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**ARROWHEAD RESOURCES LIMITED  
(TO BE RENAMED 'EMERGE GAMING LIMITED')  
ACN 004 766 376**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.00am (WST)  
**DATE:** 9 October 2017  
**PLACE:** The Australian Institute of Company Directors  
Allendale Square, 1/77 St Georges Terrace  
PERTH WA 6000

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

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

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on 7 October 2017.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – PROPOSED ACQUISITION OF GAMING BATTLE GROUND

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Proposed Acquisition of Gaming Battle Ground, as described in the Explanatory Statement.”*

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

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#### 2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H(1) of the Corporations Act, clause 10.1 of the Constitution, ASX Listing Rules 7.20 and 7.22.1 and for all other purposes, the issued capital of the Company be consolidated on the basis that every 1.8 Shares be consolidated into 1 Share, (**Consolidation**) and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share (as the case may be).”*

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#### 3. RESOLUTION 3 – CHANGE OF COMPANY NAME

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to **“Emerge Gaming Limited”** with effect from the date that ASIC alters the Company’s registration on or about Settlement.”*

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4. **RESOLUTION 4 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 246B of the Corporations Act, clause 2.4 of the Constitution, and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement.”*

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5. **RESOLUTION 5 – ISSUE OF CONSIDERATION SECURITIES TO GBG SHAREHOLDERS**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 184,500,000 Shares, 184,500,000 Options and 100,000,000 Performance Shares (all on a post-Consolidation basis) to the GBG Shareholders as consideration for the Proposed Acquisition on the terms and conditions set out in the Explanatory Statement.”*

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

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6. **RESOLUTION 6 – PLACEMENT - SHARES**

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 12,500,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”*

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

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7. **RESOLUTION 7 – RELATED PARTY PARTICIPATION IN PLACEMENT – MR JASON PETERSON**

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Shares (on post-Consolidation) to Mr Jason Peterson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

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

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8. **RESOLUTION 8 – CAPITAL RAISING**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 250,000,000 Capital Raising Shares (on a post-Consolidation basis) and 62,500,000 free-attaching Capital Raising Options (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”*

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

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9. **RESOLUTION 9 – ISSUE OF ADVISOR SECURITIES**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 11,500,000 Shares (on a post-Consolidation basis) and 11,500,000 Options (on a post-Consolidation basis) to CPS Capital (or its nominees), on the terms and conditions set out in the Explanatory Statement.”*

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

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10. **RESOLUTION 10 – ISSUE OF DIRECTOR SHARES TO RELATED PARTY – MR JASON PETERSON**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Shares (on a post-Consolidation basis) to Mr Jason Peterson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

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

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11. **RESOLUTION 11 – ISSUE OF DIRECTOR SHARES TO RELATED PARTY – MR JOHN KENNY**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Shares (on a post-Consolidation basis) to Mr John Kenny (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

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

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12. **RESOLUTION 12 – ELECTION OF DIRECTOR – MR GREGORY STEVENS**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of clause 14.3 of the Constitution and for all other purposes, Mr Gregory Stevens, being eligible and subject to consenting to act, be elected as a Director of the Company on and from completion of the Proposed Acquisition.”*

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13. **RESOLUTION 13 – ELECTION OF DIRECTOR – MR BERT MONDELLO**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of clause 14.3 of the Constitution and for all other purposes, Mr Bert Mondello, being eligible and subject to consenting*

*to act, be elected as a Director of the Company on and from completion of the Proposed Acquisition.*"

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**14. RESOLUTION 14 – ELECTION OF DIRECTOR – MR JONATHAN HART**

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of clause 14.3 of the Constitution and for all other purposes, Mr Jonathan Hart, being eligible and subject to consenting to act, be elected as a Director of the Company on and from completion of the Proposed Acquisition."*

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**15. RESOLUTION 15 – ADOPTION OF EMPLOYEE INCENTIVE SCHEME**

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

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Incentive Option Plan and for the issue of Options under that Plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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**16. RESOLUTION 16 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION**

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

*"That, the following equal reduction of the capital of the Company is approved for the purposes of sections 256B and 256C of the Corporations Act, and for all other purposes:*

- (a) *the capital of the Company be reduced, without cancelling any Shares, by an amount equal to the market value (as assessed by*

the Directors) of 136,593,414 TIPL Shares with effect as at 5.00pm (WST) on the Record Date; and

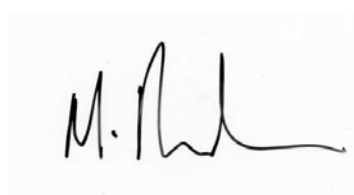
- (b) the reduction be satisfied by the Company distributing and transferring the 136,593,414 TIPL Shares to the Shareholders of the Company registered on the Record Date on a pro rata basis, to be effected in accordance with the Constitution, the ASX Listing Rules and as otherwise determined by the Directors, with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a TIPL Shareholder and being bound by its constitution,

on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

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**Dated: 31 August 2017**

**By order of the Board**



**Mr Michael Rosenstreich  
Chairman**

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**Voting in person**

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

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**Voting by proxy**

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

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

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9246 4483.**

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## EXPLANATORY STATEMENT

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

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### 1. BACKGROUND TO THE PROPOSED ACQUISITION OF GAMING BATTLE GROUND

#### 1.1 General Background

As announced on 22 June 2017, the Company has entered into a binding share sale agreement (**Agreement**), pursuant to which the Company has agreed to acquire 100% of the issued capital of Gaming Battle Ground (**Proposed Acquisition**).

The Proposed Acquisition is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisition and satisfying all other requirements of ASX for the reinstatement to official quotation of the Company's Shares on the ASX (among other things). The key terms of the Agreement are set out in Schedule 1.

This Notice of Meeting sets out the Resolutions necessary to complete the Proposed Acquisition and associated transactions. Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail and Settlement will not occur.

A summary of the Resolutions is as follows:

- (a) as the Company is currently a mineral exploration company, the Proposed Acquisition, if successfully completed, will represent a significant change in the nature or scale of the Company's operations to a technology company, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1);
- (a) the consolidation of the Company's Shares on a 1.8:1 basis (Resolution 2);
- (b) the change of the Company's name to "Emerge Gaming Limited" at Settlement (Resolution 3);
- (c) the issue at Settlement of:
  - (i) 184,500,000 Shares (on a post-Consolidation basis) (**Consideration Shares**) to the GBG Shareholders (or their nominees);
  - (ii) 184,500,000 Options (on a post-Consolidation basis) (**Consideration Options**) to the GBG Shareholders (or their nominees); and
  - (iii) 100,000,000 Performance Shares (on a post-Consolidation basis) to the GBG Shareholders (or their nominees),

(together, the **Consideration Securities**) in consideration for the acquisition of 100% of the issued capital of GBG (Resolutions 4 and 5);



- (d) the issue of up to 12,500,000 Shares at an issue price of \$0.02 per Share to sophisticated investors to raise up to \$250,000 (**Placement**) (Resolution 6);
- (e) the approval for the issue of up to 5,000,000 Shares to Mr Jason Peterson (or his nominee) arising from the participation of Mr Peterson in the Placement (Resolution 7);
- (f) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising by issuing 250,000,000 Shares at \$0.02 per Share, together with one (1) free-attaching Option for every four (4) Shares issued on the terms and conditions set out in Schedule 2, to raise at least \$5,000,000 (**Capital Raising**) (Resolution 8);
- (g) the issue at Settlement of
- (i) 11,500,000 Shares (on a post-Consolidation basis) (**Advisor Shares**) to CPS Capital (or its nominees); and
  - (ii) 11,500,000 Options (on a post-Consolidation basis) (**Advisor Options**) on the terms and conditions set out in Schedule 2 to CPS Capital (or its nominees),
- (together, the **Advisor Securities**) in consideration for corporate advisory services provided by CPS Capital to the Company (Resolution 9);
- (h) the issue of 2,500,000 Shares (on a post-Consolidation basis) to each of Messrs Jason Peterson and John Kenny in consideration for services provided as Directors ((Resolutions 10 and 11);
- (i) the appointment of three (3) Proposed Directors nominated by GBG to the Board, being Messrs Gregory Stevens, Bert Mondello and Jonathan Hart (Resolutions 12 to 14); and
  - (j) the adoption of an employee incentive scheme titled 'Incentive Option Plan' and the issue of Options under that Plan (Resolution 15).

## 1.2 Overview of GBG

GBG was incorporated in December 2016 with the principal objective of acquiring a number of assets which provide an online gaming portal which allows users to engage in skill based competitive gaming competitions in eSports, including peer-to-peer matches and tournaments.

The GBG platform (**Platform**) focuses on skill based tournaments and matches, where players compete to improve their user rankings/status in the virtual gaming world and for digital merchandise to improve their gaming experience. In addition to this, the Platform offers a competitive market place which gives players the opportunity to enter pay-to-play competitions and tournaments.

### (a) GBG Technology Platform

GBG provides an online platform that offers gamers the ability to participate in skill based competitive gaming competitions. The GBG platform is a web based platform which is accessible through a web browser available on PC, MAC, smart phones and tablets. The GBG online platform also offers corporate advertisers the opportunity to

sponsor tournaments and competitions by branding the tournament or competition pages, providing brands direct access to, and engagement with, e-Sports gamers.

GBG has developed software that automatically retrieves and verifies gaming results of matches between gamers, directly from the gaming servers where gaming publishers (game developers) have provided open access to such results.

In instances where gaming publishers have not provided open access to the results, a manual submission is required to be submitted by the gamer to GBG. GBG has developed a unique auto-verification feature for manual submissions that allows the GBG results adjudicator to verify the outcome of the competition or match through a simple “swipe to verify” technique.

The existing GBG platform is device agnostic and allows gamers to integrate games on PCs, gaming consoles, mobile devices and tablets.

(b) **GBG Activities and Proposed Activities**

GBG’s platform has been in operation for 2 years, has 30,000 registered users, has operated over 10,000 gaming tournaments, has a total staff of 13 and is growing organically through its existing online community across Bulgaria, Croatia and South Africa, where GBG’s platform is fully operational. GBG’s platform has generated approximately EUR10,000 in revenue through its existing platform.

GBG intends to launch in Australia post admission to the official list of the ASX. GBG believes there is potential for it to expand its profile into Australia as Australia represents an emerging gaming and eSports market in a first world economy. It is intended that GBG’s head office will be located in Australia and its corporate, banking, management and compliance teams will be based and operated out of the Australian head office.

In addition to the international roll-out, it is intended that an allocation of the funds raised under the Public Offer will be used to develop the GBG platform to ensure that user experience, user interface, corporate to user engagement, corporate customer servicing and other features remain ahead of competitors (refer to Section 1.7 for further detail in relation to the Company’s proposed use of funds).

(c) **eSports**

eSports are a form of competition that is facilitated by electronic systems, including video games. The input of players and teams as well as the output of the eSports system are mediated by human-computer interfaces. Most commonly, eSports take the form of multiplayer competitions. The most common video game genres associated with eSports are real-time strategy, first-person shooter and multiplayer online battle arena, racing, sports and fighting. Tournaments such as The International (Dota 2), League of Legends World Championship (Riot Games), Call of Duty World League, the Evolution Championship Series and the FIFA Interactive World Cup (FIFA and EA Sports), Major League Gaming, Halo Championship Series provide broadcasts of the competition and some pay substantial prize money to competitors.

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Although organised online and offline competitions have been a part of the video game culture for many years, these were largely between amateurs until the late 2000s when participation by professional gamers and spectatorship in these events saw a surge in popularity. Many game designers now actively design toward a professional e-Sport subculture. Currently, most eSports competitions take place in South Korea, Europe, North America and China.

(d) **eSports Tournaments**

eSports tournaments are usually physical events which occur in front of a live audience. The tournament may be part of a larger gathering or the competition may be the entirety of the event. Competitions take different formats but the most common are single or double elimination. Competitions usually have referees or officials to monitor for cheating.

Although competitions involving video games have long existed, eSports underwent a significant transition in the late 1990s. Tournaments became much larger and corporate sponsorship became more common. Increasing viewership both in person and online brought eSports to a wider audience. Major tournaments include the World Cyber Games, the North American Major League Gaming League, the France based Electronic Sports World Cup and the World eSports Games held in China.

(e) **Other online gaming platforms**

As the global eSports market continues to grow, there has been an emergence of platforms that provide amateur gamers with a central hub to organise eSports tournaments themselves on a smaller scale to the professional tournaments. These platforms allow amateur gamers to create and enter into eSports tournaments and compete against one another for prize money.

There are a number of other companies which provide similar online gaming platforms to GBG including World Gaming, Battlefy, pwnwin and Toornament.

(f) **Competitive Landscape**

The GBG Platform, through two years of development, testing and its knowledge of the eSports and gaming industry, has identified key benefits, which differentiates it from other competing products on the market:

Comparative	GBG
<b>Ownership v Licencing</b>	GBG has independently developed its platform, and has 100% ownership of its proprietary IP. This gives GBG control over its IP and ongoing feature development. The majority of the competing products are licenced to specific regions.
<b>Geographic Region</b>	GBG's platform can be rolled out globally, across multiple regions. Competing products are mostly restricted to regions.

<b>Automatic Results Publishing</b>	<p>GBG is competitive in the market, with its unique intellectual property. GBG has created an automatic program integration and software development kit that allows its website to get direct feeds from gaming publishers, creating a peer-to-peer competition platform with a unique automatic verifier feature, and providing real time results to their users delivering a premium user experience. Competing platform use manual submission and verification process which are slower and more labour intensive.</p>
<b>Automatic Results Publishing Feature Development – Screen Snap Submission</b>	<p>GBG is developing a proprietary optical character recognition (<b>OCR</b>) feature, to automatically verify game results. To the best of GBG’s knowledge, no competitor is developing this feature.</p>
<b>Operation Backend Design</b>	<p>The backend interface and design of GBG’s platform facilitates the easy scale of operations with low operating overheads and automatic integration into operational and financial reporting. A primary advantage is the number of staff required for tournament setup and management. GBG currently runs approximately 800 tournaments per month with only minimal operational staff involvement.</p>
<b>Social Media Integration</b>	<p>GBG’s platform has a strong focus on social media, with integration capabilities across applications such as Facebook, Twitter and email software, hence facilitating user referrals.</p> <p>This functionality supports a significant social viral growth capability through referral programs, supporting the network driven marketing approach through key celebrity gamers.</p>
<b>User Experience (UX) and User Interface (UI)</b>	<p>The GBG platform has a uniquely designed UX and UI, which has been gamified and improved in line with the latest in gamer and internet user requirements.</p>
<b>Corporate Advertising</b>	<p>The GBG platform has been developed to service corporate advertising customers, allowing them to engage gamers, brand pages on the platform and obtain gamer market insights. This development is the foundation of the GBG turnkey eSports marketing offering. Competing platforms are developed to focus only on business to consumer commercialisation.</p>
<b>Platform Management Costs</b>	<p>GBG’s platform has been developed with a view of maintaining low operational and maintenance costs, which provides GBG with the opportunity to rapidly increase scale in a cost-effective manner.</p>
<b>Geo Location Servers</b>	<p>One of the unique roll out strategies is to host gaming servers in each country.</p> <p>Fast reflexes and response times are key to competitive gaming and gamers will be at a</p>

	<p>disadvantage if affected by a latent ping rate.</p> <p>The hosting of gaming servers facilitates the creation of local competitiveness.</p>
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(g) **GBG Strategy**

The strategic objectives of GBG which will drive investment value are as follows:

- (i) intimate knowledge of the market and history in the eSports industry;
- (ii) marketing partnerships and strategic alliances with key industry players and advertisers, with a view to building the world's largest active user base on one global eSports platform;
- (iii) creating awareness of the GBG platform with a view to positioning itself as a leading global eSports platform; and
- (iv) building brand equity for the advocacy via content creation and partnerships, ensuring consistent user acquisition on the GBG platform.

The strategic goals of GBG are to:

- (i) acquire users exponentially;
- (ii) generate content to support the brand awareness; and
- (iii) monetise the GBG platform through commercial service offerings to corporate advertisers and gamers.

(h) **International Roll-Out**

Given GBG has completed the development of its eSports platform and has knowledge of its active user base across Eastern Europe and South Africa, it is ideally positioned to rapidly increase the scale of its existing operations and commence its international roll-out.

The international roll-out strategy of GBG is focused on launching the GBG platform in both mature (for example, Australia and UK) and emerging markets.

