the information referred to in clause 7.2(b) to be approved by the Court and despatched to Synergy Metals Shareholders and Synergy Metals Optionholders, which must include the Schemes, the Deed Polls, an explanatory statement complying with the requirements of the *Corporations Act*, a copy (or summary) of this Agreement, a copy of the Independent Expert's Report (and any Supplementary Independent Expert's Report), a notice of meeting in relation to each of the Scheme Meetings and proxy forms;

Scheme Meeting means the meeting of Synergy Metals Shareholders or the meeting of Synergy Metals Optionholders ordered by the Court to be convened pursuant to section 411(1) of the *Corporations Act* in respect of a Scheme and **Scheme Meetings** means both of those meetings;

Scheme Record Date means, when used in relation to a Scheme, 5:00 pm on the fifth Business Day after the Effective Date of the Scheme, or such other date (after the Effective Date) as agreed between the parties;

Scheme Resolutions means the Share Scheme Resolution and the Option Scheme Resolution;

Second Court Date means the first day on which an application made to the Court for orders under section 411(4)(b) (and, if applicable, section 411(6)) of the *Corporations Act* approving the Schemes is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard;

Share Scheme means the scheme of arrangement under Part 5.1 of the *Corporations Act* between Synergy Metals and the Synergy Metals Shareholders, the form of which is to be agreed between the parties in writing on terms that are consistent with the provisions of this Agreement (and under which the Synergy Metals Shareholders will receive the Share Scheme Consideration), subject to any alterations or conditions made or required by the Court under section 411(6) of the *Corporations Act* as agreed to by the parties in writing;

Share Scheme Consideration means, other than for Ineligible Foreign Shareholders who shall receive cash in accordance with clause 4.3, one SML Share for every one Synergy Metals Share held by a Synergy Metals Shareholder on the Scheme Record Date;

Share Scheme Deed Poll means the deed poll to be executed by SML in favour of the Synergy Metals Shareholders, the form of which is to be agreed between the parties in writing on terms that are consistent with the provisions of this Agreement and under which SML will covenant in favour of the Synergy Metals Shareholders to observe and perform its obligations under the Share Scheme;

Share Scheme Meeting means the meeting of Synergy Metals Shareholders ordered by the Court to be convened pursuant to section 411(1) of the *Corporations Act* in respect of the Share Scheme, and includes any adjournment of that meeting;

Share Scheme Nominee has the meaning given in clause 4.3(b);

Share Scheme Proceeds has the meaning given in clause 4.3(b);

Share Scheme Resolution means the resolution in respect of the Share Scheme to be put to Synergy Metals Shareholders entitled to vote at the Share Scheme Meeting which, in order to be passed, must be approved by the requisite majorities prescribed by section 411(4)(a)(ii) of the Corporations Act;

Share Transfer means a proper instrument of transfer, for the purposes of section 1071B of the *Corporations Act*, in respect of the transfer of all of the Synergy Metals Shares to SML under the Share Scheme;

SML means SML Corporation Limited, ARBN 161 803 032, a company incorporated in Bermuda;

SML Board means the board of directors of SML, comprised of the directors of SML from time to time;

SML Group means SML and each of its Subsidiaries;

SML Nominee means SML Resources being the nominee of SML;

SML Northwest Option means an option to subscribe for one SML Share that is subject to the same terms and conditions as the Northwest Option in respect of which it is being issued;

SML Option means an option to subscribe for one SML Share but excludes the SML Northwest Options;

SML Resources means SML Resources Ltd, a company incorporated in the British Virgin Islands;

SML Share means a fully paid common share of par value A$0.001 in the capital of SML;

Synergy Metals means Synergy Metals Limited (ACN 005 482 904);

Synergy Metals Board or **Board** means the board of directors of Synergy Metals;

Synergy Metals Directors means the directors of Synergy Metals from time to time;

Synergy Metals Group means Synergy Metals and each of its Subsidiaries;

Synergy Metals Option means an option to subscribe for a Synergy Metals Share that remains on issue at the Scheme Record Date other than Excluded Securities (if any) and Northwest Options;

Synergy Metals Optionholder means a person who is registered in the Synergy Metals Option Register as the holder of one or more Synergy Metals Options;

Synergy Metals Option Register means the register of Synergy Metals Options maintained by the Australian Registry in Australia on behalf of Synergy Metals;

Synergy Metals Share means a fully paid ordinary share in the capital of Synergy Metals on issue at the Scheme Record Date other than any Synergy Metals Shares that are Excluded Securities (if any);

Synergy Metals Shareholder means a person who is registered in the Synergy Metals Share Register as the holder of one or more Synergy Metals Shares as at the Scheme Record Date;

Synergy Metals Share Register means the register of Synergy Metals Shares maintained by the Australian Registry in Australia on behalf of Synergy Metals;

Subsidiary has the meaning given to that term in the Corporations Act, and:

(d) in relation to SML, includes SML Resources; and

(e) in relation to Synergy Metals, includes Australian Gold Mines Pty Ltd (ACN 056 562 924) , Mitta Omeo Metals Pty Ltd (ACN 145 558 167), Mt Wills Gold Mines Pty Ltd (ACN 009 223 992) (which is wholly-owned by Australian Gold Mines Pty Ltd);

Supplementary Independent Expert's Report means any update to the Independent Expert's Report or any supplementary report prepared by the Independent Expert;

Third Party means:

(a) a person other than SML or any of its Subsidiaries; or

(b) a consortium, partnership, limited partnership, joint venture, syndicate or other group in which neither SML nor any of its Subsidiaries are a member or otherwise participate; and

Timetable means the timetable for implementing the Schemes to be agreed by the parties.

1.2 Interpretation

In this Agreement, unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) other parts of speech and grammatical forms of a word or phrase defined in this Agreement have a corresponding meaning;

(c) a reference to a clause or party is a reference to a clause of and a party to this Agreement;

(d) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

(e) a reference to a document (including this Agreement) includes all amendments or supplements to, or replacements or novations of, that document;

(f) a reference to an agreement other than this Agreement includes an undertaking, deed, agreement or legally enforceable arrangement or understanding whether or not in writing;

(g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(h) the meaning of general words is not limited by specific examples introduced by 'including', 'in particular', 'such as' or any similar expression;

(i) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day; and

(j) for the purposes of this Agreement, an entity is a related entity of another entity if the first entity and the second entity would be related bodies corporate for the purposes of section 50 of the *Corporations Act* if the *Corporations Act* were read so that:

  (i) references to bodies corporate included references to other entities;

  (ii) a subsidiary of an entity included an entity that is controlled by the first entity for the purposes of section 50AA of the *Corporations Act*;

  (iii) a trust is a subsidiary of another entity if it would have been a subsidiary had the trust been a body corporate and had units in the trust been shares; and

an entity is a subsidiary of a trust if it would have been a subsidiary had the trust been a body corporate.

2. Agreement to proceed with the Schemes

(a) Synergy Metals agrees to propose and implement the Schemes on and subject to the terms of this Agreement, and to use all reasonable endeavours to do so as soon as is reasonably practicable and otherwise in accordance with the Timetable.

(b) SML agrees to assist Synergy Metals to propose and implement the Schemes on and subject to the terms of this Agreement, and to use all reasonable endeavours to do so as soon as is reasonably practicable and otherwise in accordance with the Timetable.