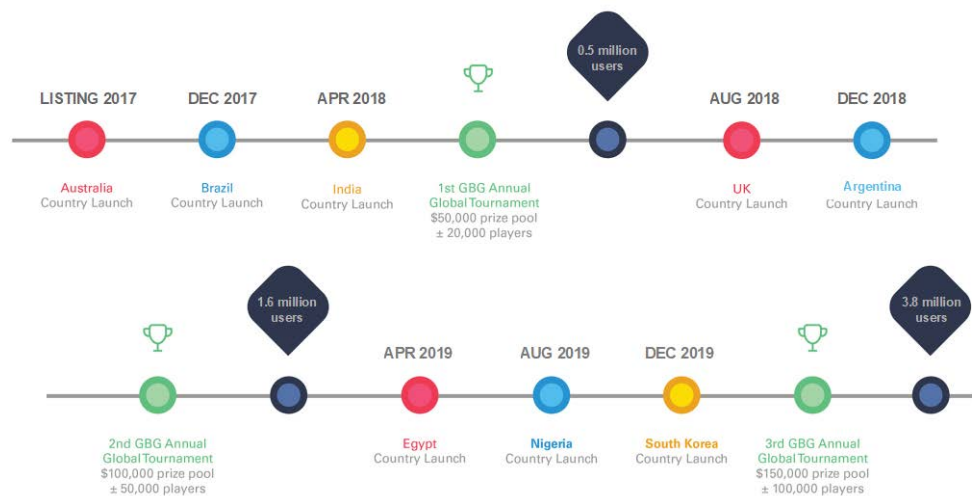
Following its launch in Australia, GBG will commence its international rollout strategy with a focus on the various jurisdictions discussed below, which were selected after consideration of a number of factors such as potential gaming revenue, population, online population and internet penetration (among other things).

In particular, over the next three years, GBG will focus on expanding in jurisdictions where eSports has a high rate of market adoption including, Brazil, India, the United Kingdom, Argentina, Egypt, Nigeria and South Korea. GBG will seek corporate advertiser collaboration in each country which it enters.

Prior to commencing operations in a new jurisdiction, GBG will obtain expert legal advice in respect of the requirements of that jurisdiction for

the operation of GBG’s business. The Pay to Play Model will only be activated in countries in which it is legally permissible. In countries where this revenue generation is regulated by compliance, GBG will, where applicable, obtain registrations and licences prior to activating this functionality. In countries where the Pay to Play Model (defined below) is not allowed, tournaments provided by GBG (which may involve payments to enter and/or prizes of cash or other monetary value) will not be advertised or provided to residents of that country and no person present in these countries will be able to view or access these Pay to Play tournaments. The GBG platform will restrict and limit access to only free to enter tournaments with no prizes offered. Customers in these countries will be blocked from accessing any pay to enter tournaments or tournaments with prizes through the GBG platform.

The key strategic milestones of GBG and the proposed international roll-out are outlined below:



### 1.3 GBG Gaming Models

There are four gaming models available through the GBG platform

- (a) **Pay to Play Model** – members who have signed up to “pay to play” tournaments and games have access to a virtual wallet. This allows players to add real world currency into the virtual wallet through an account operated and managed by PayPal or the like, which may be used to compete in games played against one another, or as a payment to enter into tournaments. In the “pay to play” tournaments and games, the winners are able to win or earn real currency as the winnings/prize (**Pay to Play Model**);
- (b) **Free to Play Model** – the “free to enter” tournaments and games do not require any real currency to be paid to enter into tournaments or for in-game play. Instead, virtual currency is used to participate in the games and the “winnings” earned from playing these tournaments and games is also virtual currency. The virtual currency cannot be cashed out for any real currency (or anything else of real world value) but can be used to purchase digital items from the online digital shop (**Free to Play Model**);
- (c) **Hybrid Model** – in this model, the tournaments and games are “free to enter and play” and virtual currency is used, however prizes may be sponsored by brands (for example, gamers may be able to win a

holiday or win a place as a competitor in an international FIFA tournament) but no cash prizes will be offered (**Hybrid Model**);

- (d) **Subscription Model** – in this model, gamers will pay a monthly subscription fee for access to the GBG online platform. Once they have access to the platform, they will have access to the Free to Play Model with sponsored prizes for competitions and tournaments (**Subscription Model**); and
- (e) **Corporate Model** – in this model, GBG will offer a turn key e-Sports marketing service to corporate advertisers which includes branded platform pages, brand engagement with gamers through the platform features, eSports content generation, gamer insights, tournament management, event management, digital marketing, tournament and competition sponsorship. The service offerings are design to keep the brand and gamer engaged on the GBG platform.

Subject to ensuring compliance with Australian regulatory requirements, the Free to Play, Hybrid and Subscription models will be used on the GBG platform when it is launched in Australia (targeted for late 2017). These models have the potential to bring in content revenue as described below at Section 1.4(b). Revenue will be generated from corporate tournament sponsorship, advertising, digital merchandise sales and the purchasing of points and booster packs and/or subscription fees.

The Pay to Play Model will generate revenue from competition entrance fees (“Pay to Play” for tournaments and “Peer-to-Peer Match” competitions, refer to Section 1.4 for further detail).

For countries where the Pay to Play Model is not permitted, tournaments provided by GBG (which may involve payments to enter and/or prizes of cash or other monetary value) will not be advertised or provided to residents of that country and no person present in that country will be able to view or access these Pay to Play tournaments.

#### 1.4 Business Model Overview

GBG will generate revenue from two main categories, namely via “Online Platform Revenue” and “Content Revenue”.

- (a) The Online Platform Revenue streams include:
  - (i) **Corporate tournament sponsorship** – corporate sponsors can host tournaments on the GBG platform. GBG offer the corporate sponsors the opportunity to host tournaments with their own branding (i.e. white labelling the corporate branding onto the GBG platform). This provides corporates with significantly more brand exposure to gamers entering or viewing results of a corporate sponsored tournament;
  - (ii) **Advertising** – banner advertising on the website provides GBG with an opportunity to sell digital advertising space due to user traffic and the “dwell time” of gamers using the platform;
  - (iii) **Digital merchandise sales** – digital in-game purchases are available on the online digital shop located on the GBG platform. This allows gamers to use their points to purchase “in game add-ons” for the games in which they are competing;

- (iv) **Live event management and partnerships** – GBG will partner with third parties to host sponsored online events, which will generate audiences and revenue;
- (v) **Purchase points and points booster packs** – gamers can purchase points and points booster packs, with points being utilised for competition entries and for purchases at the GBG online digital shop;
- (vi) **Competition entrance fees (“Pay to Play” for tournaments and “Peer-to-Peer Match” competitions)** – when entering a match, competition or tournament, users will pay entrance fees for utilising the GBG platform to play tournaments or competitions, of which the GBG platform will earn a percentage interest on the entrances fees. As discussed above, this revenue stream will only be activated in jurisdictions where full legal and regulatory compliance is achieved. To ensure legal compliance, GBG will obtain independent legal opinions prior to the launch of the GBG platform in each target market;
- (vii) **Subscription fees** – subscription fees will be charged in certain jurisdictions where the “Pay to Play” revenue model is not permitted. In those jurisdictions, gamers will pay monthly subscriptions fees for access to and use of the GBG online platform; and
- (viii) **Corporate marketing service** – GBG will offer a turn key e-Sports marketing service which includes strategy development, branded platform pages, brand engagement with gamers through the platform features, e-Sports content generation, gamer insights, tournament management, event management, digital marketing, tournament and competition sponsorship. Corporate advertisers will sign service level agreements with GBG.

The revenue from competition entrance fees (“Pay to Play” for tournaments and “Peer-to-Peer Match” competitions) is only expected to generate 25% of the online platform revenue. If this revenue cannot be activated in any country, the online platform revenue with the exception of the competition entrance fees detailed above will generate revenue in those countries. Content revenue detailed in the paragraph below can be generated in a country without having competition entrance fee functionality.

- (b) **Content Revenue** will include the selling of digital media content to media agencies that purchase media content for broadcasting. GBG is in a unique position to have rights to the media and production of competitive results and content developed in eSports which can be sold. GBG’s in country focus allows GBG to create local content in emerging markets. Currently media agencies in emerging markets are purchasing international eSports content as no local eSports content is available. GBG will sell local content to media houses, game publishers and brands looking to connect with local gamers with relevant content.

GBG believes that there is a strong demand for content but there is no established local content market. As such, there is no reliable basis to forecast potential revenue from this revenue category.



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

ASX has advised the Company that, given that the Company is proposing to make a change in its activities from a mineral exploration company to a technology company, it has exercised its discretion to require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition.

For this purpose, the Company will be required to re-comply with the conditions to listing on ASX set out in Chapters 1 and 2 of the ASX Listing Rules in order to achieve Settlement and before it can be re-instated to trading on ASX following Settlement.

## 1.6 ASX waivers and confirmations obtained

ASX Listing Rule 2.1 Condition 2 provides that it is a condition of quotation of the main class of a company's securities of an entity seeking admission to ASX that the issue price of the securities for which the company seeks quotation must be at least A\$0.20 in cash. In addition, ASX Listing Rule 1.1 Condition 11 provides that for an entity to be admitted to the official list, the exercise price for any options on issue must be at least A\$0.20 in cash.

On 30 August 2017, ASX granted the Company waivers from the requirements outlined above to enable the Company to:

- (a) a waiver from the requirements of ASX Listing Rule 2.1 Condition 2 to permit it to issue Shares under the Capital Raising at an issue price of \$0.02 per Share; and
- (b) a waiver from the requirements of ASX Listing Rule 1.1 Condition 11 to permit it to have Options on issue or to be issued with exercise prices of \$0.02 (being the Capital Raising Options, the Advisor Options and the Consideration Options) after the completion of the Proposed Acquisition.

This waiver is subject to Shareholders approving the Company undertaking the Capital Raising at not less than \$0.02 and issuing Options in connection with the Proposed Acquisition with exercise prices not less than \$0.02.

On 30 August 2017, ASX approved the terms and conditions of the Company's Performance Shares to be issued subject to Shareholder approval (refer to Resolutions 4 and 5) in accordance with ASX Listing Rules 6.1 and 6.2.

## 1.7 Use of Funds

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its strategy post-completion of the Proposed Acquisition, the Company intends, subject to Shareholder approval, to conduct a capital raising under a public offer pursuant to a full form prospectus to raise \$5,000,000 at an issue price of \$0.02 per Share (**Capital Raising**). Shareholder approval for the Capital Raising is the subject of Resolution 8.

The Company intends to apply funds raised from the Capital Raising, together with existing cash reserves of the Company and GBG, over the first two years following the readmission of the Company to the Official List of ASX as follows:

Use of Funds	Amount	%
Existing cash reserves of the Company <sup>1</sup>	\$900,000	15.25%
Funds raised under the Capital Raising	\$5,000,000	84.75%
<b>TOTAL</b>	<b>\$5,900,000</b>	<b>100%</b>
Design and build technology application	\$770,000	13.05%
Business development	\$460,000	7.80%
Sales and marketing	\$1,400,000	23.73%
Operations	\$2,100,000	35.59%
General working capital <sup>2</sup>	\$600,000	10.17%
Expenses associated with the Capital Raising and the Proposed Acquisition	\$570,000	9.66%
<b>TOTAL</b>	<b>\$5,900,000</b>	<b>100%</b>

**Notes:**

1. Cash reserves of the Company and GBG at completion of the Acquisition, assuming completion of the Acquisition by 31 August 2017, assuming completion of the Placement and assuming expenditure by the Company and GBG of nil.
2. Working capital includes administration costs, including salaries, general corporate costs including rent and the provision of services to the Company.

The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 1.8 Fully underwritten

As at the date of this Notice, it is proposed that Hunter Capital will fully underwrite the Capital Raising on terms to be agreed.

### 1.9 Consolidation

The Company intends to consolidate its securities on a 1.8:1 basis (**Consolidation**) with fractional entitlements rounded up to the nearest whole Share, Shareholder approval for which is the subject of Resolution 2.

### 1.10 Pro forma capital structure

The proposed capital structure of the Company on a pre and post Consolidation basis following completion of the Proposed Acquisition and issues of all Securities contemplated by this Notice is set out below.

	Shares	Options <sup>2</sup>	Performance Shares
Current (pre-Consolidation Securities)	223,368,146	223,368,146 <sup>2</sup>	Nil
<u>Post-Consolidation</u>	<u>124,093,414</u>	<u>124,093,414</u>	<u>Nil</u>
Placement (Resolutions 6 and 7)	12,500,000	Nil	Nil
Bonus Option Issue <sup>1</sup>	Nil	136,593,414	
Capital Raising (Resolution 8)	250,000,000	62,500,000	Nil
Consideration Securities to be issued to GBG Shareholders (Resolution 5)	184,500,000	184,500,000	100,000,000 <sup>4</sup>
Advisor Securities to be issued to CPS Capital (Resolution 9)	11,500,000	11,500,000	Nil
Director Shares to be issued to existing Directors of the Company (Resolutions 10 and 11)	5,000,000 <sup>5</sup>	Nil	Nil
<b>TOTAL (on a post-Consolidation basis)</b>	<b>587,593,414</b>	<b>395,093,414</b>	<b>100,000,000</b>

**Notes:**

1. This assumes that the Placement is completed prior to the record date for the Bonus Option (being, 27 October 2017) (**Bonus Option Record Date**). If the Placement is not completed prior to the Bonus Option Record Date a lesser number of Options will be issued.
2. Exercisable at \$0.02 each, on or before the date that is three years from the date the Company's securities are reinstated to trading following re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
3. These Options are proposed to be issued by way of a bonus issue to existing Shareholders prior to the Capital Raising. The issue will take place in accordance with the timetable set out in Item 2 of Appendix 7A of the Listing Rules.
4. Comprising 33,333,333 Class A Performance Shares, 33,333,333 Class B Performance Shares and 33,333,334 Class C Performance Shares. The terms and conditions of the Class A, B and C Performance Shares are set out in Schedule 3.
5. Being, 2,500,000 Shares to be issued to each of Messrs Jason Peterson and John Kenny. Refer to Resolutions 10 and 11 for further detail.

### 1.11 Pro forma balance sheet

The pro-forma balance sheet of the Company following completion of the Proposed Acquisition, Spin-out and issues of all Shares, Performance Shares and Options contemplated by this Notice is set out in Schedule 5. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

### 1.12 Indicative timetable

An indicative timetable for Settlement of the Proposed Acquisition, the Spin-out and the associated transactions set out in this Notice is set out below:

Event	Date
Dispatch of Notice of General Meeting	6 September 2017
Lodgment of Prospectus with ASIC	2 October 2017
General Meeting to approve Proposed Acquisition and Spin-out	9 October 2017
Opening date of Capital Raising	10 October 2017
Record date to identify Shareholders entitled to participate in the Bonus Issue	27 October 2017
Record date to identify Shareholders entitled to participate in the Spin-out	3 November 2017
Closing Date of Capital Raising	10 November 2017
Settlement of the Capital Raising, Proposed Acquisition, Bonus Issue and Spin-out	20 November 2017
Re-instatement to quotation of Securities (including Shares issued under the Capital Raising) on ASX	30 November 2017

Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

### 1.13 Board Intentions upon Settlement

In the event that Settlement occurs, the Company proposes to:

- (a) continue development of the GBG Platform;
- (b) undertake business development;
- (c) undertake sales and marketing throughout Australia and internationally; and;
- (d) pursue business development opportunities for the GBG both in Australia and internationally.

It is intended to allocate the funds raised from the Capital Raising and existing cash reserves as set out in Section 1.7 above.

## 1.14 Composition of the Board of Directors

It is intended that the Board will comprise the following upon Settlement:

- (a) Mr Philip Re;
- (b) Mr Gregory Stevens;
- (c) Mr Bert Mondello; and
- (d) Mr Jonathan Hart.

### **(Proposed Directors).**

It is currently intended that Messrs Michael Rosenstreich and John Kenny will resign as Directors upon Settlement. Additional Board and management resources may be considered as appropriate as the GBG Platform and business develops.

The qualifications and experience of the Proposed Directors are set out in Sections 12.2 to 12.4.

## 1.15 Advantages of the Proposed Acquisition

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

- (a) the Proposed Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of an online gaming technology company;
- (b) the Company will obtain ownership of GBG;
- (c) the Agreement requires the Company to complete a capital raising to raise not less than \$5,000,000, which will provide the Company with sufficient funds to implement the proposed commercialisation, marketing and international expansion strategy;
- (d) the potential increase in market capitalisation of the Company following Settlement and the associated Capital Raising may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present; and
- (e) the appointment to the Board of Messrs Gregory Stevens, Bert Mondello and Jonathan Hart provides the Company with extensive commercial experience within the eSports/gaming/technology industries and in managing ASX listed entities; and
- (f) the consideration for the Proposed Acquisition is primarily Shares, Performance Shares and Options, thereby allowing more funds raised from the Capital Raising to be used directly on activities on the GBG technology and Platform.

## 1.16 Disadvantages of the Proposed Acquisition

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

- (a) the Company will be changing the nature and scale of its activities to primarily be an online gaming technology company, which may not be consistent with the objectives of all Shareholders;
- (b) the Proposed Acquisition will result in the issue of Shares under the Capital Raising, the issue of the Consideration Shares, the issue of Advisor Shares to CPS Capital and the issue of Shares to some of the Directors, all of which will have a dilutionary effect on the holdings of Shareholders, as will Shares issued on conversion of the Capital Raising Options, Consideration Options, Advisor Options and Performance Shares proposed to be issued by the Company;
- (c) in connection with the Proposed Acquisition, the Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Proposed Acquisition, which represent sunk, but necessary costs to the Company;
- (d) future outlays of funds from the Company may be required for the operations of GBG; and
- (e) there are additional risk factors associated with the change in nature of the Company's activities resulting from the Proposed Acquisition. Some of the key risks are summarised in Section 1.17 below.

## 1.17 Risk factors

The key risks of the Proposed Acquisition and following completion of the Proposed Acquisition are:

### (a) Risks relating to the Change in Nature and Scale of Activities

#### (i) Re-quotations of shares on ASX

The acquisition of GBG constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(ii) **Dilution risk**

The Company currently has 223,368,146 Shares on issue (being, 124,093,414 Shares on a post Consolidation basis). Pursuant to Agreement, the Company proposes to issue:

- (A) the Consideration Shares;
- (B) the Consideration Options;
- (C) the Performance Shares;
- (D) the Capital Raising Shares;
- (E) the Capital Raising Options;
- (F) the Advisor Shares;
- (G) the Advisor Options; and
- (H) Shares to Messrs Jason Peterson and John Kenny (**Director Shares**).

On issue of the Consideration Shares, the Capital Raising Shares, the Advisor Shares and the Director Shares (and provided no Options are exercised):

- (A) the existing Shareholders will retain approximately 21.12% of the Company's issued Share capital;
- (B) the Placement recipients will hold approximately 2.13% of the Company's issued Share capital;
- (C) the GBG Shareholders will hold approximately 31.40% of the Company's issued Share capital;
- (D) CPS Capital will hold approximately 1.96% of the Company's issued Share capital; and
- (E) the investors under the Capital Raising will hold approximately 42.55% of the Company's issued Share capital.

If subsequently the performance milestones are met and all the Performance Shares are converted (and provided no other Shares are issued or Options exercised), the interests of the existing Shareholders in the Company will reduce to 19.87%.

If the Consideration Options are exercised (and provided no other Shares are issued and no Performance Shares or Options exercised), the interests of the existing Shareholders in the Company will reduce to 17.69%.

If subsequently the Advisor Options are exercised (and provided no other Shares are issued and no Performance Shares or Options exercised), the interests of the existing Shareholders in the Company will reduce to 17.43%.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the GBG technology and Platform.

(iii) **Liquidity risk**

On Settlement, the Company proposes to issue Shares, Options and Performance Shares to the GBG Shareholders in consideration for the acquisition of 100% of the issued capital of GBG. The Company understands that ASX will treat these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of these Securities.

Based on the post-acquisition capital structure (assuming no further Shares are issued and or Performance Shares or Options exercised), the Consideration Shares will equate to approximately 31.40% of the issued Share capital on an undiluted basis. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(iv) **Completion risk**

Pursuant to the Agreement, the key terms of which are summarised in Schedule 1, the Company has agreed to acquire 100% of GBG, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Proposed Acquisition can't be fulfilled and, in turn, that completion of the Proposed Acquisition does not occur.

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

(b) **Risks in respect of GBG's current operations**

(i) **Regulatory environment**

GBG is based in Australia and is subject to Australian laws and regulations. However, GBG currently has its operations in international jurisdictions such as South Africa and Eastern Europe. Users, competitors, members of the general public or regulators could allege breaches of the legislation in the relevant jurisdictions. This could result in remedial action or litigation, which could potentially lead to GBG being required to pay compensation or a fine. GBG's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon GBG's profitability. In addition, if regulators took the view that GBG had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the



imposition of a pecuniary penalty. Which could lead to significant reputational damage to GBG and consequent impact upon its revenue.

GBG, through the Platform, currently offers its products in South Africa and Eastern Europe. Regulatory changes could see GBG being required to hold a licence in some jurisdictions or otherwise comply with local regulations. This could preclude GBG from offering certain services in these jurisdictions until such a licence has been obtained. Any such increase in the costs and resources associated with the regulatory compliance in these jurisdictions could impact upon GBG's profitability.

GBG is in the process of implementing a legal and regulatory compliance governance framework, which will form the basis for the environment in GBG in which controls will be put in place to monitor this risk on an ongoing basis. The governance framework will ensure that:

- (A) at least two directors on the board are responsible for legal and regulatory risk management and will be accountable for the appropriateness, implementation and effectiveness of the framework and the engagement of external experts (such as in-country legal counsel); and
- (B) an appropriately qualified Head of Compliance will be responsible for monitoring and reporting to the board on legal and regulatory risk and maintaining relationships with legal and regulatory bodies.

The framework will set out processes for appropriately selecting leading legal experts (with sufficient experience in the relevant sector) to provide independent legal opinions on the legality of GBG's current and proposed operations.

(ii) **Future profitability**

GBG was incorporated in December 2016 and the GBG business is yet to be fully commercialised. Therefore, there is greater uncertainty in relation to the business and its prospects in light of its limited financial history. In addition, there is no guarantee that GBG will be able to successfully commercialise the Platform and if it is unable to do so, it will not be able to realise significant revenues in the future.

Whilst the Proposed Directors have confidence in the future revenue-earning potential of GBG, there can be no certainty that GBG will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities. GBG's profitability may be impacted by, among other things, the success of its business strategies (such as further development of the GBG'S platform and sales and marketing), its ability to successfully provide a high-quality product and level of service to customers, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any)

and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

(iii) **Sales and marketing success**

The Company intends to use some of the funds raised under the Capital Raising on sales and marketing measures to grow the Platform. By their nature, there is no guarantee that such sales and marketing campaigns will be successful. If they are not, the Company may encounter difficulty in creating market awareness of the GBG Platform, which would likely have an adverse impact on GBG's sales and profitability.

(iv) **Competition and new technologies**

The industry in which GBG is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While GBG will undertake all reasonable due diligence in its business decisions and operations, GBG will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of GBG and business. For instance, new technologies could overtake the advancements made by GBG. In that case, GBG's revenues and profitability could be adversely affected.

There are relatively low barriers to entry in the field in which GBG operates. Due to the rapid pace of technological change and industry development, it is likely that new technologies or products may be developed that replicate or even potentially supersede aspects of GBG and represents a risk to GBG's business model.

(v) **Management of growth**

There is a risk that management of the Company and the Proposed Directors will not be able to implement GBG's growth strategy. The capacity of management to properly implement and manage the strategic direction of GBG may affect the Company's financial performance.

(vi) **Reputation risk**

GBG operates in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled customers posting negative comments about GBG, in public forums may have a disproportionate effect on GBG's reputation and its ability to earn revenues and profits. Additionally, complaints by such users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory inquiries. This could negatively impact on GBG's profitability.

(vii) **Data loss, theft or corruption**

GBG will provide its services online through the GBG platform which will include native mobile applications. Hacking or exploitation of some unidentified vulnerability in its website

could lead to a loss, theft or corruption of data. GBG will collect sensitive data relating to user information, demographics, etc., which could be attractive to hacking or exploitation.

This could render the Platform unavailable for a period of time, whilst data is restored. It could also lead to unauthorised disclosure of users' data with associated reputational damage, claims by users and regulatory scrutiny and fines. Although GBG has strategies and protections in place to mitigate security breaches and to protect data, these strategies might not be successful. In that event, disruption to the GBG Platform and unauthorised disclosure of user data could negatively impact upon GBG's revenues and profitability.

(viii) **Privacy concerns**

Regulations in various jurisdictions limit tracking and collection of personal identification and information. If GBG breaches such regulations, its business, reputation, financial position and financial performance may be detrimentally affected. External events may also cause regulators to amend regulations in respect of the collection and use of user information. Any amended regulations may introduce controls which make the operation of certain types of tracking technologies unusable which could damage GBG's financial position and financial performance by adding costs to through the requirement to develop and implement new technologies.

(ix) **Protection of Intellectual Property Rights**

GBG's business depends on customers being attracted to its website. GBG has registered a domain name ([www.gamingbattleground.com](http://www.gamingbattleground.com)) for the purposes of its website. However, should GBG not renew or otherwise lose control of its domain name, it would lose all website traffic direct to that domain which would adversely affect GBG's performance.

The architecture, functionality and design of the Platform is unique from its competitors. Its code base and algorithms, documentation, architecture and process flow, form part of its proprietary trade secret. However, at this current stage, GBG has not identified any component of the Platform that is patentable. However, the name "Gaming Battle Ground", its acronym "GBG" and the related logos are currently in the process of being trademarked.

The value of GBG is, to an extent, dependent on GBG's ability to protect its other intellectual property rights. If GBG fails to protect its intellectual property rights adequately, competitors may gain access to its technology which would in turn harm its business.

Third parties may knowingly or unknowingly infringe on GBG's intellectual property rights. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and vary. Effective patent, trademark, copyright and trade secret protection may not be available to GBG in every country in which its products and

services are available. Accordingly, despite its efforts, GBG may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

GBG may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not successful, could result in significant expense to GBG and cause a distraction to management.

Unauthorised use of GBG's brands in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(x) **Litigation**

GBG may in the ordinary course of business become involved in litigation and disputes, for example with its contractors or clients. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, clients or other stakeholders. Any such outcomes may have an adverse impact on GBG's business, market reputation and financial condition and financial performance. Neither the Company nor GBG are currently engaged in any litigation.

(xi) **Attracting Customers to Website**

GBG's revenues will depend on sufficient customers being attracted to its website. The number of visitors to its website directly affects its financial model. Various factors can affect the level of web traffic arriving at GBG's website, including:

- (A) Marketing and promotions: if GBG's marketing and promotion efforts are not effective this will manifest itself as a lack of customers visiting the GBG website;
- (B) Brand damage: should GBG suffer from reputational damage, web traffic could be affected; and
- (C) Search engine traffic: search engines such as Google, direct significant traffic to the GBG website. Should these search engines make changes to their algorithms and procedures that direct this traffic, GBG could see a substantial drop in customers visiting its website. For example, Google regularly updates the algorithms that determine the ranking of results it returns for any given search term. GBG attempts to follow Google's guidelines and online best practice to maintain the flow of traffic to its website, but such changes could adversely affect the traffic to its website.

A decline in traffic to GBG's website would lead to a decline in GBG's ability to attract customers, and negatively affect GBG's performance.

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

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

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

(xiii) **Contract Risk**

The operations of GBG will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, GBG is unable to completely avoid the risk of:

- (A) financial failure or default by a participant in any joint venture to which GBG may become a party;
- (B) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by GBG in its activities; or
- (C) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by GBG or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on GBG's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by GBG, it is not possible for GBG to predict or protect itself completely against all such contract risks.

(xiv) **International Operations**

GBG currently operates in South Africa and Eastern Europe, and intends to expand its operations into other markets. Therefore, GBG will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally, and will include, but are not limited to:

- (A) changes in the regulatory environment;
- (B) trade barriers or the imposition of taxes;
- (C) difficulties with staffing or managing any foreign operations;

- (D) issues or restrictions on the free transfer of funds;
- (E) technology export or import restrictions; and
- (F) delays in dealing across borders caused by customers or regulatory authorities.

(xv) **Foreign Exchange Risk**

GBG's costs and expenses in foreign countries are likely to be in other foreign currencies. Accordingly, the depreciation of the Australian dollar and/or the appreciation of the foreign currency relative to the Australian dollar could result in a translation loss on consolidation which is taken directly to shareholder equity.

Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue. GBG will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the other foreign currencies, and will have to monitor this risk.

(c) **General Risks Relating to the Company**

(i) **Financial markets risks**

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

- (A) general economic outlook;
- (B) introduction of tax reform or other new legislation;
- (C) interest rates and inflation rates;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology sector stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(ii) **Additional requirements for capital**

The funds to be raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Company and implementation of the strategy detailed in Section 1.2. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its

business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following the Capital Raising, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of their activities and the proposed commercialisation, marketing and international expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(iii) **Reliance on key personnel**

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(iv) **Economic risks**

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

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

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

(v) **Technology Sector Risks**

The technology sector is characterised by rapid change. New and disruptive technologies can place competitive pressures on existing companies and business models, and technology stocks may experience greater price volatility than securities in some slower changing market sectors.

The value of the Company's securities may be adversely affected by any general decline in the valuation of listed securities and/or adverse market sentiment towards the technology sector in particular, regardless of the Company's operating performance.

(vi) **Force majeure**

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

(vii) **Acquisitions**

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

(viii) **Risk of high volume of Share sales**

If Settlement occurs, the Company will have issued a significant number of new Securities to various parties. Some of the GBG Shareholders and others that receive Shares as a result of the Proposed Acquisition or the Capital Raising may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Company's Shares.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price of Shares offered pursuant to the Capital Raising.

(ix) **Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and



often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

#### **1.18 Plans for the Company if completion of the Proposed Acquisition does not occur**

If the Essential Resolutions are not passed and the Agreement is not completed, the Company will continue to focus on mineral exploration and look for potential business acquisitions to take the Company forward as well as pursue its legal claims against the Government of Egypt.

#### **1.19 Directors' interests in the Proposed Acquisition**

None of the Company's existing Directors have any interest in the Proposed Acquisition, other than as disclosed in this Notice.

#### **1.20 GBG's interests in the Company**

None of the GBG Shareholders or their associates are related parties of the Company (other than by virtue of becoming Directors upon Settlement) and they have no existing interest in the Company's Securities.

#### **1.21 Forward looking statements**

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Explanatory Statement. These risks include but are not limited to, the risks detailed in Section 1.17. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

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## **2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – PROPOSED ACQUISITION OF GAMING BATTLE GROUND**

### **2.1 General**

Resolution 1 seeks approval from Shareholders for the Proposed Acquisition.

As set out above, the Proposed Acquisition will change the nature of the

Company's activities from a mineral exploration company to a technology company.

A summary of the terms and conditions of the Agreement is set out in Schedule 1 and a detailed description of GBG and its business is outlined in Section 1.2 above.

## 2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of the Proposed Acquisition requires the Company, in accordance with ASX Listing Rule 11.1.2, to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

## 2.3 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing of GBG which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's securities as restricted securities).

Accordingly, it is anticipated that the Company's securities will be subjected to a trading halt or suspension and thereby cease trading on ASX's Official List prior to market open on the day of the Meeting. If the Essential Resolutions are approved at the Meeting, it is expected that the Company's Securities will remain suspended from quotation until the Company has acquired GBG pursuant to the Agreement and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

If the Essential Resolutions are not approved at the Meeting, it is expected that the Company's Securities will be reinstated to quotation on ASX's Official List after the Company announces the results of the Meeting in accordance with the Listing Rules and Corporations Act.

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## 3. RESOLUTION 2 - CONSOLIDATION OF CAPITAL

### 3.1 Background

Resolution 2 seeks Shareholder approval for the Company to undertake a 1.8:1 consolidation of its capital (**Consolidation**).

If Resolution 2 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of Shares on issue will be reduced from 245,868,146 (pre-Consolidation) to 136,593,414 (post-Consolidation) (subject to rounding).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company moving forward and to assist the Company in re-complying with Chapters 1 and 2 of the Listing Rules which as set out above, is required to obtain re-instatement of its Shares to trading on the Official List of ASX on completion of the Proposed Acquisition.

### **3.2 Legal requirements**

Section 254H(1) of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number. This is also provided for by clause 10.1 of the Constitution.