3. Conditions to the Schemes

3.1 Conditions Precedent – Share Scheme

Subject to this clause 3, the Share Scheme will not become Effective, and the obligations of SML under clauses 4.2 and 5.2 are not binding, until and unless each of the following conditions precedents (together, the **Conditions Precedent**) is satisfied or waived in accordance with clause 3.4:

(a) **ASIC and ASX:** that, before 8:00 am (AEST) on the Second Court Date, ASIC and ASX issue or provide such consents, waivers, authorisations or approvals, or do such other acts, as the parties agree are reasonably necessary or desirable to implement the Share Scheme;

(b) **Other Regulatory Approvals:** that all Other Regulatory Approvals which Synergy Metals and SML agree (acting reasonably) are necessary to implement the Share Scheme are obtained;

(c) **execution of Share Scheme Deed Poll:** that, before the Share Scheme Meeting, SML validly executes and delivers the Share Scheme Deed Poll;

(d) **Share Scheme approval:** that the Synergy Metals Shareholders entitled to vote at the Share Scheme Meeting approve the Share Scheme by the requisite majorities prescribed by section 411(4)(a)(ii) of the Corporations Act;

(e) **Court approval:** that the Court approves the Share Scheme in accordance with section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act);

(f) **entry into Deed of Cancellation:** that by no later than 5 Business Days before the Second Court Date, the Deed of Cancellation has been validly executed and delivered;

(g) **Independent Expert:** the Independent Expert does not change its conclusion or withdraw its report prior to the close of the Share Scheme Meeting; and

(h) **Court imposed conditions:** any additional conditions that may be imposed by the Court.

3.2 Conditions Precedent – Option Scheme

Subject to this clause 3, the Option Scheme will not become Effective, and the obligations of SML under clause 5.2 are not binding, until and unless each of the following conditions precedents (together, the **Conditions Precedent**) is satisfied or waived in accordance with clause 3.4:

(a) **ASIC and ASX:** that, before 8:00am (AEST) on the Second Court Date, ASIC and ASX issue or provide such consents, waivers, authorisations or approvals, or do such other acts, as the parties agree are reasonably necessary or desirable to implement the Option Scheme;

(b) **Other Regulatory Approvals:** that all Other Regulatory Approvals which Synergy Metals and SML agree (acting reasonably) are necessary to implement the Option Scheme are obtained;

(c) **execution of Option Scheme Deed Poll:** that, before the Option Scheme Meeting, SML validly executes and delivers the Option Scheme Deed Poll;

(d) **Share Scheme approval:** that the Synergy Metals Shareholders entitled to vote at the Share Scheme Meeting approve the Share Scheme by the requisite majorities prescribed by section 411(4)(a)(ii) of the Corporations Act;

(e) **Option Scheme approval:** that the Synergy Metals Optionholders entitled to vote at the Option Scheme Meeting approve the Option Scheme by the requisite majorities prescribed by section 411(4)(a)(ii) of the Corporations Act;

(f) **Court approval:** that the Court approves the Option Scheme in accordance with section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act);

(g) **entry into Deed of Cancellation:** that by no later than 5 Business Days before the Second Court Date, the Deed of Cancellation has been validly executed and delivered;

(h) **Independent Expert:** the Independent Expert does not change its conclusion or withdraw its report prior to the close of the Option Scheme Meeting;

(i) **Court imposed conditions:** any additional conditions that may be imposed by the Court; and

(j) **Share Scheme:** the Share Scheme becoming Effective.

3.3 Best endeavours

Each party must, to the extent that it is its respective control or influence, use its best endeavours, and, if necessary, must ensure that each of its Subsidiaries uses its best endeavours, to procure that:

(a) the Conditions Precedent are satisfied as soon as reasonably practicable and in any event on or before the Final End Date; and

(b) no occurrence arises that would, or is likely to, hinder or prevent any of the Conditions Precedent being satisfied, except to the extent that such occurrence is given rise to by an action required to be done or procured under, or to give effect to, this Agreement or the Share Scheme, or required by law to be done or procured.

3.4 Waiver of Conditions Precedent

Any breach or non-satisfaction of the Condition Precedent in clauses 3.1(g) and 3.2(h) may be waived with the written consent of the parties. No other Conditions Precedent may be waived.

3.5 Notification

Each party must:

(a) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions Precedent; and

(b) promptly notify the other party in writing if it becomes aware:

 (i) that any Condition Precedent has been satisfied, in which case the notifying party must, if requested to do so by the other party, provide reasonable evidence of satisfaction of the Condition Precedent;

 (ii) of a breach or non-fulfilment of a Condition Precedent;

(iii) of any change, event, fact or circumstance which has resulted in, or will result in, a Condition Precedent becoming incapable of being satisfied; or

(iv) of any change, event, fact or circumstance which, so far as can reasonably be foreseen, is likely to result in a Condition Precedent becoming incapable of being satisfied.

3.6 Regulatory Approval

(a) Without limiting clause 3.3, the parties must co-operate in good faith for the purposes of enabling all Regulatory Approvals to be obtained. This obligation includes the requirement that:

(i) SML must promptly make all notifications and applications to any Government Agency necessary to procure the Regulatory Approvals and must give Synergy Metals a copy of those notifications and applications; and

(ii) each party must promptly:

(A) give to the other all information reasonably required by the other for the purpose of enabling the Regulatory Approvals to be obtained; and

(B) give the relevant Government Agencies all additional information required by those Government Agencies for the purposes of considering SML’s applications.

(b) For the purposes of the Conditions Precedent in clauses 3.1(a), 3.1(b), 3.2(a) and 3.2(b), a Regulatory Approval will be regarded as having been obtained even though a condition has been attached to that Regulatory Approval, provided that the parties agree to treat the Regulatory Approval as having been obtained notwithstanding its conditionality, such agreement not to be unreasonably withheld or delayed.

3.7 Consultations if Conditions Precedent not satisfied

Except in respect of the Conditions Precedent in clauses 3.1(d) and 3.1(e), if:

(a) there is a breach or non-satisfaction of a Condition Precedent; or

(b) there is an act, failure to act, event or occurrence which will prevent a Condition Precedent from being satisfied,

the parties must consult in good faith with a view to determining whether:

(c) the Schemes may proceed by way of alternative means or methods;

(d) to extend the relevant time or date for satisfaction of the Conditions Precedent or the Final End Date; or

(e) to change the date of the application to be made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Schemes or adjourning that application (as applicable) to another date agreed between the parties, if required, approved by the Court.

3.8 Termination

(a) Either of the parties may terminate this Agreement by giving written notice to the other if any of the Conditions Precedent to the Share Scheme listed in clause 3.1 have not been satisfied or waived by the Final End Date. If this Agreement is terminated under this clause 3.8 then the provisions of clause 11.2 have effect.

(b) In the event that the Conditions Precedent to the Option Scheme listed in clause 3.2 have not been satisfied or waived by the Final End Date, then the Option Scheme will not be implemented by the parties but otherwise this Agreement (including, but not limited to, clause 6) will continue to apply between the parties save and except any provision relating to the implementation of the Option Scheme.

4. Share Scheme

4.1 Outline

Subject to the terms of this Agreement, Synergy Metals must propose the Share Scheme under which all of the Synergy Metals Shares will be transferred to SML or the SML Nominee, and the Synergy Metals Shareholders will be entitled to receive the Share Scheme Consideration in accordance with the Share Scheme and the Share Scheme Deed Poll (subject to clause 4.3).

4.2 Share Scheme Consideration

(a) SML covenants in favour of Synergy Metals (in its own right and as trustee or nominee for the Synergy Metals Shareholders) that, subject to the Share Scheme becoming Effective, and to clause 4.3, in consideration for the transfer to SML, or the SML Nominee, of each Synergy Metals Share held by a Synergy Metals Shareholder as at the Scheme Record Date, it will, on the Implementation Date:

(i) accept, and do all things reasonably necessary to effect, that transfer, including executing and delivering the Share Transfer (if necessary); and

(ii) issue to each Synergy Metals Shareholder 1 SML Share for each 1 Synergy Metals Share held by that Synergy Metals Shareholder as at the Scheme Record Date,

in accordance with the terms of the Share Scheme and the Share Scheme Deed Poll.