### **3.3 Fractional entitlements**

Not all Shareholders will hold that number of Shares which can be evenly divided by 1.8. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share.

### **3.4 Effect on capital structure**

The effect which the Consolidation will have on the Company's capital structure is set out above in Section 1.10.

### **3.5 Taxation**

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

### **3.6 Holding statements**

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to holders of those Shares.

It is the responsibility of each Shareholder to check the number of Shares held prior to disposal.

### **3.7 Timetable**

If Resolution 2 is passed, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

Action	Date
Company sends out Notice of Meeting seeking Shareholder approval for the Consolidation.	6 September 2017
Company tells ASX that Shareholders have approved the Consolidation.	9 October 2017
Last day for trading in pre-Consolidation Shares.	10 October 2017
Post-Consolidation trading starts on a deferred settlement basis.	11 October 2017
Last day for Company to register transfers on a pre-Consolidation basis.	12 October 2017
First day for Company to send to each holder notice of the change in their details of holdings.	13 October 2017
First day for the Company to register Shares on a post-Consolidation basis and first day for issue of holding statements.	
Change of details of holdings date. Deferred settlement market ends.	19 October 2017
Last day for Shares to be entered into holders' Security holdings.	
Last day for the Company to send to each holder notice of the change in their details of holdings.	

#### 4. RESOLUTION 3 – CHANGE OF COMPANY NAME

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

Resolution 3 seeks the approval of Shareholders for the Company to change its name to **"Emerge Gaming Limited"**, subject to completion of the Proposed Acquisition.

If Resolution 3 is passed the change of name will take effect when ASIC alters the details of the Company's registration on or about at Settlement.

If Resolution 3 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Proposed Acquisition in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

#### 5. RESOLUTION 4 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES

##### 5.1 Background

Resolution 4 seeks Shareholder approval for the Company to be authorised to issue the Performance Shares.

## 5.2 Legal requirements

Section 246B of the Corporations Act and clause 2.4 of the Constitution provides that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the holders of the issued shares of the affected class; or
- (b) the written consent of the holders of 75% of the votes of the affected class.

The Company must give written notice of the variation to the members of the affected class within 7 days after the variation is made.

Section 246C(5) of the Corporations Act confirms that if a company with only one class of shares issues a new class of shares, the issue of the new class of shares is taken to vary the rights attached to shares in the existing class if:

- (a) the rights attaching to the new class of shares are not the same as the rights attached to the existing class of shares; and
- (b) the rights attaching to the new class of shares are not provided for in:
  - (i) the Company's constitution (if any); or
  - (ii) a notice, document or resolution that is lodged with ASIC.

## 5.3 Application to the Company

The Company currently has only one class of shares on issue being fully paid ordinary shares. The terms of the Performance Shares will not be the same as the Shares and the rights attaching to the Performance Shares are not provided for in the Constitution. Accordingly, the Company seeks Shareholder approval by special resolution at the Meeting for the creation of a new class of shares known as Performance Shares.

The Performance Shares are proposed to be issued in three classes with each class having a separate milestone event triggering their conversion into Shares but otherwise each class will be on the same terms. The proposed terms of each class of the Performance Shares are set out in Schedule 3.

In the event Resolution 4 is passed by the requisite majority, the Company will give written notice of the variation to the rights attaching to Shares to Shareholders within 7 days.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

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## 6. RESOLUTION 5 – ISSUE OF CONSIDERATION SECURITIES TO GBG SHAREHOLDERS

### 6.1 General

Resolution 5 seeks Shareholder approval to issue to the GBG Shareholders (or their nominees):

- (a) 184,500,000 Consideration Shares (on a post-Consolidation basis);

- (b) 184,500,000 Consideration Options (on a post-Consolidation basis); and
- (c) 100,000,000 Performance Shares (on a post-Consolidation basis),
- (together, the **Consideration Securities**) as consideration for the Proposed Acquisition.

The Company notes that the Proposed Directors will be issued the following Consideration Securities by virtue of being GBG Shareholders:

- (a) Proposed Director Mr Gregory Stevens, will be issued the following:
- (i) 17,852,765 Consideration Shares (on a post-Consolidation basis);
  - (ii) 17,852,765 Consideration Options (on a post-Consolidation basis); and
  - (iii) 12,720,096 Performance Shares (on a post-Consolidation basis);
- (b) Indomain Enterprises Pty Ltd <UC Mondello Family A/C>, an entity associated with Proposed Director Mr Bert Mondello, will be issued the following:
- (i) 10,893,751 Consideration Shares (on a post-Consolidation basis);
  - (ii) 10,893,750 Consideration Options (on a post-Consolidation basis); and
  - (iii) 5,353,872 Performance Shares (on a post-Consolidation basis); and
- (c) Jonathan Hart <J Hart Family A/C, an entity associated with Proposed Director Mr Jonathan Hart, will be issued the following:
- (i) 13,350,000 Consideration Shares (on a post-Consolidation basis);
  - (ii) 13,625,000 Consideration Options (on a post-Consolidation basis); and
  - (iii) 6,500,000 Performance Shares (on a post-Consolidation basis).

## 6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Consideration Securities constitutes giving a financial benefit and the Proposed Directors are related parties of the Company by virtue of being persons who are likely to become related parties of the Company in the future.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consideration Securities because the Consideration Securities will be issued to the Proposed Directors on the same terms as the Consideration Securities issued to unrelated GBG Shareholders and as such the giving of the financial benefit is on arm's length terms.

### **6.3 ASX Listing Rules 7.1 and 10.11**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Company to issue the Consideration Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

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

As the issue of Consideration Securities to GBG Shareholders involves the issue of Consideration Securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exception set out in ASX Listing Rule 10.12 (being, Exception 6) applies in the current circumstances.

### **6.4 Technical information required by ASX Listing Rule 7.1**

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

- (a) the maximum number of Consideration Securities to be issued at Settlement (on a post-Consolidation basis) is as follows:
  - (i) 184,500,000 Consideration Shares;
  - (ii) 184,500,000 Consideration Options; and
  - (iii) 100,000,000 Performance Shares
- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Securities will occur on the same day;
- (c) the Consideration Securities will be issued for nil cash consideration in consideration for the Proposed Acquisition;
- (d) the Consideration Securities will be issued to the GBG Shareholders, who are not related parties of the Company (other than as a result of the Proposed Acquisition), in consideration for their respective GBG Shares;

- For personal use only
- (e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than in relation to any escrow period imposed by ASX;
  - (f) the Consideration Options will be issued to the GBG Shareholders on the terms and conditions set out in Schedule 1;
  - (g) the Performance Shares will be issued to the GBG Shareholders on the terms and conditions set out in Schedule 3; and
  - (h) no funds will be raised from the proposed issue of the Consideration Securities as the Consideration Securities are proposed to be issued in consideration for the Proposed Acquisition in accordance with the terms of the Agreement.

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## 7. RESOLUTION 6 – PLACEMENT - SHARES

### 7.1 General

Resolution 6 seeks Shareholder approval for the issue of up to 12,500,000 Shares at an issue price of \$0.02 per Share to raise up to \$250,000 (**Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 6.1.

The effect of Resolution 6 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 7.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Shares to be issued is 12,500,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.02 per Share;
- (d) the Shares will be issued to clients of CPS Capital. None of these subscribers are related parties of the Company other than Mr Jason Peterson for whom Shareholder approval is being sought under Resolution 7;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement towards expenses associated with the Acquisition and general working capital.



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## **8. RESOLUTION 7 – RELATED PARTY PARTICIPATION IN THE PLACEMENT – MR JASON PETERSON**

### **8.1 General**

Pursuant to Resolution 6, the Company is seeking Shareholder approval for the issue of 12,500,000 Shares at an issue price of \$0.02 per Share to raise up to \$250,000.

Mr Jason Peterson wishes to participate in the Placement.

Resolution 7 seeks Shareholder approval for the issue of up to 5,000,000 Shares to Mr Jason Peterson (or his nominee) arising from the participation by Mr Peterson in the Placement (**Participation**).

### **8.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Mr Peterson is a related party of the Company by virtue of being a previous Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr Peterson on the same terms as Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

### **8.3 ASX Listing Rule 10.11**

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

As the Placement involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **8.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares will be issued to Mr Jason Peterson (or his nominee);

- For personal use only
- (b) the maximum number of Shares to be issued is 5,000,000 Shares;
  - (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
  - (d) the issue price will be \$0.02 per Share, being the same as all other Shares issued under the Placement;
  - (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
  - (f) the funds raised will be used for the same purposes as all other funds raised under the Placement as set out above in Section 7.2.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Jason Peterson (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 9. RESOLUTION 8 – CAPITAL RAISING

### 9.1 General

Resolution 8 seeks Shareholder approval for the issue of 250,000,000 Shares at an issue price of \$0.02 per Share, together with one (1) free-attaching Option for every four (4) Shares issued, on a post-Consolidation basis, to raise \$5,000,000 (**Capital Raising**).

The Capital Raising will be undertaken via the issue of a prospectus (**Prospectus**) to assist the Company in complying with Chapters 1 and 2 of the ASX Listing Rules which is required to obtain re-instatement of its Shares to trading on the Official List of ASX on completion of the Proposed Acquisition.

On 30 August 2017, ASX granted the Company a waiver to enable the Company to undertake issue Shares under the Capital Raising at \$0.02 per Share. The waiver is conditional upon Shareholders approving the issue price of Shares under the Capital Raising at \$0.02 per Share.

The Capital Raising will be conditional on the following:

- (a) Shareholders passing all of the Essential Resolutions;
- (b) conditional approval being obtained from the ASX to reinstate the securities of the Company to trading on the ASX (after the Company recompiles with Chapters 1 and 2 of the ASX Listing Rules); and
- (c) the Shares and Options to be issued under the Capital Raising being issued contemporaneously with Settlement.

Further details of the Capital Raising will be set out in the Prospectus.

A summary of ASX Listing Rule 7.1 is set out in Section 6.1 above.

The effect of Resolution 8 will be to allow the Company to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting

(or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## 9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued is 250,000,000 (on a post-Consolidation basis);
- (b) the maximum number of Options to be issued is 62,500,000 (on a post-Consolidation basis);
- (c) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same day;
- (d) the issue price will be \$0.02 per Share;
- (e) the issue price of the Options will be nil as they will be issued free attaching with the Shares on a 1:4 basis
- (f) the Directors will determine to whom the Shares and Options will be issued but these persons will not be related parties of the Company;
- (g) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (i) the Company intends to use the funds raised from the Capital Raising for the purposes outlined in Section 6.1.

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## 10. RESOLUTION 9 – ISSUE OF ADVISOR SHARES AND OPTIONS

### 10.1 General

Resolution 9 seeks Shareholder approval for the issue of 11,500,000 Shares (on a post-Consolidation basis) and 11,500,000 Options (on a post-Consolidation basis) (**Advisor Securities**) to CPS Capital in consideration for corporate advisory services provided to the Company by CPS Capital.

A summary of ASX Listing Rule 7.1 is set out in Section 6.1 above.

The effect of Resolution 9 will be to allow the Company to issue the Advisor Securities to CPS Capital during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## 10.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Shares to be issued is 11,500,000 (on a post-Consolidation basis);
- (b) the maximum number of Options to be issued is 11,500,000 (on a post-Consolidation basis);
- (c) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (d) the Shares and Options will be issued for nil cash consideration in satisfaction of corporate advisory services provided to the Company by CPS Capital;
- (e) the Shares and Options will be issued to CPS Capital (or its nominees), who is not a related party of the Company;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (h) no funds will be raised from the issue of the Advisor Securities as the Shares and Options are being issued in consideration for corporate advisory services provided to the Company by CPS Capital.

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## 11. RESOLUTIONS 10 AND 11 – ISSUE OF DIRECTOR SHARES TO RELATED PARTIES – MESSRS JASON PETERSON AND JOHN KENNY

### 11.1 General

Pursuant to Resolutions 10 and 11, the Company is seeking Shareholder approval for the issue of 2,500,000 Shares (on a post-Consolidation basis) to each of Messrs Jason Peterson and John Kenny in consideration for additional services provided by Messrs Peterson and Kenny beyond their normal duties as Directors.

### 11.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares constitutes giving a financial benefit and Messrs Jason Peterson and John Kenny are related parties of the Company by virtue of being Directors.

The Directors (other than Messrs Jason Peterson and John Kenny who have a material personal interest in Resolutions 10 and 11) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Shares because the agreement to issue the Shares was in lieu of services provided by Messrs Peterson and Kenny, is on normal commercial terms and was negotiated on an arm's length basis.

### **11.3 ASX Listing Rule 10.11**

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

As the issue of Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **11.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 10 and 11:

- (a) the Shares will be issued to Messrs Jason Peterson and John Kenny (or their nominees), who are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Shares to be issued is 5,000,000, being:
  - (i) 2,500,000 Shares to be issued to Mr Jason Peterson (or his nominee); and
  - (ii) 2,500,000 Shares to be issued to Mr John Kenny (or his nominee);
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds were raised from this issue as the Shares were issued in consideration for services provided to the Company by the Directors.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Messrs Peterson and Kenny (or his nominee) will not be included in

the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **12. RESOLUTIONS 12 TO 14 – ELECTION OF DIRECTORS**

### **12.1 General**

Clause 14.3 of the Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in General Meeting.

In order for the Proposed Directors to be eligible for election, the Proposed Directors, or a Shareholder intending to propose their nomination, must leave at the Company's registered office at least 30 Business Days before the Meeting, a written notice from the Proposed Directors consenting to their nomination and signifying their candidature for the office, or a written notice from a Shareholder signifying their intention to nominate the Proposed Directors.

Pursuant to Resolutions 12 to 14, Messrs Gregory Stevens, Bert Mondello and Jonathan Hart seek election from Shareholders to be appointed upon completion of the Proposed Acquisition. Resolutions 12 to 14 are Essential Resolutions and are subject to the passing of all other Essential Resolutions.

The qualifications and experience of the Proposed Directors are set out below.

### **12.2 Mr Gregory Stevens – Proposed Executive Director**

#### **(a) Qualifications and Material Directorships**

Gregory Stevens is a co-founder of GBG. For the better part of a decade, Mr Stevens has been travelling the United States between the Midwest and California, working in technology start-up companies.

Gaining an intricate understanding of the capabilities of the digital technology space, Mr Stevens patented a gaming lottery process, "Millionaire Greetings", the first patented lottery greetings process and partnered with the company American Greetings. Mr Stevens was involved in several other innovative technology projects, which led him into eSports, and his involvement in the business development of the one of the first competitive eSports platforms in the United States. He progressed to becoming a director of a world class eSports development agency, which has developed for top international brands such as Ubisoft, Activision Blizzard, unikrn and S2Games.

In 2015, Mr Stevens collaborated with MWEB, a subsidiary of Naspers Ltd (one of the largest internet companies in the world and indirect shareholder in Riot Games), to establish an emerging market online eSports competition platform and channel broadcasting eSports.

Mr Stevens is currently completing the University of Cumbria's MBA program, where he is refining his business administration skills, and acquiring knowledge of the latest business practices.

#### **(b) Independence**

Mr Stevens has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on

issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the Board considers Mr Stevens will be an independent director.

(c) **Board recommendation**

The Board supports the election of Mr Stevens and recommends that Shareholders vote in favour of Resolution 12.

## 12.3 Mr Bert Mondello – Proposed Non-Executive Chairman

(a) **Qualifications and Material Directorships**

Bert Mondello has more than 20 years' experience across both private and public sectors. Mr Mondello has substantial capital markets experience and knowledge of equity markets having participated in company restructures, IPOs, RTOs, investor placements and seed raisings.

Mr Mondello has provided strategic corporate advice to a number of organisations across multiple industries and has significant experience in retail and institutional sectors and an extensive knowledge of marketing communications and investor relations.

Throughout his career, including as Chief Executive Officer of ZipTel Limited (ASX: ZIP) (**ZipTel**), Mr Mondello has been pivotal in challenging the status quo with innovation in new technologies across a myriad of products and offerings. Mr Mondello has led ZipTel in the execution of a number of agreements with significant international corporations and the acquisition of more than 15 million users globally across ZipTel's core platforms.

Mr Mondello is currently a non-executive director of ZipTel Limited and Weststar Industrial Ltd (ASX: WSI) and holds a Bachelor of Laws from the University of Notre Dame, Australia.

(b) **Independence**

Mr Mondello has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the Board considers Mr Mondello will be an independent director.