(b) SML covenants in favour of Synergy Metals (in its own right and as trustee or nominee for the Synergy Metals Shareholders) that:

(i) the SML Shares will be duly and validly issued and will rank equally in all respects with all existing SML Shares; and

(ii) each SML Share will be fully paid and free from any security interest, mortgage, charge, lien, encumbrance or other security interest.

4.3 Ineligible Foreign Shareholders

(a) SML will be under no obligation to issue, and will not issue, any SML Shares to an Ineligible Foreign Shareholder as Share Scheme Consideration, and instead will follow, and covenants that it will follow, the procedure set out in this clause 4.3, or will procure that procedure is followed.

(b) The SML Shares to which an Ineligible Foreign Shareholder would otherwise have become entitled will be issued to a nominee appointed by SML (the **Share Scheme Nominee**) who will, in accordance with the Share Scheme, sell those SML Shares and remit the proceeds received (after deducting any applicable brokerage, stamp duty and other taxes and charges) (the **Share Scheme Proceeds**) to SML, or, if directed by SML, to the Ineligible Foreign Shareholder.

(c) Promptly after receipt of the Share Scheme Proceeds from the Share Scheme Nominee (as contemplated in clause 4.3(b)), SML will pay, or will procure the payment of, the Share Scheme Proceeds to the Ineligible Foreign Shareholder, in accordance with the Share Scheme.

(d) SML agrees to appoint the Share Scheme Nominee at least 2 weeks prior to the Share Scheme Meeting, with the appointment of the Share Scheme Nominee to be subject to Synergy Metals' approval, which must not be unreasonably withheld or delayed.

5. Option Scheme

5.1 Outline

Subject to the terms of this Agreement, Synergy Metals must propose the Option Scheme under which all of the Synergy Metals Options will be cancelled and the Synergy Metals Optionholders will be entitled to receive the Option Scheme Consideration in accordance with the Option Scheme and the Option Scheme Deed Poll.

5.2 Option Scheme Consideration

SML covenants in favour of Synergy Metals (in its own right and as trustee or nominee on behalf of the Synergy Metals Optionholders) that, subject to the Schemes becoming Effective, and to clause 5.4, in consideration for the cancellation of the debts and claims evidenced by, and the rights and obligations pertaining to or under, each Synergy Metals Option held by an Synergy Metals Optionholder as at the Scheme Record Date, SML will, on the Implementation Date, and in accordance with the terms of the Option Scheme and the Option Scheme Deed Poll, issue to each Synergy Metals Optionholder 1 SML Option for each 1 Synergy Metals Option held by that Synergy Metals Optionholder as at the Scheme Record Date, with that SML Option to carry the same terms and be subject to the same conditions, and confer the same rights upon the Synergy Metals Optionholder, as the Synergy Metals Options.

5.3 ASX waiver

(a) As soon as reasonably practicable after the date of this Agreement, Synergy Metals must use all reasonable endeavours to procure that ASX grants any waiver necessary from ASX Listing Rule 6.23 in respect of the Option Scheme.

(b) If the waiver referred to in clause 5.3(a):

    (i) is obtained on or before the date on which the ASIC Review Draft is given to ASIC, but is subject to one or more conditions not satisfactory to SML, acting reasonably; or

    (ii) is not obtained on or before the date on which the ASIC Review Draft is given to ASIC,

    Synergy Metals agrees to seek any approvals that are required under ASX Listing Rule 6.23 in relation to the Option Scheme on the same date on which the Share Scheme Meeting is held.

5.4 Ineligible Foreign Optionholders

(a) SML will be under no obligation to issue, and will not issue, any SML Options to an Ineligible Foreign Optionholder as Option Scheme Consideration, and instead will follow, and covenants that it will follow, the procedure set out in this clause 5.4, or will procure that procedure is followed.

(b) The SML Options to which an Ineligible Foreign Optionholders would otherwise have become entitled will be issued to a nominee appointed by SML (the **Option Scheme Nominee**) who will, in accordance with this clause 5, sell those SML Options and remit the proceeds received (after deducting any applicable brokerage, stamp duty and other taxes and charges) (the **Option Scheme Proceeds**) to SML.

(c) Promptly after receipt of the Option Scheme Proceeds from the Option Scheme Nominee (as contemplated in clause 5.4(b)), SML will pay, or will procure the payment of, the Option Scheme Proceeds to the Ineligible Foreign Optionholders, in accordance with this with this clause 5.

(d) SML agrees to appoint the Option Scheme Nominee at least 2 weeks prior to the Option Scheme Meeting, with the appointment of the Option Scheme Nominee to be subject to Synergy Metals' approval, which must not be unreasonably withheld or delayed.

6. Dealings with options outside of the Option Scheme

6.1 Option Scheme not approved by Synergy Metals Optionholders

(a) In accordance with clauses 7.2(k) and 7.3(e) Synergy Metals and SML must cooperate for the purpose of SML issuing the Prospectus in connection with the Fall-Back Option Offer to each Synergy Metals Optionholder at the same time the Scheme Booklet is sent to Synergy Metals Optionholders.

(b) In the event that the Synergy Metals Optionholders do not approve the Option Scheme at the Option Scheme Meeting by the requisite majorities but the Share Scheme is approved by the requisite majorities, then Synergy Metals and SML will ensure that Synergy Metals Optionholders may apply for SML Options under the Fall-Back Option Offer for a period of 20 Business Days from the date of the Option Scheme Meeting, including (if necessary) applying for an adjournment of the Second Court Date.

(c) In the event that the Synergy Metals Optionholders do not approve the Option Scheme at the Option Scheme Meeting by the requisite majorities but the Share Scheme is approved by the requisite majorities and subject to the Share Scheme becoming Effective, then SML must take all reasonable steps to process the application forms it receives from Synergy Metals Optionholders in connection with the Fall-Back Option Offer, issue SML Options in accordance with the terms of the Fall-Back Option Offer and cancel those Synergy Metals Options which are the subject of application forms received in respect of the Fall-Back Option Offer.

(d) Notwithstanding SML's obligations in respect of the Fall-Back Option Offer provided under this Agreement, in the event that the Synergy Metals Optionholders do not approve the Option Scheme at the Option Scheme Meeting by the requisite majorities then:

  (i) this Agreement will continue to apply between the parties save and except any provision relating to the implementation of the Option Scheme, and where a provision of this Agreement applies to both the Share Scheme and the Option Scheme then such provision shall be construed and interpreted as referring and applying to only the Share Scheme; and

(ii) SML will not be obliged to take any further steps in respect of the Synergy Metals Options other than as set out in this clause 6.

6.2 Northwest Options – Introduction

In accordance with the Condition Precedent in clause 3.1(f), a condition to the Share Scheme becoming Effective is that Synergy Metals has agreed to use all reasonable endeavours to procure that by no later than 5 Business Days before the Second Court Date, Northwest enters into the Deed of Cancellation.

6.3 Northwest Options – Deed of Cancellation

(a) Having regard to the parties' obligations under clause 3.3, each party must, to the extent that it is within their respective control or influence, use its best endeavours to procure that, under the Deed of Cancellation, Northwest agrees, among other things:

(i) not to exercise any of the Northwest Options after the date that is 5 Business Days before the Scheme Record Date (for the avoidance of doubt, this does not in any way restrict the ability of Northwest to exercise any of its Northwest Options prior to the date that is 5 Business Days before the Scheme Record Date); and

(ii) to the cancellation of all of the Northwest Options it holds as at the Scheme Record Date in consideration for the issue of the SML Northwest Options, subject to the Share Scheme becoming Effective.