(c) **Board recommendation**

The Board supports the election of Mr Mondello and recommends that Shareholders vote in favour of Resolution 13.

## 12.4 Mr Jonathan Hart – Proposed Non-Executive Director

### (a) Qualifications and Material Directorships

Jonathan Hart has a Bachelor of Laws and Commerce from Murdoch University in Western Australia. His experience includes initial public offerings on ASX (AIM and JSE), reverse takeovers, due diligence investigations, general corporate and commercial drafting, public and private mergers and acquisitions, general corporate advice in relation to capital raisings, Corporations Act and ASX compliance, Australian Financial Services Licenses, managed investment schemes and anti-money laundering compliance.

Jonathan is currently a director of AusAG Resources Limited. Jonathan was previously a director of Antares Limited and The Waterberg Coal Project Limited. Jonathan was also previously a company secretary of Harvest Minerals Limited, Antares Mining Limited, The Waterberg Coal Project Limited, Firestone Energy Limited, IODM Limited, Black Star Petroleum Limited, Wolf Petroleum Limited and The Carajas Copper Company Limited.

### (b) Independence

Mr Hart has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the Board considers Mr Hart will be an independent director.

### (c) Board recommendation

The Board supports the election of Mr Hart and recommends that Shareholders vote in favour of Resolution 14.

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## 13. RESOLUTION 15 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME AND ISSUE OF OPTIONS UNDER EMPLOYEE INCENTIVE SCHEME

### 13.1 General

Resolution 15 seeks Shareholders approval for the adoption of the employee incentive scheme titled 'Incentive Option Plan' (**Plan**) and for the issue of Options under the Plan, in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is set out in Section 6.3.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 15 is passed, the Company will be able to issue Options under the Plan to eligible employees over a period of 3 years from the date of approval without impacting on the Company's ability to issue up to 15% of its total ordinary securities without prior Shareholder approval in any 12 month period.



The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any issues of Options under the Plan to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

### 13.2 Previous issues

Shareholders should note that no Options have previously been issued under the Plan.

### 13.3 Other employee incentive schemes

Other than the Plan, the Company does not operate any other employee incentive schemes.

### 13.4 Key terms and conditions of the Plan

A summary of the key terms and conditions of the Plan is set out in Schedule 4. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (+61 8 9246 4483). Shareholders are invited to contact the Company if they have any queries or concerns.

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## 14. RESOLUTION 16 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION

### 14.1 General Background

As announced on 26 June 2017, prior to completion of the Acquisition, the Company proposes (subject to obtaining all necessary Shareholder approvals), to demerge all of its interest in Tantalum International Pty Ltd (**TIPL**) (the Company's wholly owned subsidiary). TIPL has a number of legal claims against the Arab Republic of Egypt (**Egypt**) which relate to the alleged expropriation of TIPL's Abu Dabbab Tantalum-Tin-Feldspar project, amongst other assets (**Project**), by Egypt in 2015 (**Legal Claims**) (**Spin-out**).

On or about 3 August 2017, the Company and TIPL entered into a conditional arbitration funding agreement (**Funding Agreement**) with a Guernsey based subsidiary of Calunius Litigation Risk Funds (the **Funder**), under which the Funder has conditionally agreed to fund the costs of the Company's Legal Claims subject to the completion of full due diligence investigations by the Funder (among other things) (refer to Section 14.7 for further details). There is no link between the Funding Agreement and the Acquisition of GBG, and completion of the Acquisition of GBG is not related in any way to whether the conditions precedent to the Funding Agreement are satisfied.

AR1 and TIPL intend to jointly prosecute the Legal Claims against Egypt by way of international arbitration at the International Centre for Settlement of Investment Disputes (**ICSID**), a World Bank affiliated body in Washington DC.

## 14.2 Spin-out

It is intended that the Spin-out will occur by AR1 distributing 136,593,414 TIPL Shares (being, all of its holding in TIPL) in specie to the AR1 Shareholders on a pro-rata basis (**In-specie Distribution**), whilst retaining the right to a fixed percentage of any compensation awards resulting from a successful arbitration of the Legal Claims. The Company intends to effect the In-specie Distribution by way of an equal reduction of its capital on a pro rata basis. Shareholders will thereby retain direct ownership of AR1 and will also receive a direct ownership interest in TIPL.

The intention of the Spin-out is to spread value to existing Shareholders from any positive outcome from successful arbitration of the Legal Claims, along with the advantages of the GBG Acquisition. AR1 And TIPL have entered in to an arbitration management agreement (**Management Agreement**) to ensure that the new AR1 management team is not distracted on non-core activities such as the Legal Claims or financial burdens associated with TIPL, enabling them to focus on the Acquisition and the development of the GBG Platform and business.

## 14.3 Corporate Structure

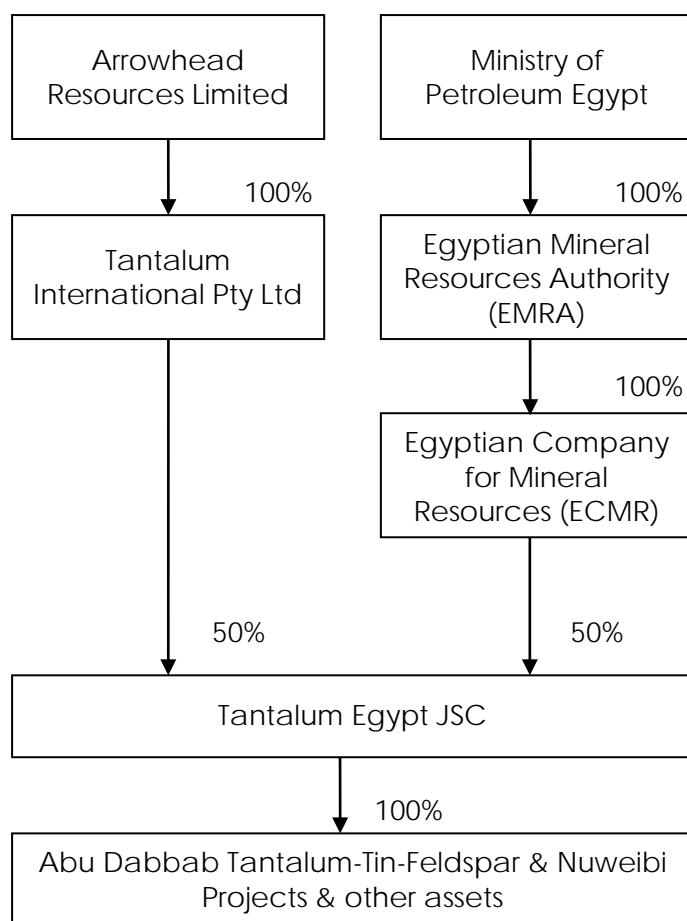
In the event Resolution 16 is passed and the Company completes the Spin-out, TIPL would operate as an independent company, with its main objective to generate value through the Legal Claims on behalf of its shareholders and AR1.

It is proposed that TIPL would operate as an unlisted public company (on completion of a change of status from a proprietary limited company to a public company), subject to the approval of Shareholders. This will ensure that prior to completion of the Acquisition, existing Shareholders will retain the rights to the Legal Claims pertaining to the alleged expropriation of the Project by Egypt in 2015. TIPL will be managed by its current board of directors, comprising Mr Michael Rosenstreich, Mr Rowan Caren and Mr Ayman Ayyash (**TIPL Board**) on a success fee basis, which is linked to the Preference Shares which were issued to the Directors on 16 August 2017 (refer to Schedule 8 for the terms and conditions of the Preference Shares). Other external costs and fees will initially be funded by existing cash reserves of \$20,000.

## 14.4 Background to the Legal Claims

As set out in the Company's ASX Announcement dated 5 June 2015, on 26 February 2015 the Company announced a revised development strategy (the **400K Plan**) and a conditional financing arrangement for the Project. The 400K Plan and financing arrangements were presented to the Egyptian Company for Mineral Resources (ECMR) which is a division of the Egyptian Mineral Resources Authority, the Government Department responsible for mineral titles and mining developments in Egypt, at meetings in Cairo in March 2015.

In conjunction with the presentation of the 400K Plan proposal to ECMR, the Company entered into a conditional financing arrangement to finance the capital expenditure requirement for Stage 1 (being USD\$7,000,000), in return for a 50% interest in TIPL. TIPL indirectly holds the Company's 50% interest in the Project, as illustrated below.



This investment in the Project was subject to the satisfaction of customary conditions, including confirmation from the ECMR and the Egyptian Ministry of Investment (**GAFI**) that Tantalum Egypt JSC (**Tantalum Egypt**) was in good standing. GAFI is the regulatory authority for Tantalum Egypt and Tantalum Egypt holds the exploitation licences at the Project (refer above).

GAFI approved the renewal of Tantalum Egypt's work permit for the period 1 January 2015 to 31 December 2015, effectively satisfying the GAFI condition precedent. Despite ECMR's verbal assurances, following a meeting between the Chairman of ECMR and the Chairman of Tantalum Egypt (who was also the Company's representative on the board of Tantalum Egypt), the Company became aware on 26 March 2015, that ECMR was seeking ways to dissolve Tantalum Egypt and to reissue the exploitation licences to a third party, although no formal notice to that effect was ever received by the Company.

The Company requested urgent clarification of ECMR's position but ECMR did not respond to the requests and has not responded to any further requests since that time.

As the result of ECMR's unwillingness to engage with the Company, the Company suspended further funding into Tantalum Egypt. The Company considers that Egypt, through ECMR and EMRA, has implemented illegal measures to gain full control of Tantalum Egypt's exploitation licences and the Project. The Company considers that Egypt has unlawfully expropriated the Company's investments in the Project, impaired the Company's management, operation and enjoyment of those investments and treated the Company and its investments in a manner that is not fair and equitable.

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## 14.5 Current Status

In late 2015, after failing to solicit any engagement with ECMR, the Company commenced discussions with litigation funding groups seeking financial support to pursue the Legal Claims against Egypt.

The Company has also recently received information that Egypt has been seeking tenders for the acquisition and development of the Project internationally, using the know-how and intellectual property of the Company.

On or about 3 August 2017, the Company and TIPL entered into the binding Management Agreement in relation to the arbitration process to pursue the Legal Claims and the distribution of proceeds resulting from a successful arbitration or other settlement (if any). The material terms of the Management Agreement are set out in Section 14.6.

As set out above, on 4 August 2017, the Company and TIPL (together, the **Claimant**) entered into the Funding Agreement with the Funder, under which the Funder has conditionally agreed to fund the Legal Claims. The material terms of the Funding Agreement are set out in Section 14.7.

## 14.6 Arbitration Management Agreement

The material terms of the Management Agreement are summarised as follows:

- (a) **Management terms:** The parties agree to the following:
- (i) AR1 agrees to execute an arbitration funding agreement to fund the Legal Claims and do all things necessary to adhere to the Funding Agreement. The Company and TIPL executed the Funding Agreement with the Funder on or about 3 August 2017;
  - (ii) AR1 agrees to co-submit the Legal Claims to arbitration under the Australia-Egypt Bilateral Investment Treaty, to participate as co-claimant with TIPL in arbitration and agrees to execute all documents requested by TIPL to undertake the arbitration;
  - (iii) AR1 agrees to appoint TIPL as its attorney and agent in pursuit of the Legal Claims, with full power to engage and instruct solicitors and bind AR1 to any settlement via the Management Agreement which was executed on or about 3 August 2017;
  - (iv) TIPL undertakes to manage all aspects of its corporate compliance including the arbitration and all compliance reporting and TIPL Shareholder matters;
  - (v) AR1 agrees to transfer \$20,000 into a bank account of TIPL to be used for third party expenses only (**TIPL Loan**). TIPL is to repay the TIPL Loan from the proceeds of the arbitration of the Legal Claims (if any);
  - (vi) The TIPL Directors will undertake all of their obligations without any salary or fee payments. Their sole remuneration will be as a success fee payable through the Preference Share structure;
  - (vii) AR1 will receive a Co-Claimant Fee (defined below) subject to the availability of any funds arising from any award through the arbitration or other settlement (with payment made in

accordance with the order of priority set out at paragraph ix below);

- (viii) The TIPL Board will be restructured to comprise Mr Michael Rosenstreich, Mr Rowan Caren and Mr Ayman Ayyash. The Company confirms that Messrs Caren and Ayyash were appointed to the TIPL Board on 16 August 2016;
- (ix) If there is an award arising from a favourable outcome to the arbitration, the award will be disbursed in the following order from highest to lowest priority:
- (A) all payments and obligations due under the Funding Agreement;
  - (B) TIPL creditors, if any (including the TIPL Loan);
  - (C) payments due under the terms of Preference Shares;
  - (D) AR1 will receive the greater of 12% of the remaining funds (at this disbursement point) or an agreed minimum amount (the **Co-Claimant Fee**); and
  - (E) the balance of the remaining funds will be distributed to all TIPL Shareholders on a 'per TIPL Share' basis, (the **Award Priority**); and
- (x) The capital structure of TIPL will be reorganised as follows:

Holder	Number	Type	Comment
AR1	136,593,414	Fully paid ordinary shares	The pool of TIPL Shares is to be distributed, 100% and on a 1:1 pro-rata basis to AR1 Shareholders on the Spin-out Record Date.
Michael Rosenstreich	1	Preference Shares (Class A)	Priority disbursement to the TIPL Directors (Success Fee).
Rowan Caren	1	Preference Shares (Class A)	Priority disbursement to the TIPL Directors (Success Fee).
Ayman Ayyash	1	Preference Shares (Class A)	Priority disbursement to the TIPL Directors (Success Fee).

**Notes:**

1. The Class A Preference Shares have no voting rights. Each Class A Preference Share entitles the holder to the greater of 1.7% of the entire compensation award arising from the Legal Claims or an agreed minimum amount. Each Class A Preference Share ranks ahead of the Co-Claimant Fee and fully paid ordinary shares on a winding up of TIPL in the event of any surplus.

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2. The payment of the Co-Claimant Fee ranks ahead of fully paid ordinary shares on a winding up of TIPL in the event of any surplus.
  3. The total payment under the Class A Preference Shares and the Co-Claimant Fee will not exceed the payment distribution to TIPL Shareholders.
  4. TIPL agrees to distribute all proceeds of the Legal Claims in accordance with the Award Priority as quickly as practicable.
  5. The Class A Preference Shares were issued to the directors of TIPL on 16 August 2017.
- (b) **Conditions Precedent:** the outstanding conditions precedent to the Management Agreement are as follows:
- (i) The transfer of the TIPL Loan to TIPL by the Company;
  - (ii) The Board of AR1 and the TIPL Board executing a deed of debt forgiveness in relation to the existing inter-company loan of \$16,045,959.22; and
  - (iii) The Board of AR1 and the TIPL Board entering into a general security agreement to give AR1 a secured interest over all of TIPL's assets as collateral for any liabilities arising from AR1's involvement in the arbitration, the non-payment of the TIPL Loan or the non-payment of the Co-Claimant Fee or any award owed. The secured interest will be limited to the assets of TIPL.
- (c) **Indemnity:** whilst there is an Adverse Costs insurance mechanism provided by the Funder, TIPL has agreed that:
- (i) TIPL will indemnify and keep the Company indemnified against any liability, loss, damage, judgement, cost, charge or expense which a party pays, suffers, or incurs, or is liable for, which might arise from the Company's involvement in the arbitration; and
  - (ii) TIPL agrees to reimburse the Company for reasonable third party costs approved by TIPL, incurred by the Company to deal with any further action required to be undertaken by the Company in relation to its involvement in the arbitration (and which is not provided for in the Management Agreement or Funding Agreement) within 21 Business Days of providing sufficient evidence of the third party costs to TIPL.

The Management Agreement contains other terms and conditions considered standard for an agreement of its nature (including warranties and confidentiality provisions).

## 14.7 Funding Agreement

A summary of the key terms of the conditional Funding Agreement is as follows, subject to strict confidentiality obligations given the strategic and commercially sensitive nature of the Legal Claims and the arbitration process:

- (a) **Conditions Precedent:** The Funder's obligation to pay the legal costs and adverse costs of the Claimant is subject to, amongst other things:
- (i) completion of full due diligence investigations by the Funder and its external counsel (the **Due Diligence Condition**)

- (ii) all parties with an interest in the proceeds of the arbitration of the Legal Claims entering into a priorities agreement in a form satisfactory to the Funder (**Priorities Agreement**), pursuant to which the proceeds of any award shall be held on trust for the parties to the Priorities Agreement and the proceeds shall be distributed in accordance with its terms;
  - (iii) the Claimant entering into a security document in favour of the Funder to provide a security interests to the Funder over the total amount paid to the Claimant (the **Proceeds**); and rights in respect of the Proceeds;
- (b) **Due Diligence Period:** Before the expiry of the four week period commencing on the date of the Funding Agreement (or such other period as agreed between the parties) (**Due Diligence Period**), the Funder may give notice to the Claimant that the Funder wishes to terminate the Funding Agreement at which point the obligations of the parties are at an end; or that the Due Diligence Condition has been satisfied and that the Funder's obligations to pay the Claimant's legal costs and adverse costs pursuant to the Funding Agreement shall immediately come into effect.
- (c) **Overriding Objective:** For the duration of the proceedings, the Claimant undertakes to, amongst other things:
  - (i) instruct its lawyers in the proceedings (**Lawyers**) to conduct the proceedings reasonably and with due regard to the civil procedure rules; and
  - (ii) provide all information, evidence and documents required in order to comply with the above instructions and deal promptly and diligently with requests by the Lawyers to provide statements of truth, witness statements and to search for disclosable documents;
  - (iii) devote reasonably adequate resources to enable to the Lawyers to conduct the proceedings efficiently.

(together, the **Overriding Objective**).
- (d) **Success in proceedings:** In the event of any settlement between the Claimant and Egypt, or judgement in favour of the Claimant pursuant to which Egypt (or any third party) is obliged to pay any sum of money to the Claimant, the Claimant agrees to pay or procure the payment of the fee owing to the Funder within fourteen (14) days of receipt of the Proceeds.
- (e) **No Success in proceedings:** If the Claimant does not achieve success in the proceedings, no fees or costs will be payable by the Claimant to the Funder.
- (f) **Termination for Fault:** The Funder is entitled to immediately terminate the Funding Agreement and its funding obligations by written notice to the Claimant, where the Claimant is in material breach of its warranties provided, fails to comply with its obligations to provide information, acts independently without the support of the agreed lawyer's legal advice and other similar obligations.

The Funding Agreement is subject to strict confidentiality obligations given the strategic and commercially sensitive nature of the Legal Claims and the arbitration process. It otherwise contains terms and conditions considered standard for an agreement of its nature (including warranties and confidentiality provisions).

#### 14.8 Capital Reduction – General

The Company seeks Shareholder approval under Resolution 16 to enable it to reduce its capital by the distribution of specific assets to Shareholders, being the 136,593,414 TIPL Shares.

The Corporations Act and the ASX Listing Rules set out the procedure and timing for a capital reduction. Refer to Section 14.9 for an indicative timetable in respect of the Spin-out.

The alteration to the Company's capital and the In-specie Distribution will become effective from the Record Date.

If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to the 136,593,414 TIPL Shares and each Shareholder's name will be entered on the register of members of TIPL with each AR1 Shareholder having deemed to have consented to becoming a TIPL Shareholder and being bound by its constitution.

An AR1 Shareholder's entitlement to TIPL Shares to be distributed is to be based on the number of AR1 Shares held at the Record Date.

Other than as TIPL Shareholders or as otherwise set out in this Explanatory Statement, none of the Directors have any interest in Resolution 16.

#### 14.9 Key Dates

Event	Date
General Meeting to approve the In-specie Distribution of TIPL Shares	9 October 2017
ASX informed of Shareholder approval	9 October 2017
Spin-out Record Date*	3 November 2017
In-specie Distribution to Shareholders of TIPL Shares*	20 November 2017

\* These dates are indicative only and may change without notice.

#### 14.10 Pro forma financial position of AR1 and TIPL

Set out in Schedule 5 is pro forma balance sheet of the Company following completion of the Proposed Acquisition, Spin-out and issues of all Securities contemplated by this Notice.

A pro forma statement of financial position for TIPL, reflecting the proposed balance sheet of TIPL following completion of the Spin-out is set out in Schedule 6.



## 14.11 Advantages and Disadvantages of the Spin-out (assuming completion of the Spin-out and In-specie Distribution):

### (a) Advantages

- (i) All Shareholders will retain an interest in the Legal Claims through their individual pro-rata shareholdings in TIPL and their shareholdings in AR1.
- (ii) All Shareholders will retain their current percentage ownership interest in the capital of the Company.
- (iii) The Spin-out should allow for a better focus on the advancement of the Legal Claims, whilst the Company continues to progress the Acquisition and development of the GBG Platform. The Spin-out from AR1 will mean that both AR1 and TIPL will have a primary focus that will not be affected by events or occurrences relating to other activities and the Legal Claims will be managed by individuals with the legacy knowledge to best advance those claims.
- (iv) The Spin-out will provide Shareholders with the ability to participate in the upside of the Legal Claims whilst also maintaining their investment exposure to the Acquisition.
- (v) TIPL will have very low operating costs because management is working solely on a success fee basis to pursue the Legal Claims and expenses related to the Legal Claims will be met under the Funding Agreement.

### (b) Disadvantages

- (i) Shareholders will not have a liquid market for their TIPL Shares and may incur additional transaction costs if they wish to dispose of their new investment in TIPL (e.g. brokerage costs).
- (ii) There may be a taxation consequence in respect of the distribution of the TIPL Shares to the Shareholders. Details of the possible general taxation effect of the transaction are set out in Section 14.25 of this Explanatory Statement.
- (iii) The costs relating to TIPL and the Spin-out (some of which will initially be incurred by AR1) will include, but are not limited to:
  - (A) legal and other fees incurred in the preparation of documentation giving effect to the Spin-out; and
  - (B) tax advice obtained in relation to taxation consequences of the Spin-out.
- (iv) TIPL, as an unlisted public company will have limited ability to raise additional capital if funds are required for activities that do not relate to the Legal Claims (which will be met in accordance with the Funding Agreement).

#### 14.12 Failure to achieve completion of the Spin-out

Failure to achieve completion of the Spin-out will mean that any financial benefits from the Legal Claims will be retained wholly within AR1, as the 100% owner of TIPL. The Funding Agreement will remain in effect as it is not conditional on the completion of the Spin-out. The Management Agreement would be unnecessary in the event that the Spin-out was not completed but the Company would have to negotiate a revised arrangement with management to manage the arbitration process. It may not be possible to secure the services of management on the success fee arrangement as proposed. Therefore, fees for management services may have to be settled in cash. It is estimated that these fees may be approximately \$200,000 per annum.

#### 14.13 TIPL Structure and Board

TIPL was incorporated on 8 March 1999. Biographies of the current directors of TIPL are set out below.

Following receipt of Shareholder approval for the Spin-out, the TIPL Board may be different to the present TIPL Board (and also different to the Company's present Board).

The TIPL Board of directors presently comprises of:

(a) **Mr Michael Rosenstreich – BSC (Hons), MEE, FAusIMM, MAICD**

Mr Rosenstreich was appointed as a director of TIPL on 14 May 2014. Mr Rosenstreich has a technical background and has worked in corporate finance and management of listed companies over the past 30 years in the banking and mining sectors.

Mr Rosenstreich is also currently Chairman and Managing Director of AR1 and Managing Director of Hexagon Resources Limited.

(b) **Mr Rowan Caren – BCom, CA**

Mr Caren was appointed as Company Secretary of TIPL on 30 August 2006 and a director of TIPL on 13 August 2017. Mr Caren was employed by the chartered accountancy firm PricewaterhouseCoopers in Australia and overseas for six years and has been directly involved in the minerals exploration industry for a further 19 years. He also provides company secretarial and corporate advisory services to several exploration companies and is a member of Chartered Accountants Australia and New Zealand.

Mr Caren is currently also a director of Top End Minerals Ltd.

(c) **Mr Ayman Ayyash – BSc CEng (Hons) MEIAust**

Mr Ayyash was appointed a director of TIPL on 13 August 2017. He is a dual Australian-Jordanian citizen based in Amman, has had a 30-year career in industrials and mining enterprises in the MENA region. His expertise is in facilitating and coordinating trading outcomes and project activities underpinned by his technical background as a civil engineer.

#### 14.14 Disclosure to ASX

AR1 as an entity with Shares quoted on the Official List of the ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to AR1 can be accessed at either the Company's ASX announcements platform or the Company's website.

#### 14.15 Risk Factors

On successful completion of the Spin-out, AR1 Shareholders will become TIPL Shareholders and should be aware of the general and specific risk factors which may affect TIPL and the value of its securities. These risk factors are set out in Schedule 7. The risk factors have been reviewed by the Board of Directors of the Company and the TIPL Board and are considered applicable.

#### 14.16 Effect of Proposed Capital Reduction on the Company

A pro-forma statement of financial position of AR1 is contained in Schedule 5 which shows the financial impact of the capital reduction and the Spin-out on the Company. Furthermore, the Company, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. As such, the Company is required to lodge quarterly accounts detailing the Company's current financial position. Any use of funds by the Company will be detailed in these quarterly reports and any significant transactions will be disclosed to Shareholders.

#### 14.17 Director's Interests and Recommendations

The table below sets out the number of securities in AR1 held by the AR1 Directors at the date of the Meeting and also the number of TIPL Shares they are likely to have an interest in if Resolution 16 is passed and implemented:

Director	AR1 Shares	AR1 Options	Approximate Number of TIPL Shares each Director will receive <sup>1</sup>
Mr Michael Rosenstreich <sup>2</sup>	Nil	Nil	Nil
Mr John Kenny	23,013,272	Nil	23,013,272
Mr Phil Re	Nil	Nil	Nil

**Notes:**

1. Assuming a one (1) for one (1) ratio for the In-specie Distribution for illustrative purposes only. It is not clear at the date of this Notice what the exact ratio for the In-specie Distribution will be due to the Consolidation of the Company's issued capital.
2. Note that Mr Rosenstreich will be entitled to the greater of 1.7% of the entire compensation award arising from the Legal Claims or an agreed minimum amount after payments to be made to the Funder in accordance with the Funding Agreement as a result of holding one (1) Class A Preference Share.

After considering all relevant factors, the Directors recommend the Company's Shareholders vote in favour of Resolution 16 for the reasons summarised in Section 14.11(a) of this Notice.

## 14.18 Effect of Proposed Capital Reduction on Shareholders in AR1

### *What will you receive?*

If the Spin-out is implemented, eligible Shareholders will receive an in-specie return of capital by way of the distribution of TIPL Shares in proportion to the number of AR1 Shares held by them at the Record Date.

Shareholders are not required to contribute any payment for the TIPL Shares which they are entitled to receive under the Spin-out.

### *What is the impact on your shareholding in the Company?*

The number of Shares in the Company that you hold will not change as a result of the Spin-out.

If the Spin-out is implemented, the value of your AR1 Shares may be less than the value held prior to the Spin-out being implemented due to the removal of a portion of the Legal Claims from the Company's asset portfolio. The size of any decrease cannot be predicted and will be dependent on the value ascribed to the Legal Claims.

### *Do you have to do anything to receive your TIPL Shares?*

You must hold AR1 Shares on the Record Date in order to receive your entitlement of TIPL Shares pursuant to the In-specie Distribution. If the Spin-out proceeds, you will automatically receive the TIPL Shares you are entitled to receive, even if you vote against the Spin-out or do not vote at all.

### *Will I be able to trade my TIPL Shares?*

If the Spin-out is approved by Shareholders and is implemented, a holder of TIPL Shares will be able to sell their TIPL Shares in the future, however the TIPL Shares will not be listed on any exchange including the ASX.

### *What are the taxation implications of the Spin-out?*

A general guide to the taxation implications of the Spin-out is set out in Section 14.25 of this Explanatory Statement. The description is expressed in terms of the Spin-out and is not intended to provide taxation advice in respect of particular circumstances of any Shareholder. **Shareholders should obtain professional advice as to the taxation consequences of the Spin-out in their specific circumstances.**

### *What will happen if Resolution 16 is not approved?*

In the event that Shareholder approval of Resolution 16 is not obtained, the Spin-out will not proceed and the distribution of TIPL Shares to AR1 Shareholders will not occur.

## 14.19 Additional important information for AR1 Shareholders

- (a) The capital structure of AR1 as at the date of this Notice is set out in Section 1.20.
- (b) The proposed capital structure of TIPL post completion of the Spin-out will be:

Securities to be distributed pursuant to In-Specie Distribution	
Number of fully paid ordinary shares	136,593,414
Number of Class A Preference Shares	3
Number of options to acquire fully paid ordinary shares	Nil

Shareholders should note that the capital structure outlined above is indicative only and that TIPL has the discretion to amend the capital structure without notice.

- (c) 136,593,414 TIPL Shares will be distributed on a pro-rata basis to all holders of ordinary shares in the capital of the Company on the Record Date (**Return Shares**) based on the number of AR1 Shares held by such holders at the Record Date. Due to the proposed Consolidation and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many AR1 Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be.

At the date of this Notice, there are 245,868,146 Shares on issue (on a pre-Consolidation basis) in the Company (assuming completion of the Placement and completion of the issue of Shares under Resolutions 6 and 7). Assuming 136,593,414 Shares was on issue at the Record Date (on a post-Consolidation basis), the formula for the In-specie Distribution would be approximately 1 TIPL Share for every 1 AR1 Share held. Any fractions of entitlement as a result of the Consolidation will be rounded up to the next whole number and this may result in the ratio of TIPL Shares issued to AR1 Shareholders being slightly less than 1 for 1;

- (d) the return of capital will be effected by a pro-rata distribution of the Return Shares in specie proportionately to all of the Company's Shareholders:
- (i) registered as such as at 5.00pm (WST) on the Record Date; or
  - (ii) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5.00pm (WST) on the Record Date and lodged with the Company at that time.

#### 14.20 Information concerning AR1 Shares

The rights attaching to the Shares in AR1 will not alter. At the date of this Notice, there are 223,368,146 Shares on issue in the Company. A further 22,500,000 Shares will be issued pursuant to a Placement to be completed before the Record Date.

For the information of Shareholders, the highest and lowest recorded sale prices of the Company's Shares as traded on ASX during the 12 months immediately preceding the date of this Explanatory Statement, and the respective dates of those sales were:

Date	Highest Price	Date	Lowest Price
22 June 2017	\$0.018	26 July 2017, 27 July 2017, 28 July 2017, 2 August 2017, 3 August 2017, 8 August 2017, 10 August 2017, 14 August 2017 and 15 August 2017	\$0.009

The latest available closing price of the AR1 Shares on ASX prior to the date of this Notice was \$0.01 on 30 August 2017.

#### 14.21 Section 256C of the Corporations Act

The proposed reduction of capital by way of an in-specie distribution to Shareholders is an equal capital reduction.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

- (a) is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors believe that the Spin-out is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. This is because each AR1 Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each AR1 Shareholder. The In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each AR1 Shareholder remains the same before and after the Spin-out.

In accordance with the Corporations Act:

- (a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of AR1 Shareholders;
- (d) this Explanatory Statement and accompanying Spin-out Prospectus and previous ASX announcements set out all information known to AR1 that is material to the decision on how to vote on Resolution 16; and
- (e) AR1 has lodged with ASIC a copy of this Notice of Meeting and accompanying Spin-out Prospectus.

#### 14.22 ASX Listing Rule 7.17

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro-rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Spin-out satisfies the requirements of ASX

Listing Rule 7.17 because the issue of TIPL Shares is being made to AR1 Shareholders on a pro rata basis, and there is no restriction on the number of AR1 Shares a Shareholder must hold before the entitlement to the TIPL Shares accrues.

#### **14.23 Effect of Shareholder approval**

##### **(a) General**

If Resolution 16 is approved, AR1 Shareholders (as at the Record Date) will receive a pro rata beneficial entitlement to TIPL Shares based on the number of AR1 Shares held at the Record Date. The reduction in AR1's capital and the distribution of TIPL Shares will become effective from the Record Date. Any fractions of entitlement will be rounded down to the next whole number. Shares in TIPL are to be held subject to its constitution which is in standard form.

The actual dollar value of the proposed return of capital will be an amount equal to the value of the TIPL Shares distributed to be assessed by the Directors. Please refer to Schedule 5 and Schedule 6 for the pro-forma statements of financial position of both AR1 and TIPL which show the expected financial impact of the Spin-out.

The Board considers the proposed reduction of capital will have no material effect on the interests of AR1 Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 14.11 above.