(b) Under the Deed of Cancellation:

(i) SML shall agree to, among other things, on the Implementation Date, subject to the Share Scheme becoming Effective:

(A) issue to Northwest 1 SML Northwest Option for each 1 Northwest Option held by Northwest, with that SML Northwest Option to carry the same terms and be subject to the same conditions, and confer the same rights upon Northwest, as the Northwest Option; and

(B) provided Northwest receives SML Northwest Options pursuant to the Deed of Cancellation, enter Northwest in the SML option register; and

(ii) Synergy Metals shall agree to do all things reasonably necessary to give effect to the Deed of Cancellation.

6.4 Northwest Options – ASX waiver

(a) As soon as reasonably practicable after the date of this Agreement, Synergy Metals must use all reasonable endeavours to procure that ASX grants any waiver necessary from ASX Listing Rule 6.23 in respect of the Northwest Options to be cancelled pursuant to this clause 6.

(b) If the waiver referred to in clause 6.4(a):

(i) is obtained on or before the day which is 5 Business Days before the Second Court Date, but is subject to one or more conditions not satisfactory to SML, acting reasonably; or

(ii) is not obtained on or before the day which is 5 Business Days before the Second Court Date,

Synergy Metals agrees to seek any approvals that are required under ASX Listing Rule 6.23 in relation to the Northwest Options to be cancelled pursuant to this clause 6 on the same date on which the Share Scheme Meeting is held.

7. Implementation of the Schemes

7.1 Obligations of both parties

Without limiting or qualifying any other part of this Agreement, each party must do the following things in addition to their other obligations under this Agreement:

(a) **Regulatory Approvals:**

(i) as soon as reasonably practicable after the date of this Agreement, apply for all relevant Regulatory Approvals and provide the other party with a copy of those applications;

(ii) take all steps it is responsible for as part of the application process for a Regulatory Approval, including responding to requests for information at the earliest practicable time and using all reasonable endeavours to obtain the Regulatory Approval as soon as practicable after the date of this Agreement; and

(iii) provide the other party, on a confidential basis, with all information in its possession relating to an application for Regulatory Approval that is reasonably requested by the other party,

however, the party applying for a Regulatory Approval:

(iv) may withhold or redact information or documents if and to the extent that the information or document is subject to any existing confidentiality obligations owed to a Third Party or is commercially sensitive or confidential to the applicant; and

(v) will not be prevented from taking procedural steps or communicating with or providing documents to a party from whom Regulatory Approval is sought if the other party has not acted in accordance with clause 7.1(a)(ii);

(b) **certificate:** at the hearing on the Second Court Date, provide to the Court a certificate confirming whether or not the Conditions Precedent (other than the Conditions Precedent in clauses 3.1(e) and 3.2(f)) have been satisfied or waived in accordance with this Agreement. A draft of such certificate must be provided by each party to the other by 5:00pm on the day that is 2 Business Days before the Second Court Date;

(c) **timing:** consult with the other party on a regular basis in relation to the Timetable for performing their respective obligations in relation to the implementation of the Schemes (as set out in this Agreement), and, to the extent within its control, and having regard to facts acknowledged and agreed between the parties that timing is of the essence in the context of implementing the Schemes, use all reasonable endeavours to ensure that the Schemes are implemented in accordance with the Timetable; and

(d) **implementation of Schemes:** use all reasonable endeavours and commit necessary and appropriate resources to implement the Schemes in the manner contemplated by this Agreement.

7.2 Synergy Metals' obligations

Subject to the terms of this Agreement, Synergy Metals must do all things as may be reasonably necessary or expedient on its part for the implementation and performance of the Schemes on a basis consistent with the terms of this Agreement, and in particular Synergy Metals must:

(a) **Independent Expert's Report**: provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report, and any Supplementary Independent Expert's Report (if required), for inclusion in the Scheme Booklet;

(b) **preparation of Scheme Booklet:** as soon as reasonably practicable after the date of this Agreement, prepare the Scheme Booklet in accordance with all applicable laws (in particular the Corporations Act, the Corporations Regulations, RG 60 and the ASX Listing Rules), and in regular consultation with, and considering in good faith the comments made, and amendments proposed, by SML or its Representatives as to the content and presentation of the Scheme Booklet;

(c) **lodgement of ASIC Review Draft:** as soon as reasonably practicable after the date of this Agreement, and, in any event, no later than 14 days before the First Court Date, provide a copy of the ASIC Review Draft to ASIC, as required by section 411(2) of the Corporations Act;

(d) **matters raised by ASIC:** keep SML informed of any matters raised by ASIC in relation to the ASIC Review Draft or the Scheme Booklet, and use its best endeavours to, in consultation with SML, resolve any such matters;

(e) **section 411(17)(b) statement:** apply to ASIC for the production of written statements under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to, respectively, the Share Scheme and the Option Scheme;

(f) **Court documents:** prepare all documents necessary for the Court hearings (including any appeals where applicable) relating to the Schemes (including originating process, affidavits, submissions and draft minutes of Court orders) in accordance with all applicable laws;

(g) **First Court Date:** apply to the Court for orders under section 411(1) of the Corporations Act directing Synergy Metals to convene the Scheme Meetings, each to be held on the same day;

(h) **registration of Scheme Booklet:** if the Court directs Synergy Metals to convene the Share Scheme Meeting (as contemplated in clause 7.2(g)), as soon as practicable after such an order is made, request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Share Scheme in accordance with section 412(6) of the Corporations Act;

(i) **approval of Scheme Booklet:** as soon as practicable after, and subject to, receipt of confirmation from ASIC that it has no objection to the Schemes (in the form contemplated in clause 7.2(e)), prepare the final form Scheme Booklet and convene a meeting of the Synergy Metals Board (or a committee of the Synergy Metals Board) for the purpose of approving the final form Scheme Booklet for despatch to Synergy Metals Shareholders and Synergy Metals Optionholders;

(j) **Scheme Meetings:** take all reasonable steps necessary to comply with the orders of the Court made under section 411(1) of the Corporations Act and all applicable laws, including, as required, despatching the Scheme Booklet to Synergy Metals Shareholders and Synergy Metals Optionholders, convening and holding the Scheme Meetings and putting the relevant Scheme Resolutions to Synergy Metals Shareholders and Synergy Metals Optionholders at the Scheme Meetings;

(k) **Prospectus and Fall-Back Option Offer**: Synergy Metals must enclose with the Scheme Booklet sent to Synergy Metals Optionholders a copy of the Prospectus issued in connection with the Fall-Back Option Offer provided to it by SML in accordance with clause 7.3(e);

(l) **update Scheme Booklet:** if, after the Scheme Booklet has been despatched to Synergy Metals Shareholders and Synergy Metals Optionholders (as contemplated in clause 7.2(j)), it becomes aware of information that:

(i) in the opinion of Synergy Metals acting reasonably and in good faith, is material for disclosure to:

(A) Synergy Metals Shareholders entitled to vote at the Share Scheme Meeting in deciding whether or not to approve the Share Scheme Resolution; and/or

(B) Synergy Metals Optionholders entitled to vote at the Option Scheme Meeting in deciding whether or not to approve the Option Scheme Resolution; or

(ii) is required to be disclosed under any applicable law,

inform the Synergy Metals Shareholders and/or Synergy Metals Optionholders entitled to vote at the Scheme Meetings of the information in an appropriate and timely manner, and in accordance with all applicable laws, after consultation with SML as to the manner in which that information should be provided to those Synergy Metals Shareholders and/or Synergy Metals Optionholders;