##### **(b) Overseas AR1 Shareholders**

The In-specie Distribution of the TIPL Shares to overseas AR1 Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where an AR1 Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on AR1 an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on AR1 an undue burden, the TIPL Shares to which the relevant AR1 Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by AR1 on their behalf, in order that AR1 will pay the relevant Shareholder a cash equivalent amount (if any), or otherwise AR1 will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If AR1 elects to sell the TIPL Shares on a relevant AR1 Shareholder's behalf, AR1 will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each AR1 Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

## 14.24 Information concerning TIPL Shares

A summary of the more significant rights that will attach to the TIPL Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the TIPL Shareholders. Full details of the rights attaching to the TIPL Shares are set out in TIPL's constitution, a copy of which is available on request.

### (a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the constitution of the company.

### (b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### (c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable proportionately according to the amounts paid up or credited as paid up, on the Shares, and otherwise in accordance with Part 2H.5 of the Corporations Act. Interest may not be paid by the company in respect of any dividend, whether final or interim.



(d) **Winding-Up**

If the company is wound up, the liquidator may, with the authority of a special resolution of the company, divide among the shareholders in kind the whole or any part of the property of the company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Generally, shares in the company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act.

(f) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

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), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## 14.25 Taxation

The following is a general summary of the Australian taxation consequences for Shareholders who receive TIPL Shares in respect of the In-specie Distribution based on the applicable taxation law as at the date of this Explanatory Statement.

AR1 is in the process of seeking a Class Ruling from the Australian Tax Office (ATO) to confirm the taxation implications for Shareholders in respect of the availability of demerger tax relief under Division 125 of the Income Tax Assessment Act (**Demerger Relief**) and the non-application of the integrity rule in Section 45B of the Income Tax Assessment Act. Once AR1 has lodged its Class Ruling application with the ATO, it is expected that it will take several months for the ATO to make its decision on the application. AR1 will update Shareholders accordingly in due course.

**Each AR1 Shareholder should seek and rely on their own professional taxation advice, specific to their particular circumstances, in relation to the taxation consequences of the Capital Reduction. Neither AR1, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance by any AR1 Shareholder on any part of the following summary or the comments.**

There are taxation consequences in respect of the distribution of the TIPL Shares to Eligible AR1 Shareholders. Details of the general taxation effect of the Capital Reduction for Australian resident Eligible AR1 Shareholders are detailed below.

As taxation consequences vary depending on the individual circumstances of each Eligible AR1 Shareholder, the AR1 Directors recommend that each Eligible AR1 Shareholder obtains professional advice in relation to the taxation consequences of the Capital Reduction for the Eligible AR1 Shareholder, including the applicability and effect of local and foreign income and other tax laws in their particular circumstances.

The following comments are not tax advice and are intended as only a general guide to the Australian income tax implications discussed in this section, and not other Australian or foreign taxes or issues. They should not be a substitute for advice from an appropriate professional adviser and all Eligible AR1 Shareholders are strongly advised to obtain their own professional advice on the tax implications based on their own specific circumstances.

The comments summarise certain limited aspects of the Australian income tax consequences of the Capital Reduction from the perspective of individual and corporate Australian tax resident Eligible AR1 Shareholders who hold their AR1 Shares on capital account (**Participating Shareholders**).

The comments are based on the law and practice of the tax authorities in Australia as at the date of this document. These are subject to change periodically as is their interpretation by the courts.

These comments do not apply to:

- (a) Eligible AR1 Shareholders who hold their AR1 Shares as trading stock, under an employee share plan, as a financial arrangement, as revenue assets or otherwise on revenue account; and
- (b) Eligible AR1 Shareholders who are not individual or corporate Australian tax resident Shareholders.

The Australian tax consequences pertaining to Shares in AR1 and associated with the return of capital (and the restructure in general), may in general terms be summarised as follows:

- (a) the restructure may qualify for concessional tax treatment under the demerger provisions of Division 125 of the Income Tax Assessment Act 1997. In broad terms, these provisions allow a roll-over when a capital gains tax (**CGT**) event happens to original interests in a company under a demerger and new or replacement interests are received in the demerged entity. Any capital gain or loss made from the CGT event happening to original interests is disregarded. It should be noted that if the restructure qualifies for Demerger Relief and you do not choose the roll-over, normal CGT consequences will apply;
- (b) if the restructure qualifies for Demerger Relief, irrespective of whether or not you choose the roll-over, then the cost base and the reduced cost base of your Shares in AR1 and your new Shares in TIPL will be apportioned in accordance with the market values (or a reasonable approximation thereof) of AR1 and TIPL. AR1 will provide Participating Shareholders with information to assist them in determining their respective cost bases after the demerger;

- (c) if the restructure qualifies for Demerger Relief, irrespective of whether or not Demerger Relief is chosen, Participating Shareholders will be treated as having acquired their TIPL shares on the same date as their AR1 shares for the purposes of determining the availability of the CGT discount in respect of any subsequent disposal of their shares;
- (d) the return of capital is to be made from AR1's share capital account. Accordingly, the return of capital should not be considered to be an assessable dividend. However, in some instances, a return of capital in the context of a demerger, may constitute a deemed unfranked dividend if the Commissioner of Taxation forms the opinion that sections 45B and 45BA of the Income Tax Assessment Act 1936 (the Capital Streaming Rules) should apply to the transaction. Broadly, the Capital Streaming Rules will apply where shareholders are being provided capital benefits in substitution for dividends. The Capital Streaming Rules will apply if:
- (i) there is a scheme under which a person is provided with a demerger benefit or capital benefit by the company;
  - (ii) under the scheme a taxpayer, who may or may not be the person provided with the demerger benefit or capital benefit, obtains a tax benefit; and
  - (iii) having regard to the relevant circumstances of the scheme, it would be concluded that the person, or one of the persons, who entered into or carried out the scheme or any part of the scheme did so for a purpose (whether or not the dominant purpose but not including an incidental purpose) of enabling a taxpayer to obtain a tax benefit.
- (e) should the CGT provisions apply to the return of capital, that is, the restructure does not qualify for Demerger Relief, the broad CGT consequences are as follows:
- (i) the consideration received on the return of capital will be treated as a reduction in the cost base or reduced cost base of your Shares in AR1 and, in the event that the value of the TIPL Shares exceeds the cost base of your Shares in AR1, an assessable capital gain will arise;
  - (ii) where an assessable capital gain arises, the amount required to be included in your assessable income will be calculated on the following basis:
    - (A) where you held your AR1 Shares for less than twelve months, or you are a company, the full amount by which the value of the TIPL Shares exceeds your cost base of Shares in AR1 will be a capital gain; and
    - (B) where you held your AR1 Shares for at least twelve months and you are an individual, trust or superannuation fund you may be able to apply a discount to your capital gain. Individuals and trusts are able to apply a 50% discount to the capital gain, superannuation funds are able to apply a one third discount to the capital gain. It should be noted that

corporate entities are not able to apply any discount to the capital gain.

- (f) non-resident Shareholders are advised to seek their own specific advice in respect of the restructure;
- (g) the taxation consequences to AR1 Shareholders (resident and non-resident) who may hold Shares in AR1 on revenue account or through a company or superannuation fund will depend on their specific circumstances and, accordingly, Shareholders such as banks, insurance companies, share traders and professional investors should seek their own specific advice;
- (h) the in-specie distribution by AR1 of the TIPL Shares is an Input Taxed Supply as defined in Subdivision 40-A of the A New Tax System (Goods and Services Tax) Act 1999 (the GST Act). Alternatively, it is not a supply made in the course or furtherance of an enterprise that AR1 carries on;
- (i) notwithstanding the alternative, the in-specie distribution will not be a taxable supply as defined in Subdivision 9-A of the GST Act and therefore there is no GST liability in respect of that distribution for AR1; and
- (j) for the Shareholders of AR1 in receipt of the distribution, it cannot be a creditable acquisition as defined in Division 11 of the GST Act. Therefore, they cannot claim an input tax credit (GST refund) in respect of the distribution.

#### **14.26 Taxation implications for the Company**

The transfer of TIPL Shares from AR1 to the AR1 Shareholders in respect of the share capital reduction is not expected to have any CGT implications for AR1 where Demerger Relief is available.

The Company has lodged with the ASIC a copy of this Notice and Explanatory Statement in accordance with section 256C(5) of the Corporations Act. The ASIC, the ASX and their officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

If Resolution 16 is passed, the reduction of capital is required to take effect in accordance with a timetable approved by ASX. Please refer to Section 14.9 of this Notice for the proposed indicative timetable for completion of the Spin-out, which is subject to change by the Company and any requirements of the ASX Listing Rules and the Corporations Act.

#### **14.27 Other Material Information**

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 16 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in this Explanatory Statement and all relevant Schedules.

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## GLOSSARY

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\$ means Australian dollars.

**Advisor Options** means 11,500,000 Options (on a post-Consolidation basis) to be issued to CPS Capital on the terms and conditions set out in Schedule 1.

**Advisor Securities** means the Advisor Options and the Advisor Shares.

**Advisor Shares** means 11,500,000 Shares (on a post-Consolidation basis) to be issued to CPS Capital.

**Agreement** has the meaning given at Section 1.1.

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

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

**ASX Listing Rules** means the Listing Rules of ASX.

**ATO** means the Australian Taxation Office.

**Board** means the current board of directors of the Company.

**Bonus Issue** means the bonus issue of Options to Shareholders, on the basis of one (1) Option for every one (1) Share held by Shareholders, as at the Bonus Issue Record Date.

**Bonus Issue Record Date** has the meaning given to that term in Section 1.10.

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

**Capital Raising** has the meaning given at Section 1.1.

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

**Company** or **AR1** means Arrowhead Resources Limited (ACN 004 766 376).

**Consideration Options** means 184,500,000 Options (on a post-Consolidation basis) to be issued to the GBG Shareholders at Settlement.

**Consideration Securities** has the meaning in Section 1.1.

**Consideration Shares** means 184,500,000 Shares (on a post-Consolidation basis) to be issued to the GBG Shareholders at Settlement.

**Constitution** means the Company's constitution.

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

**CPS Capital** means CPS Capital Group Pty Ltd (ACN 088 055 636).

**Directors** means the current directors of the Company.

**ECMR** means Egyptian Company for Mineral Resources (an entity incorporated in Egypt).

**Eligible Shareholders** means a registered holder of a Share on completion of the Placement prior to the Capital Raising.

**Essential Resolutions** means all Resolutions (except Resolutions 6, 7 and 15) set out in this Notice.

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

**Gaming Battle Ground** or **GBG** means Gaming Battle Ground Pty Ltd (ACN 616 572 144).

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

**GBG Shareholder** means a registered holder of a GBG Share.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Hunter Capital** or **Underwriter** means Hunter Capital Advisors Pty Ltd (ACN 603 930 418).

**In-specie Distribution** has the meaning given in Section 14.1 of the Explanatory Statement.

**Income Tax Assessment Act** means the *Income Tax Assessment Act 1997* (Cth).

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

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

**Plan** means the Incentive Option Plan the subject of Resolution 15 and as summarised in Schedule 4.

**Proposed Directors** means Messrs Gregory Stevens, Bert Mondello and Jonathan Hart.

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

**Record Date** or **Spin-out Record Date** has the meaning given to that term in the timetable set out in Section 14.9.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Settlement** means settlement of the Proposed Acquisition in accordance with the terms of the Agreement.

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

**Shareholder** means a registered holder of a Share.

**Spin-out** has the meaning given to that term in Section 14.1.

**Spin-out Prospectus** means the short form prospectus intended to be read with the Notice of Meeting in relation to the spin-out of TIPL by the Company.

**Tantalum International Pty Ltd** or **TIPL** means Tantalum International Pty Ltd (ACN 086 594 498).

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

**TIPL Shareholder** means a holder of a TIPL Share.

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

For personal use only

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## SCHEDULE 1 – MATERIAL TERMS OF AGREEMENT

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The key terms of the Agreement to effect the acquisition of 100% of the issued capital of GBG (**Acquisition**) are as follows:

- (a) **Conditions Precedent:** Settlement of the Acquisition is subject to and conditional upon a number of conditions precedent, including:
- (i) satisfaction of all necessary due diligence investigations by the parties;
  - (ii) consolidation of AR1's securities on a 1.8:1 basis, with the effect that the total number of Shares on issue will reduce from 245,868,146 (pre-Consolidation) to 136,593,414 (post-Consolidation);
  - (iii) AR1 obtaining all necessary regulatory and Shareholder approvals required pursuant to the Corporations Act and Listing Rules to complete the transactions contemplated by the agreement, including, without limitation, ASX approval of the terms and conditions of the Performance Shares;
  - (iv) AR1 receiving conditional approval by ASX to reinstate its securities to trading on the ASX (after the Company re-complies with Chapters 1 and 2 of the Listing Rules) and those conditions being to the reasonable satisfaction of AR1 and GBG;
  - (v) AR1 undertaking the Capital Raising to raise at least \$5 million through an issue of Shares at \$0.02 per Share, together with one (1) free attaching Option for every four (4) Shares issued (on a post-Consolidation basis) (Public Offer);
  - (vi) AR1 completing a placement of 12,500,000 Shares to raise \$250,000 (on a post-Consolidation basis) (**AR1 Placement**);
  - (vii) AR1 issuing one (1) Option for every (1) Share held to Shareholders (at completion of the Placement and prior to undertaking the Public Offer) (on a post-Consolidation basis) (being a total of 136,593,414 Options);
  - (viii) GBG providing audited accounts to the Company for the past 3 financial years (or such other period as required by ASIC and ASX) for the purpose of obtaining all necessary regulatory and Shareholder approvals within 21 days of the date of execution of the agreement (or such later date as agreed between the parties); and
  - (ix) GBG completing a placement of 12,500,000 shares to raise \$250,000 (**GBG Placement**). The Company confirms that GBG completed the GBG Placement on 15 August 2017,  
  
(together, the **Conditions Precedent**).
- (b) **Consideration:** In consideration for the Acquisition, the Company will issue:
- (i) the following securities (on a post-Consolidation basis):
    - (A) 184,500,000 Shares (including 12,500,000 Shares in respect of the GBG Placement) (**Consideration Shares**); and
    - (B) 184,500,000 Options (including 12,500,000 options in respect of the GBG Placement) (**Consideration Options**), exercisable at



\$0.02 on or before the date that is three years from the date the Company's securities are reinstated to trading following re-compliance with Chapters 1 and 2 of the ASX Listing Rules;

to the GBG shareholders (or their nominees) in proportion to their existing interest in GBG; and

- (ii) 100,000,000 Performance Shares (being, 33,333,333 Class A Performance Shares, 33,333,333 Class B Performance Shares and 33,333,334 Class C Performance Shares) to the existing GBG shareholders (i.e. excluding new shareholders in GBG that subscribe under the GBG Placement); and
  - (iii) AR1 will also issue 11,500,000 Shares and 11,500,000 Options (both on a post-Consolidation basis) in consideration for services provided by AR1's corporate advisor, CPS Capital and 5,000,000 Shares to Mr Jason Peterson and Mr John Kenny in consideration for services already provided as Directors of AR1.
- (c) **Board composition:** On completion of the Acquisition, AR1 will appoint Messrs Gregory Stevens, Bert Mondello and Jonathan Hart as directors of AR1. Current Directors Messrs Michael Rosenstreich and John Kenny will resign.
- (d) **Change of name:** Following successful completion of the Acquisition, AR1 proposes to change its name to "Emerge Gaming Limited".

The agreement otherwise contains terms and conditions which are typical for an agreement of its nature.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.02 on a post-Consolidation basis (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the day that is three years from the date the Company's securities are reinstated to trading following re-compliance with Chapters 1 and 2 of the ASX Listing Rules (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

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

(h) **Shares issued on exercise**

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

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

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

(j) **Reconstruction of capital**

Subject to the Corporations Act and the ASX Listing Rules at the time of reconstruction, upon any sub-division or consolidation of the Shares or reduction of share capital, the number of Shares to be subscribed on any subsequent exercise of the Options will be increased or reduced in due proportion so as to maintain the same relative subscription rights for the Options and the Exercise Price will be adjusted accordingly.

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Quoted**

The Company will apply for quotation of the Options on ASX.