(m) **Court approval:** if the Share Scheme Resolution, and if applicable, the Option Scheme Resolution, is passed by the requisite majorities prescribed by section 411(4)(a) of the Corporations Act, apply to the Court for orders approving the Share Scheme, or the Schemes (as the case may be), under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act);

(n) **details of the Synergy Metals Shareholders and Synergy Metals Optionholders:** as soon as practicable after the Scheme Record Date, and in any event no later than 2 Business Days before the Implementation Date, provide to SML (or as it directs) all necessary information about the Synergy Metals Shareholders and Synergy Metals Optionholders that SML reasonably requires in order to fulfil its obligations in respect of the provision of the Share Scheme Consideration, and, if applicable, the Option Scheme Consideration (as contemplated in clauses 4.2 and 5.2 respectively), including details of the names, registered addresses and holdings of the Synergy Metals Shareholders and Synergy Metals Optionholders;

(o) **lodgement of Court orders**: lodge with ASIC a copy of the Court orders approving the Share Scheme, or the Schemes (as the case may be), in accordance with section

411(10) of the Corporations Act as soon as possible after, and in any event by no later than 4:00pm on the Business Day following the day on which, the Court makes those orders (or such later day as agreed in writing between the parties, with the consent of the Court if required);

(p) **suspension of trading:** use its best endeavours to ensure that ASX suspends trading in Synergy Metals Shares and Synergy Metals Options with effect from the close of trading on the Effective Date;

(q) **Share Scheme Consideration:** close the Synergy Metals Share Register as at the Scheme Record Date and determine entitlements to the Share Scheme Consideration in accordance with the Share Scheme;

(r) **Option Scheme Consideration:** close the Synergy Metals Option Register as at the Scheme Record Date and determine entitlements to the Option Scheme Consideration in accordance with the Option Scheme;

(s) **registration:** subject to SML having issued the Share Scheme Consideration in accordance with the Share Scheme and the Share Scheme Deed Poll (and to SML having provided written confirmation thereof in accordance with the Share Scheme), duly execute and deliver the Share Transfer and, subject to SML doing the same (as contemplated in clause 4.2(a)(i)) register the transfer to SML, or the SML Nominee, of all of the Synergy Metals Shares in accordance with the Share Scheme;

(t) **cancellation of Synergy Metals Options:** subject to SML having issued the:

(i) Option Scheme Consideration in accordance with the Option Scheme and the Option Scheme Deed Poll, cancel all of the Synergy Metals Options;

(ii) SML Northwest Options in accordance with clause 6, cancel the Northwest Options; and

(iii) SML Options in accordance with clause 6.1, cancel those Synergy Metals Options which are the subject of application forms in respect of the Fall-Back Option Offer;

(u) **compliance with laws:** do everything reasonably within its power to effect the Share Scheme in accordance with this Agreement and with all applicable laws and regulations; and

(v) **all things necessary:** do all other things contemplated by, or necessary to, lawfully give effect to the Schemes and the orders of the Court approving the Schemes.

7.3 SML's obligations

Subject to the terms of this Agreement, SML must do all things as may be reasonably necessary or expedient on its part for the implementation and performance of the Schemes on a basis consistent with the terms of this Agreement, and in particular SML must:

(a) **Independent Expert's Report:** provide any assistance or information reasonably requested by Synergy Metals or by the Independent Expert in connection with the preparation of the Independent Expert's Report or any Supplementary Independent Expert's Report;

(b) **review of Scheme Booklet:** review drafts of the Scheme Booklet prepared and provided to it by Synergy Metals and promptly provide comments to Synergy Metals on those drafts in good faith, and provide any other assistance or information reasonably requested by Synergy Metals in connection with the preparation of the Scheme Booklet or implementation of the Schemes, including consulting with Synergy Metals in relation to any matters raised by ASIC (as contemplated in clause7.2(d));

(c) **execution of Deed Polls:** prior to the Scheme Meetings, validly execute and deliver the Deed Polls (in satisfaction of the Condition Precedent in clauses 3.1(c) and 3.2(c));

(d) **approval of Scheme Booklet:** as soon as practicable after receipt of confirmation from ASIC that it has no objection to the Schemes (in the form contemplated in clause 7.2(e)), and after the final form of the Scheme Booklet has been prepared (as contemplated in clause 7.2(i)), convene a meeting of the SML Board (or a committee of the SML Board) for the purpose of approving the information in the Scheme Booklet;

(e) **Prospectus and Fall-Back Option Offer**: prior to Synergy Metals despatching the Scheme Booklet pursuant to clause 7.2(j), SML must provide Synergy Metals with the Prospectus issued in connection with the Fall-Back Option Offer;

(f) **ASX application**: if the Share Scheme becomes Effective, apply to ASX for the SML Shares to be quoted on ASX and to trade on a deferred settlement basis from the commencement of trading on the first trading day after the Effective Date, and on a normal settlement basis on 5 business days after the Implementation Date. Subject to the Share Scheme becoming Effective, if the Option Scheme becomes Effective, apply to ASX for the SML Options to be quoted on ASX and to trade on a deferred settlement basis from the commencement of trading on the first trading day after the Effective Date, and on a normal settlement basis on 5 business days after the Implementation Date;

(g) **Share Scheme Consideration:** if the Share Scheme becomes Effective, provide the Share Scheme Consideration in accordance with this Agreement, the Share Scheme and the Share Scheme Deed Poll on the Implementation Date, and otherwise satisfy its obligations in relation to the implementation of the Share Scheme;

(h) **Option Scheme Consideration:** if the Option Scheme becomes Effective, provide the Option Scheme Consideration in accordance with this Agreement, the Option Scheme and the Option Scheme Deed Poll on the Implementation Date, and otherwise satisfy its obligations in relation to the implementation of the Option Scheme;

(i) **compliance with laws:** do everything reasonably within its power to effect the Share Scheme in accordance with this Agreement and with all applicable laws and regulations; and

(j) **all things necessary:** do all other things contemplated by, or necessary to, lawfully give effect to the Schemes and the orders of the Court approving the Schemes.

8. Court approval

8.1 Court refuses to make orders

(a) If the Court refuses to make an order under section 411(1) of the Corporations Act to convene a Scheme Meeting, or to make an order to approve a Scheme under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act), Synergy Metals must appeal the Court's decision to the fullest extent possible except where:

(i) the parties agree otherwise;

(ii) the parties are advised by their respective legal Advisers that an appeal would have either no reasonable prospect or a low probability of success; or

(iii) the Synergy Metals Board, or a member of the Synergy Metals Board, has changed or withdrawn its, his or her recommendation in relation to either of the Schemes in accordance with clause 9.2.

(b) The costs of any appeal of a kind referred to in clause 8.1(a) shall be borne by Synergy Metals.

9. Recommendation of Schemes

9.1 Synergy Metals recommendation

Synergy Metals represents to SML that, subject to clause 9.2, the Synergy Metals Board will unanimously recommend that:

(a) Synergy Metals Shareholders entitled to vote at the Share Scheme Meeting vote in favour of the Share Scheme; and

(b) Synergy Metals Optionholders entitled to vote at the Option Scheme Meeting vote in favour of the Option Scheme,

which recommendation will appear on the cover page of the Scheme Booklet and be explained in the Scheme Booklet.

9.2 Change of recommendation

The Synergy Metals Board collectively, and the members of the Synergy Metals Board individually, must not change or withdraw its, his or her recommendation in favour of each of the Schemes (as set out in clause 9.1), unless:

(a) the Independent Expert's Report concludes that:

(i) the Share Scheme is not in the best interests of Synergy Metals Shareholders; and/or

(ii) the Option Scheme is not in the best interests of Synergy Metals Optionholders; or

(b) the Synergy Metals Board determines, in good faith, after having obtained written advice from its legal Advisers, that the Synergy Metals Directors are by virtue of their fiduciary or statutory duties:

(i) no longer able to recommend to:

(A) Synergy Metals Shareholders entitled to vote at the Share Scheme Meeting that they should vote in favour of the Share Scheme; or

(B) Synergy Metals Optionholders entitled to vote at the Option Scheme Meeting that they should vote in favour of the Option Scheme; or

(ii) no longer consider that the:

(A) Share Scheme is in the best interests of Synergy Metals Shareholders; or

(B) Option Scheme is in the best interests of Synergy Metals Optionholders,

provided that the Synergy Metals Board may only change or withdraw its recommendation pursuant to this clause 9.2(b) if Synergy Metals has first made reasonable endeavours to consult with SML as to the matters, occurrences or events that have lead to the determination of the Synergy Metals Board.

10. Conduct at Court proceedings

(a) Synergy Metals and SML are entitled to separate representation at all Court hearings held in relation to the Schemes.

(b) Nothing in this Agreement shall be taken to give a party any right or power to give undertakings to the Court for or on behalf of the other party without that party's consent.

(c) Each party must give all undertakings to the Court in all hearings of the kind referred to in clause 10(a) which are reasonably required to obtain Court approval and confirmation of the Schemes.

11. Termination

11.1 Termination events

Either SML or Synergy Metals may terminate this Agreement at any time before the Second Court Date by giving written notice to the other if:

(a) the Court fails to make orders in accordance with section 411(1) of the Corporations Act to convene the Share Scheme Meeting and either all appeals from such failure are unsuccessful or the parties determine not to initiate an appeal; or

(b) the Independent Expert gives a report to Synergy Metals which concludes that the Share Scheme is not in the best interests of Synergy Metals Shareholders or changes its previously given conclusion that the Share Scheme is in the best interests of Synergy Metals Shareholders, or withdraws its report prior to the close of the Share Scheme Meeting.

11.2 Effect of termination

If this Agreement is terminated under clause 3.8 or this clause 11 then:

(a) except for this subclause 11.2 and clauses 1 and 12 (other than 12.7), all the provisions of this Agreement will lapse and cease to have effect; and

(b) neither the lapsing of those provisions nor their ceasing to have effect will affect any accrued rights or liabilities of either party in respect of damages for non-performance of any obligation under this Agreement falling due for performance before such lapse and cessation.

12. General

12.1 Costs

Synergy Metals must pay the costs and expenses of the Scheme, except that SML must pay any stamp duties and similar charges payable under Australian law in connection with the transfer of the Synergy Metals Shares to SML.

12.2 No representation or reliance

(a) Each party acknowledges that the other party has not made, either directly or indirectly, any representation or other inducement in connection with the entry into this Agreement by the parties, except for those representations and inducements expressly set out in this Agreement.

(b) Each party acknowledges that, to the maximum extent permitted by law, all representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this Agreement, the circumstances surrounding the parties' entry into it and the Share Scheme are expressly excluded.

(c) Each party acknowledges and confirms that it does not enter into this Agreement on the basis of, or to any extent in reliance on, any representation or other inducement made or given by or on behalf of the other party, except for those representations and inducements expressly set out in this Agreement.

12.3 Notices

(a) Any notice to or by a party under this Agreement must be in writing and signed by the sender or, if a corporate party, an authorised officer of the sender.

(b) Any notice may be served by delivery in person or by post or transmission by facsimile to the address or number of the recipient specified in this provision or most recently notified by the recipient to the sender.

(c) Any notice is effective for the purposes of this Agreement upon delivery to the recipient or production to the sender of a facsimile transmittal confirmation report before 4.00 pm local time on a day in the place in or to which the written notice is delivered or sent or otherwise at 9.00 am on the next day following delivery or receipt.

12.4 Governing law and jurisdiction

(a) This Agreement is governed by and construed under the law in the State of Victoria.

(b) Any legal action in relation to this Agreement against any party or its property may be brought in any court of competent jurisdiction in the State of Victoria.

(c) Each party by execution of this Agreement irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this provision in relation to both itself and its property.

12.5 No merger

The rights and obligations of the parties do not merge on completion of the Share Scheme. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Schemes.

12.6 Consents

Any consent referred to in, or required under, this Agreement from any party may not be unreasonably withheld, unless this Agreement expressly provides that it may be withheld by a party in its absolute discretion.

12.7 Further assurance

Each party must execute any document and perform any action necessary to give full effect to this Agreement, whether before or after performance of this Agreement.

12.8 Severability

A term or part of a term of this Agreement that is illegal or unenforceable may be severed from this Agreement, in which event the remaining terms or parts of the term of this Agreement will continue to be of full force and effect.

12.9 Counterparts

This Agreement may be executed in any number of counterparts. All counterparts, taken together, constitute one instrument.

12.10 Rights cumulative

Except where expressly stated otherwise in this Agreement, the rights of a party under this Agreement are cumulative and are in addition to any other rights of that party.

Execution page

EXECUTED as an Agreement.

Executed by **Synergy Metals Ltd (ACN 096 782 188)** in accordance with section 127 of the *Corporations Act 2001* (Cth)

Signature of Director

POH KIAT
Name of Director (Block Letters)

Signature of Director/Secretary

KIM CHUAN FREDDIE HENG
Name of Director (Block Letters)

Executed by **SML Corporation Limited (ARBN 161 803 032)** in accordance with section 127 of the *Corporations Act 2001* (Cth)

Signature of Director

POH KIAT
Name of Director (Block Letters)

Signature of Director/Secretary

KIM CHUAN FREDDIE HENG
Name of Director/Secretary (Block Letters)

Annexure G

Share Scheme Deed Poll

SML Corporation Limited (ABRN 161 803 032)

■ WILLIAM ROSS ■

Lawyers & Advisers

Level 27, 101 Collins Street
Melbourne VIC 3000 Australia
www.williamross.com.au

Contents

Share Scheme Deed Poll

Dated 2013

Parties

1. **SML Corporation Limited** (ARBN 161 803 032) of Suite 3, Level 5, 468 St Kilda Road, Melbourne, Victoria, Australia, 3004 (**SML**).

In favour of:

2. **Synergy Metals Shareholders** as defined in the Implementation Agreement.

Background

A. The directors of Synergy Metals Limited (ACN 005 482 904) (**Synergy Metals**) have resolved that Synergy Metals should propose the Share Scheme.

B. The effect of the Share Scheme will be that the Synergy Metals Shares, together with all rights and entitlements attaching to them, will be transferred to SML or the SML Nominee in exchange for the Share Scheme Consideration.

C. On 8 February 2013, Synergy Metals and SML entered into the Implementation Agreement (**Implementation Agreement**).

D. Under the Implementation Agreement, SML has agreed to enter into this Share Scheme Deed Poll.

E. SML is entering into this Share Scheme Deed Poll for the purpose of covenanting in favour of the Synergy Metals Shareholders that it will observe and perform its obligations under the Share Scheme.

Operative provisions

1. Defined terms and interpretation

1.1 Definitions

Capitalised words and phrases defined in the Implementation Agreement are to be given the same meaning in this Share Scheme Deed Poll unless the context requires otherwise.

1.2 Interpretation

Clause 1.2 of the Implementation Agreement applies to the interpretation of this Share Scheme Deed Poll, except that references to “this Agreement” in clause 1.2 of the Implementation Agreement are to be read as references to “this Share Scheme Deed Poll.”

2. Nature of Share Scheme Deed Poll

SML acknowledges that this Share Scheme Deed Poll may be relied upon and enforced by any Synergy Metals Shareholder in accordance with its terms, even though Synergy Metals Shareholders are not party to it.