(n) **Transferability**

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

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## SCHEDULE 3 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

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The terms and conditions of the Class A, Class B and Class C Performance Shares are as follows:

### *Rights attaching to the Performance Shares*

- (a) **(Performance Shares)** Each Performance Share is a share in the capital of the Company (**Share**).
- (b) **(General Meetings)** The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights)** The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No Dividend Rights)** The Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up)** Upon winding up of the Company, the Performance Shares may not participate in the surplus profits or assets of the Company, unless and only to the extent that each Performance Share has converted into a Share.
- (f) **(Transfer of Performance Shares)** The Performance Shares are not transferrable.
- (g) **(Reorganisation of Capital)** In the event the issued capital of the Company is reorganised or reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation or reconstructions (as the case may be).
- (h) **(Application to ASX)** The Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the official list of the ASX, upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in Entitlements and Bonus Issues)** Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.
- (j) **(Amendments required by ASX)** The terms of the Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.
- (k) **(No Other Rights)** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### Conversion of the Class A Performance Shares

- (a) **(Conversion of Class A Performance Shares if milestone achieved)** Each Class A Performance Share will convert into one (1) Share (on a post-Consolidation basis) on attainment of a "Net Cumulative Player" (NCP) position of greater than 25,000 and the achievement of a Share price of A\$0.04 (on a post-Consolidation basis) based on a 10 day volume weighted average price (VWAP) for Shares calculated over the last 10 days on which sales in Shares were recorded.
- (b) **(Conversion of Class A Performance Shares if milestone not achieved)** If the milestones set out in paragraph (l) above is not satisfied by 18 months from official re-listing, all of the Class A Performance Shares held by each holder will automatically convert into one (1) Share (in total).
- (c) **(Change of Control):** Upon:
- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
    - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
    - (B) been declared unconditional by the bidder; or
  - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent the Class A Performance Shares have not vested due to satisfaction of the milestones set out in (l) above, the Class A Performance Shares automatically vest to that number of Shares which when issued together with all Shares issued under any other class of Performance Shares then on issue, is equal to the lesser of one Share per Class A Performance Share and 10% of the total Shares on issue in the Company at that time. Class A Performance Shares that are not vested and converted into Shares will continue to be held by the holder on the same terms and conditions.

- (d) **(After Conversion)** The Shares issued on conversion of the Class A Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (e) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Class A Performance Shares into the Shares.
- (f) **(Ranking of Shares)** The Shares into which the Class A Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

### Conversion of the Class B Performance Shares

- (a) **(Conversion of Class B Performance Shares if milestone achieved)** Each Class B Performance Share will convert into one (1) Share (on a post-Consolidation basis) on the attainment of an NCP position of 50,000 and achievement of a Share price of A\$0.06 (on a post-Consolidation basis) based on a 10 day VWAP for Shares calculated over the last 10 days on which sales in Shares were recorded.
- (b) **(Conversion of Class B Performance Shares if milestone not achieved)** If the milestone set out in paragraph (l) above is not satisfied by 24 months from official re-listing, all of the Class B Performance Shares held by each holder will automatically convert into one (1) Share (in total).
- (c) **(Change of Control):** Upon:
- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
    - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
    - (B) been declared unconditional by the bidder; or
  - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,
- then, to the extent the Class B Performance Shares have not vested due to satisfaction of the milestones set out in (l) above, the Class B Performance Shares automatically vest to that number of Shares which when issued together with all Shares issued under any other class of Performance Shares then on issue, is equal to the lesser of one Share per Class B Performance Share and 10% of the total Shares on issue in the Company at that time. Class B Performance Shares that are not vested and converted into Shares will continue to be held by the holder on the same terms and conditions.
- (d) **(After Conversion)** The Shares issued on conversion of the Class B Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (e) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Class B Performance Shares into the Shares.
- (f) **(Ranking of Shares)** The Shares into which the Class B Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

### Conversion of the Class C Performance Shares

- (a) **(Conversion of Class C Performance Shares if milestone achieved)** Each Class C Performance Share will convert into one (1) Share (on a post-Consolidation basis) by the attainment of a NCP Position of 75,000 and achievement of a Share price of A\$0.08 (on a post-Consolidation basis) based on a 10 day VWAP for Shares calculated over the last 10 days on which sales in Shares were recorded.
- (b) **(Conversion of Class C Performance Shares if milestone not achieved)** If the milestone set out in paragraph (l) above is not satisfied by 24 months from official re-listing, all of the Class C Performance Shares held by each holder will automatically convert into one (1) Share (in total).
- (c) **(Change of Control):** Upon:
- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
    - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
    - (B) been declared unconditional by the bidder; or
  - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent the Class C Performance Shares have not vested due to satisfaction of the milestones set out in (l) above, the Class C Performance Shares automatically vest to that number of Shares which when issued together with all Shares issued under any other class of Performance Shares then on issue, is equal to the lesser of one Share per Class C Performance Share and 10% of the total Shares on issue in the Company at that time. Class C Performance Shares that are not vested and converted into Shares will continue to be held by the holder on the same terms and conditions.

- (d) **(After Conversion)** The Shares issued on conversion of the Class C Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (e) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Class C Performance Shares into the Shares.
- (f) **(Ranking of Shares)** The Shares into which the Class C Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

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## SCHEDULE 4 – SUMMARY OF TERMS AND CONDITIONS OF INCENTIVE OPTION PLAN

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- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Group Company**);
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**); or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (i), (ii) or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options under the Plan (**Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Participant (including a Participant who has previously received an offer) to apply for up to a specified number of Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a Change of Control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant, resolve to waive any of the Vesting Conditions applying to Options due to
- (i) the Participant ceasing to be a Participant due to death or total and permanent disability; or
  - (ii) a Change of Control occurring; or
  - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.



- (g) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in the Option;
  - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to vest the Option (eg due to death, total and permanent disability);
  - (iii) in respect of unvested Option only, a Participant ceases to be a Participant, unless the Board exercises its discretion to vest the Right (eg due to death, total and permanent disability) or allow the unvested Options to remain unvested after the relevant person ceases to be a Participant;
  - (iv) in respect of vested Options only, a relevant person ceases to be a Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be a Participant;
  - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Participant;
  - (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Option;
  - (vii) the expiry date of the Option; and
  - (viii) the 7 year anniversary of the date of grant of the Option.
- (h) **Not transferrable:** Options are only transferrable with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (i) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer below) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.
- (k) **Share Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options.
- (l) **No Participation Rights:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
- (m) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

- (n) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Option granted under the Plan including giving any amendment retrospective effect.

**Definitions:** Capitalised terms used in the above summary are as defined in the Plan, including:

**Change of Control** means:

- a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares;
- a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

## SCHEDULE 5 – AR1 PRO-FORMA BALANCE SHEET

Statement of Financial Position	Notes	AR1 Consolidated Audited Accounts 30 June 2017	Combined Pro-forma Post Issue
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,2,6	440,528	5,370,528
Trade and other receivables		20,845	21,047
<b>TOTAL CURRENT ASSETS</b>		<b>461,373</b>	<b>5,391,575</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		19,371	19,371
Intangible assets		-	5,421,336
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,371</b>	<b>5,440,707</b>
<b>TOTAL ASSETS</b>		<b>480,744</b>	<b>10,832,282</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		152,496	162,630
Deferred income		-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>152,496</b>	<b>162,630</b>
<b>TOTAL LIABILITIES</b>		<b>152,496</b>	<b>162,630</b>
<b>NET ASSETS</b>		<b>328,248</b>	<b>10,669,652</b>
<b>SHAREHOLDERS EQUITY</b>			
Issued capital	1,2,3,4,5,6,7	51,584,487	59,454,812
Other reserves	3,4	534,662	2,628,945
Accumulated losses	4,5,7	(51,790,901)	(51,414,105)
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>328,248</b>	<b>10,669,652</b>

**Notes:**

1. AR1 completing a Placement of \$250,000, before costs, prior to completion of the Acquisition.
2. GBG completing a Placement of \$250,000, before costs, prior to completion of the Acquisition.
3. AR1 issuing 184,500,000 Consideration Shares, together with 184,500,000 Options.
4. AR1 issuing 11,500,000 Shares and 11,500,000 Options to advisors.
5. AR1 issuing 5,000,000 Shares to Directors.
6. AR1 completing a Public Offer of 250,000,000 Shares, together with one (1) free attaching Option for every four (4) Shares issued, at an issue price of \$0.02 per Share to raise \$5,000,000 before costs prior to completion.
7. AR1 completing the capital reduction in respect of the spin-off of TIPL prior to completion of the Acquisition.

## SCHEDULE 6 – TIPL PRO-FORMA BALANCE SHEET

Statement of Financial Position	Notes	TIPL Accounts 30 June 2017 <sup>1</sup>	Combined Pro-forma Post Issue
<b>TOTAL ASSETS</b>		-	-
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Borrowings	2,3	16,875,634	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>16,875,634</b>	-
<b>TOTAL LIABILITIES</b>		<b>16,875,634</b>	-
<b>NET ASSETS</b>		<b>(16,875,634)</b>	-
<b>SHAREHOLDERS EQUITY</b>			
Issued capital	2	100	829,775
Accumulated losses	3	(16,875,734)	(829,775)
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>(16,875,634)</b>	-

### Notes:

1. Audited as part of AR1 consolidated financials for the year ended 30 June 2017.
2. Conversion of \$829,675 of inter-company loan into 136,593,314 TIPL shares.
3. Debt forgiveness in relation to the inter-company loan of \$16,045,959.22.

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## SCHEDULE 7 – KEY RISK FACTORS FACING TIPL

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The business, assets and operations of TIPL will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by TIPL or by investors in TIPL. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of TIPL and the value of the TIPL Shares. Therefore, the TIPL carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

### 1. Company Specific

#### (a) Legal claim

TIPL is confident that it has legal claims for compensation against the Government of Egypt for expropriation or measures tantamount to expropriation, of its interests in Egypt, including the Abu Dabbab Tantalum-Tin-Feldspar Project.

TIPL is also confident that it has other legal claims against the Government of Egypt, including claims for violation of Egypt's obligations of fair and equitable treatment, good faith, transparency and non-discrimination.

TIPL has continued working with its legal advisers to advance the Legal Claims and to secure the conditional Funding Agreement. Whilst TIPL has been well advised by experienced legal advisers there is no certainty of a positive outcome.

#### (b) Adverse finding risk

The Legal Claims are likely to take several years to determine and there is a risk that an adverse finding could be found against TIPL in relation to the Legal Claims. An adverse finding could make TIPL liable for the other party's legal costs which are in excess of an "adverse costs insurance" structure agreed between TIPL and the funder. However, the arbitration rules that will govern the legal claim gives the arbitrator's discretion in the amount of costs they order the losing party to pay. Sometimes, no cost orders are made at all, in other cases the losing party is ordered to pay a reduced but reasonable proportion of the winning party's costs. Provided TIPL conducts itself as a reasonable litigant, TIPL is confident that its exposure to an Adverse Costs order beyond its Adverse Costs insurance cover will be minimal.

#### (c) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice. Although TIPL is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, for example in relation to the advance of the Legal Claims, this may adversely affect the expenditure proposals of the Company.

## 2. General risks

### (a) Additional requirements for capital

Additional funding may be required for activities to support the Legal Claims but not funded by the Funding Agreement or to maintain its audit and compliance obligations and to meet any unanticipated liabilities or expenses which TIPL may incur, additional financing will be required.

TIPL may seek to raise further funds through equity or debt financing, joint ventures, or other means. Failure to obtain sufficient financing for TIPL's activities may result in delay and indefinite postponement of its Legal Claims. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

### (b) Currently No Market

There is currently no public market for TIPL's shares, the price of the TIPL Shares is subject to uncertainty and there can be no assurance that an active market for the TIPL Shares will develop or continue after the Spin-out. There can be no guarantee that an active market in the TIPL Shares will develop or that the price of the TIPL Shares will increase.

There may be relatively few or many potential buyers or sellers of the TIPL Shares at any given time. This may increase the volatility of the market price of the TIPL Shares. It may also affect the prevailing market price at which shareholders are able to sell their TIPL Shares.

### (c) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect the advancement of the Legal Claims, as well as on its ability to fund those activities.

### (d) Force Majeure

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

### (e) Funding risk

TIPL's ability to effectively implement its business, which is principally to pursue the Legal Claims and to meet any unanticipated liabilities or expenses which TIPL may incur may depend in part on its ability to raise additional funds. TIPL may seek to raise further funds through equity or debt financing, joint ventures, or other means. Failure to obtain sufficient financing for TIPL's activities and future projects may result in delay and indefinite postponement of progressing the Legal Claims. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to TIPL and might involve substantial dilution to shareholders.

(f) **Insurance risks**

TIPL intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of TIPL.

(g) **Investment speculative**

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

Therefore, the TIPL Shares to be issued pursuant to the Spin-out carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those TIPL Shares.

Potential investors should consider that the investment in TIPL is highly speculative and should consult their professional advisers.

(h) **Litigation Risks**

TIPL is exposed to possible litigation risks including, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, TIPL may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on TIPL's operations, financial performance and financial position.

(i) **Regulatory risks**

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern TIPL's operations, the Legal Claims or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of TIPL and the TIPL Shares. In addition, there is a commercial risk that legal action may be taken against TIPL in relation to the Legal Claims.

(j) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of TIPL depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on TIPL if one or more of these employees cease their employment.

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## SCHEDULE 8 – PREFERENCE SHARE TERMS

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The Class A Preference Shares will be issued on the following terms and conditions:

**(Preference Shares):** Each Class A Preference Share entitles the holder (**Holder**) to a share in the capital of Tantalum International Limited (**Company**).

**(Issue Price):** Each Class A Preference Share shall be issued for nil consideration.

**(General Meetings):** The Class A Preference Shares shall confer on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders of the Company (**Shareholders**). The Holder has the right to attend general meetings of Shareholders.

**(No Voting Rights):** The Class A Preference Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.

**(No Dividend Rights):** The Class A Preference Shares entitle the Holder to the greater of 1.7% of the total compensation awarded in respect of the legal claims against the Government of Egypt in relation to the Abu Dabbab Tantalum-Tin-Feldspar Project (**Legal Claims**) (**Compensation**) or \$150,000 of the residual funds remaining from the entire compensation award arising from the Legal Claims after payments due under the Arbitration Funding Agreement between Arrowhead Resources Limited (ACN 004 766 376), and the Company, Underhill Limited (Guernsey registered company number 60614) dated on or about 3 August 2017.

**(Rights on Winding Up):** The Class A Preference Shares entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company, in priority to any other class of shares.

**(Not Transferable):** The Class A Preference Shares are transferable subject to the prior written consent of the Board.

**(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of the Holder will be changed to the extent necessary to comply with the ASX Listing Rules (if applicable) at the time of reorganisation.

**(Quotation):** The Class A Preference Shares will not be quoted on ASX.

**(No Other Rights):** The Class A Preference Shares give the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

**(No Participation in Entitlements and Bonus Issues):** Holders of Class A Preference Shares will not be entitled to participate in new issues of capital offered to holders of fully paid ordinary shares such as bonus issues and entitlement issues.

**(Reconstruction):** If there is a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the terms of Class A Preference shares will not be changed.

**(Conversion of Preference Shares to Ordinary Shares):** The Class A Preference Shares are not convertible into fully paid ordinary shares.

**(Redemption):** The Class A Preference Shares are not redeemable by the Company.



## PROXY FORM

ARROWHEAD RESOURCES LIMITED (TO BE RENAMED 'EMERGE GAMING LIMITED')  
ACN 004 766 376

### GENERAL MEETING

I/We

of:

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

Name:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00am (WST), on 9 October 2017 at The Australian Institute of Company Directors, Allendale Square, 1/77 St Georges Terrace, Perth WA 6000, and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 15 (except where I/we have indicated a different voting intention below) even though Resolution 15 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Change to Nature and Scale of Activities – Proposed Acquisition of Gaming Battle Ground	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Creation of a New Class of Securities – Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Consideration Securities to GBG Shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Placement - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Related Party Participation in Placement – Mr Jason Peterson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Advisor Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Director Shares to Related Party – Mr Jason Peterson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Director Shares to Related Party – Mr John Kenny	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Election of Director – Mr Gregory Stevens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Election of Director – Mr Bert Mondello	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Election of Director – Mr Jonathan Hart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Adoption of Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Approval for an Equal Capital Reduction of Capital an In-Specie Distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

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

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

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

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

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

YES  NO

For personal use only

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to the Company, PO Box 2277, Marmion, Western Australia 6070; or
  - (b) facsimile to the Company on facsimile number +61 8 9340 6060; or
  - (c) email to the Company at [info@arrowheadresources.com.au](mailto:info@arrowheadresources.com.au),so that it is received not less than 48 hours prior to commencement of the Meeting.

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