3. Conditions and termination

3.1 Conditions

SML’s obligations under clause 4 are subject to the Share Scheme becoming Effective.

3.2 Termination

The obligations of SML under this Share Scheme Deed Poll will automatically terminate and the terms of this Share Scheme Deed Poll will be of no further force or effect (unless SML and Synergy Metals otherwise agree in accordance with the Implementation Agreement) if:

(a) the Implementation Agreement is terminated in accordance with its terms prior to the Share Scheme becoming Effective; or

(b) the Share Scheme does not become Effective on or before the Final End Date.

3.3 Consequences of Termination

If this Share Scheme Deed Poll is terminated under clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available:

(a) SML is released from its obligations to further perform this Share Scheme Deed Poll except for any obligations which by their nature survive termination; and

(b) Synergy Metals Shareholders retain the rights they have against SML in respect of any breach of this Share Scheme Deed Poll which occurs before termination.

4. Share Scheme Consideration

4.1 Payment of Scheme Consideration

Subject to clause 3, SML undertakes in favour of each Synergy Metals Shareholder to:

(a) provide the Share Scheme Consideration to each Synergy Metals Shareholder in respect of the Synergy Metals Shares held by that Synergy Metals Shareholder as at the Scheme Record Date in the following manner:

(i) on the Implementation Date, issuing to each Synergy Metals Shareholder such number of SML Shares that the Synergy Metals Shareholder is entitled to receive as Share Scheme Consideration in accordance with the Share Scheme;

(ii) on the Implementation Date, entering into the SML Share Register the name and address of each such Synergy Metals Shareholder in relation to all the SML Shares which the Synergy Metals Shareholder is entitled to receive as Share Scheme Consideration in accordance with the Share Scheme; and

(iii) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of a share certificate or holding statement to the address recorded in the Synergy Metals Share Register on the Scheme Record Date for the SML Shares issued to each such Synergy Metals Shareholder on the Implementation Date;

(b) provide cash to each Ineligible Foreign Holder in respect of the Synergy Metals Shares held by that Ineligible Foreign Holder as at the Scheme Record Date in the following manner:

(i) on the Implementation Date and in accordance with clause 4.1(a)(i), issuing to the Share Scheme Nominee such number of SML Shares that would have been issued to Ineligible Foreign Holders under the Share Scheme, to be held in trust for the Ineligible Foreign Holders;

(ii) on the Implementation Date, ensuring that the name and address of the Share Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) is entered into the SML Share Register in relation to those SML Shares which each Ineligible Foreign Holder would otherwise be entitled to;

(iii) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of a share certificate or holding statement to the Share Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) for the SML Shares issued to the Share Scheme Nominee on the Implementation Date; and

(iv) procuring that the Share Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) sells the SML Shares issued to it on behalf of the Ineligible Foreign Holders and the proceeds are paid to the Synergy Metals Shareholders in accordance with clause 5.3 of the Share Scheme; and

(c) undertake all other actions attributed to it under the Share Scheme,

subject to and in accordance with the Share Scheme.

4.2 SML Shares

SML covenants in favour of each Synergy Metals Shareholder that the SML Shares issued as Share Scheme Consideration to Synergy Metals Shareholders will:

(a) be validly issued;

(b) rank equally with all existing SML Shares on issue; and

(c) be issued fully paid and free from any security interests, mortgage, charge, lien, encumbrance or any other type of security interest.

5. Warranties

SML represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of incorporation;

(b) it has the corporate power to enter into and perform its obligations under this Share Scheme Deed Poll and to carry out the transactions contemplated by this Share Scheme Deed Poll;

(c) it has taken all necessary corporate action to authorise its entry into this Share Scheme Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Share Scheme Deed Poll and to carry out the transactions contemplated by this Share Scheme Deed Poll; and

(d) this Share Scheme Deed Poll has been duly and validly executed and delivered by SML and is valid and binding on it.

6. Continuing obligations

This Share Scheme Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until:

(a) SML has fully performed its obligations under this Share Scheme Deed Poll; or

(b) the earlier termination of this Share Scheme Deed Poll under clause 3.

7. Notices

The provisions of clause 12.3 of the Implementation Agreement relating to the notice being served on SML apply as if they were set out herein.

8. General

8.1 Stamp duty

(a) SML must promptly within the initial applicable period prescribed by law pay any duty payable in relation to the execution, performance and registration of the Share Scheme and this Share Scheme Deed Poll, or any agreement or document executed or effected under this Share Scheme Deed Poll.

(b) SML must indemnify each Synergy Metals Shareholder against any liability arising from a failure to comply with clause 8.1(a).

8.2 Assignment

The rights and obligations of SML and each Synergy Metals Shareholders under this Share Scheme Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with at law or in equity. Any purported dealing in contravention of this clause 8.2 is invalid.

8.3 Severability

The provisions contained in each clause and sub-clause of this Share Scheme Deed Poll shall be enforceable independently of each of the others and their validity shall not be affected if any of the others is invalid.

8.4 Waiver

SML may not rely on the words or conduct of any Synergy Metals Shareholders as a waiver of any right in respect of the Share Scheme unless the waiver is in writing and signed by the Synergy Metals Shareholders granting the waiver.

8.5 Variation

A provision of this Share Scheme Deed Poll may be varied if the variation is:

(a) agreed to by Synergy Metals, which agreement Synergy Metals may give or withhold in its absolute discretion and without reference to or approval by any Synergy Metals Shareholders; and

(b) the Court indicates that the amendment would not of itself preclude approval of the Share Scheme,

in which event SML will enter into a further deed poll in favour of each Synergy Metals Shareholders giving effect to the amendment.

8.6 Cumulative rights

The rights of a party under this Share Scheme Deed Poll are cumulative and not exclusive of any rights provided by law.

8.7 Governing law and jurisdiction

(a) This Share Scheme Deed Poll is governed by and construed under the law in the State of Victoria.

(b) Any legal action in relation to this Share Scheme Deed Poll against any party or its property may be brought in any court of competent jurisdiction in the State of Victoria.

(c) Each to this Share Scheme Deed Poll irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this provision in relation to both itself and its property.

8.8 Further assurances

SML must execute any document and perform any action necessary to give full effect to this Share Scheme Deed Poll.

Executed as a Deed.

Executed by **SML Corporation Limited**
(ARBN 161 803 032)

Signature of Director	Signature of Director
Name of Director (Block Letters)	Name of Director (Block Letters)

Annexure H

Option Scheme Deed Poll

SML Corporation Limited (ABRN 161 803 032)

■ WILLIAM ROSS ■

Lawyers & Advisers

Level 27, 101 Collins Street
Melbourne VIC 3000 Australia
www.williamross.com.au

Contents

Option Scheme Deed Poll

Dated 2013

Parties

1. **SML Corporation Limited** (ARBN 161 803 032) of Suite 3, Level 5, 468 St Kilda Road, Melbourne, Victoria, Australia, 3004 (**SML**).

In favour of:

2. **Synergy Metals Optionholders** as defined in the Implementation Agreement.

Background

A. The directors of Synergy Metals Limited (ACN 005 482 904) (**Synergy Metals**) have resolved that Synergy Metals should propose the Option Scheme.

B. The effect of the Option Scheme will be that the Synergy Metals Options, together with all rights and entitlements attaching to them, will be cancelled in consideration for the provision of the Option Scheme Consideration to the Synergy Metals Optionholders.

C. On 8 February 2013, Synergy Metals and SML entered into the Implementation Agreement (**Implementation Agreement**).

D. Under the Implementation Agreement, SML has agreed to enter into this Option Scheme Deed Poll.

E. SML is entering into this Option Scheme Deed Poll for the purpose of covenanting in favour of the Synergy Metals Optionholders that it will observe and perform its obligations under the Option Scheme.

Operative provisions

1. Defined terms and interpretation

1.1 Definitions

Capitalised words and phrases defined in the Implementation Agreement are to be given the same meaning in this Option Scheme Deed Poll unless the context requires otherwise.

1.2 Interpretation

Clause 1.2 of the Implementation Agreement applies to the interpretation of this Option Scheme Deed Poll, except that references to “this Agreement” in clause 1.2 of the Implementation Agreement are to be read as references to “this Option Scheme Deed Poll.”

2. Nature of Option Scheme Deed Poll

SML acknowledges that this Option Scheme Deed Poll may be relied upon and enforced by any Synergy Metals Optionholder in accordance with its terms, even though Synergy Metals Optionholders are not party to it.

3. Conditions and termination

3.1 Conditions

SML’s obligations under clause 4 are subject to both the Option Scheme and the Share Scheme becoming Effective.

3.2 Termination

The obligations of SML under this Option Scheme Deed Poll will automatically terminate and the terms of this Option Scheme Deed Poll will be of no further force or effect (unless SML and Synergy Metals otherwise agree in accordance with the Implementation Agreement) if:

(a) the Implementation Agreement is terminated in accordance with its terms prior to the Option Scheme becoming Effective; or

(b) the Option Scheme does not become Effective on or before the Final End Date.

3.3 Consequences of Termination

If this Option Scheme Deed Poll is terminated under clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available:

(a) SML is released from its obligations to further perform this Option Scheme Deed Poll except for any obligations which by their nature survive termination; and

(b) Synergy Metals Optionholders retain the rights they have against SML in respect of any breach of this Option Scheme Deed Poll which occurs before termination.

4. Option Scheme Consideration

4.1 Payment of Scheme Consideration

Subject to clause 3, SML undertakes in favour of each Synergy Metals Optionholder to:

(a) provide the Option Scheme Consideration to each Synergy Metals Optionholder in respect of the Synergy Metals Options held by that Synergy Metals Optionholder as at the Scheme Record Date in the following manner:

(i) on the Implementation Date, issuing to each Synergy Metals Optionholder such number of SML Options that the Synergy Metals Optionholder is entitled to receive as Option Scheme Consideration in accordance with the Option Scheme;

(ii) on the Implementation Date, entering into the SML Option Register the name and address of each such Synergy Metals Optionholder in relation to all the SML Options which the Synergy Metals Optionholder is entitled to receive as Option Scheme Consideration in accordance with the Option Scheme; and

(iii) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of an option certificate or holding statement to the address recorded in the Synergy Metals Option Register on the Scheme Record Date for the SML Options issued to each such Synergy Metals Optionholder on the Implementation Date;

(b) provide cash to each Ineligible Foreign Holder in respect of the Synergy Metals Options held by that Ineligible Foreign Holder as at the Scheme Record Date in the following manner:

(i) on the Implementation Date and in accordance with clause 4.1(a)(i), issuing to the Option Scheme Nominee such number of SML Options that would have been issued to Ineligible Foreign Holders under the Option Scheme, to be held in trust for the Ineligible Foreign Holders;

(ii) on the Implementation Date, ensuring that the name and address of the Option Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) is entered into the SML Option Register in relation to those SML Options which each Ineligible Foreign Holder would otherwise be entitled to;

(iii) as soon as practicable after the Implementation Date and in accordance with the ASX Listing Rules (but in any event within 5 Business Days after the Implementation Date), dispatching or procuring the dispatch of an option certificate or holding statement to the Option Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) for the SML Options issued to the Option Scheme Nominee on the Implementation Date; and

(iv) procuring that the Option Scheme Nominee (as nominee in trust for the Ineligible Foreign Holders) sells the SML Options issued to it on behalf of the Ineligible Foreign Holders and the proceeds are paid to the Synergy Metals Optionholders in accordance with clause 5.3 of the Option Scheme; and

(c) undertake all other actions attributed to it under the Option Scheme,

subject to and in accordance with the Option Scheme.

4.2 SML Options

SML covenants in favour of each Synergy Metals Optionholder that the SML Options issued as Option Scheme Consideration to Synergy Metals Optionholders will:

(a) be validly issued and subject to the SML Option Terms (as defined in the Option Scheme);

(b) rank equally with all existing SML Options on issue; and

(c) be issued free from any security interests, mortgage, charge, lien, encumbrance or any other type of security interest,

and any SML Shares issued pursuant to the exercise of SML Options will:

(d) rank equally with all existing SML Shares;

(e) be fully paid and free from any security interest, mortgage, charge, lien, encumbrance or any other type of security interest; and

(f) be subject to SML's bye-laws.

5. Warranties

SML represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of incorporation;

(b) it has the corporate power to enter into and perform its obligations under this Option Scheme Deed Poll and to carry out the transactions contemplated by this Option Scheme Deed Poll;

(c) it has taken all necessary corporate action to authorise its entry into this Option Scheme Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Option Scheme Deed Poll and to carry out the transactions contemplated by this Option Scheme Deed Poll; and

(d) this Option Scheme Deed Poll has been duly and validly executed and delivered by SML and is valid and binding on it.

6. Continuing obligations

This Option Scheme Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until:

(a) SML has fully performed its obligations under this Option Scheme Deed Poll; or

(b) the earlier termination of this Option Scheme Deed Poll under clause 3.

7. Notices

The provisions of clause 12.3 of the Implementation Agreement relating to the notice being served on SML apply as if they were set out herein.

8. General

8.1 Stamp duty

(a) SML must promptly within the initial applicable period prescribed by law pay any duty payable in relation to the execution, performance and registration of the Option Scheme and this Option Scheme Deed Poll, or any agreement or document executed or effected under this Option Scheme Deed Poll.

(b) SML must indemnify each Synergy Metals Optionholder against any liability arising from a failure to comply with clause 8.1(a).

8.2 Assignment

The rights and obligations of SML and each Synergy Metals Optionholders under this Option Scheme Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with at law or in equity. Any purported dealing in contravention of this clause 8.2 is invalid.

8.3 Severability

The provisions contained in each clause and sub-clause of this Option Scheme Deed Poll shall be enforceable independently of each of the others and their validity shall not be affected if any of the others is invalid.

8.4 Waiver

SML may not rely on the words or conduct of any Synergy Metals Optionholders as a waiver of any right in respect of the Option Scheme unless the waiver is in writing and signed by the Synergy Metals Optionholders granting the waiver.

8.5 Variation

A provision of this Option Scheme Deed Poll may be varied if the variation is:

(a) agreed to by Synergy Metals, which agreement Synergy Metals may give or withhold in its absolute discretion and without reference to or approval by any Synergy Metals Optionholders; and

(b) the Court indicates that the amendment would not of itself preclude approval of the Option Scheme,

in which event SML will enter into a further deed poll in favour of each Synergy Metals Optionholders giving effect to the amendment.

8.6 Cumulative rights

The rights of a party under this Option Scheme Deed Poll are cumulative and not exclusive of any rights provided by law.

8.7 Governing law and jurisdiction

(a) This Option Scheme Deed Poll is governed by and construed under the law in the State of Victoria.

(b) Any legal action in relation to this Option Scheme Deed Poll against any party or its property may be brought in any court of competent jurisdiction in the State of Victoria.

(c) Each party to this Option Scheme Deed Poll irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this provision in relation to both itself and its property.

8.8 Further assurances

SML must execute any document and perform any action necessary to give full effect to this Option Scheme Deed Poll.

Executed as a Deed.

Executed by **SML Corporation Limited**
(ARBN 161 803 032)

Signature of Director	Signature of Director
Name of Director (Block Letters)	Name of Director (Block Letters)