



HORSESHOE METALS

LIMITED

ACN 123 133 166

NOTICE OF GENERAL MEETING EXPLANATORY STATEMENT PROXY FORM

Date of Meeting

25 November 2021

Time of Meeting

11.00am (WST)

Place of Meeting

Level 1, 24 Mumford Place, Balcatta, WA 6021

This is an important document that requires your immediate attention.

You should read this document in its entirety before deciding whether or not to vote for or against any resolution at the Meeting. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

HORSESHOE METALS LIMITED

ACN 123 133 166

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Horseshoe Metals Limited (**Company**) will be held at Level 1, 24 Mumford Place, Balcatta, WA 6021 on 25 November 2021 at 11:00am WST (**Meeting**).

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting provides additional information on matters to be considered at the Meeting. The Proxy Form also forms part of this Notice of General Meeting.

Terms and abbreviations used in this Notice of General Meeting and Explanatory Statement are defined in the Glossary on pages 50 to 51.

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 as Shareholders at 4:00pm (WST) on 23 November 2021.

Shareholders should read the Explanatory Statement before deciding how to vote.

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of General Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

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

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by corporate representative

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Representatives are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their appointor's holding may be checked against the Company's share register and attendance recorded. The representative should bring to the Meeting evidence of their appointment, including any authority under which it is signed.

Voting by proxy

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

- (a) each Shareholder has the right to appoint a proxy;
- (b) the proxy need not be a Shareholder;

- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or the number of votes that each proxy is appointed to exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies in accordance with section 249X of the Corporations Act (i.e. where there are two proxies, each proxy may exercise half of the votes).

A proxy can be either an individual or a body corporate.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Further details on these legislative requirements are set out below.

Proxy vote if appointment specifies way to vote

An appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands but, if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair, the proxy need not vote on a poll but, if the proxy does so, the proxy must vote that way (i.e. as directed).

Should any resolution other than those specified in this Notice of Meeting be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

Transfer of non-Chair proxy to Chair in certain circumstances

If:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at the Meeting;
- (b) the appointed proxy is not the Chair;
- (c) at the Meeting, a poll is duly demanded on the resolution; and
- (d) either:
 - (i) the proxy is not recorded as attending the Meeting; or
 - (ii) the proxy does not vote on the resolution,

the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the Meeting.

Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chair as their proxy to vote on their behalf, who must vote the proxies as directed.

Chair's intention in respect of undirected votes

Where the Chair is appointed as proxy, the Chair intends, subject to the voting restrictions set out in the voting exclusion statements in respect of Resolutions 1 to 7, to vote undirected proxies on, and in favour of, Resolutions 1 to 7.

Where the Chair is appointed as proxy, the Chair can also vote undirected proxies on Resolutions 8 to 14 provided that the appointment of proxy expressly authorises the Chair to

vote on those Resolutions even though they are connected with the remuneration of Key Management Personnel.

The Chair will not vote any undirected proxies in relation to Resolutions 8 to 14 unless the Shareholder expressly authorises the Chair to vote in accordance with the Chair's stated voting intentions in their proxy form. Subject to the voting restrictions set out in the voting exclusion statements and the voting prohibition statements in respect of Resolutions 8 to 14, the Chair intends to, and if so authorised by a Shareholder will, vote undirected proxies on, and in favour of, Resolutions 8 to 14.

How to vote by proxy

To be valid, proxies must be lodged by 11.00am (WST) on 23 November 2021. Proxies lodged after this time will be invalid.

Proxies may be lodged using any of the following methods:

- (a) by returning a completed proxy form in person or by post to Level 1, 24 Mumford Place, Balcatta, WA 6021 or
- (b) by faxing a completed proxy form to +61 8 6241 1811.
- (c) by returning a completed proxy form by email to reception@deltaman.com.au

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address or facsimile number, by 11.00am (WST) on 23 November 2021. If facsimile transmission is used, the power of attorney must be certified.

Enquiries

Shareholders are invited to contact the Company Secretary, Kate Stoney, on 08 6241 1844 if they have any queries in respect of the matters set out in this document.

AGENDA

Resolution 1 – Ratification of prior issue of Shares (satisfaction of debt)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 20,666,667 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- (a) a person who participated in the issue; or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 1 by:

- 1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- 2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- 3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2 – Ratification of October Placement

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 18,933,333 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- (a) a person who participated in the issue; or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 2 by:

- 1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Approval of the issue of Shares (satisfaction of debt)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 17,642,115 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 – Approval of the issue of Shares (advanced funds)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 40,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 4 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5 – Approval of Proposed Placement

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 75,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

- (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 – Approval to issue Lead Manager Options

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 10,000,000 Lead Manager Options to Merchant Capital Partners Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 6 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7 – Approval to issue Shares and Options (Further Satisfaction of Debt)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 46,500,000 Shares and 20,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares); or
- (a) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 7 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 8 – Approval to issue Shares to Craig Hall

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,000,000 Shares to Craig Hall (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- (a) Craig Hall and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 8 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: In accordance with the Corporations Act the Company will disregard any votes cast in relation to Resolution 8 as a proxy by a member of the Company’s Key

Management Personnel, or a Closely Related Party of such a member, unless the vote is cast as a proxy for a person who is entitled to vote on the Resolution:

- (a) in accordance with their directions of how to vote set out in the relevant proxy form; or
- (b) by the Chair pursuant to an express authorisation set out in the relevant proxy form.

Resolution 9 – Approval to issue Options to Craig Hall

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 3,000,000 Options to Craig Hall (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of:

- (a) Craig Hall and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 9 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: In accordance with the Corporations Act the Company will disregard any votes cast in relation to Resolution 9 as a proxy by a member of the Company’s Key Management Personnel, or a Closely Related Party of such a member, unless the vote is cast as a proxy for a person who is entitled to vote on the Resolution:

- (a) in accordance with their directions of how to vote set out in the relevant proxy form; or
- (b) by the Chair pursuant to an express authorisation set out in the relevant proxy form.

Resolution 10 – Approval to issue Shares to Alan Still

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,000,000 Shares to Alan Still (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:

- (a) Alan Still and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 10 by:

- 1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- 2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- 3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: In accordance with the Corporations Act the Company will disregard any votes cast in relation to Resolution 10 as a proxy by a member of the Company’s Key Management Personnel, or a Closely Related Party of such a member, unless the vote is cast as a proxy for a person who is entitled to vote on the Resolution:

- (a) in accordance with their directions of how to vote set out in the relevant proxy form; or
- (b) by the Chair pursuant to an express authorisation set out in the relevant proxy form.

Resolution 11 – Approval to issue Options to Alan Still

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 3,000,000 Options to Alan Still (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 11 by or on behalf of:

- (a) Alan Still and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 11 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: In accordance with the Corporations Act the Company will disregard any votes cast in relation to Resolution 11 as a proxy by a member of the Company's Key Management Personnel, or a Closely Related Party of such a member, unless the vote is cast as a proxy for a person who is entitled to vote on the Resolution:

- (a) in accordance with their directions of how to vote set out in the relevant proxy form; or
- (b) by the Chair pursuant to an express authorisation set out in the relevant proxy form.

Resolution 12 – Approval to issue Shares to Kate Stoney

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,000,000 Shares to Kate Stoney (or her nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 12 by or on behalf of:

- (a) Kate Stoney and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 12 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: In accordance with the Corporations Act the Company will disregard any votes cast in relation to Resolution 12 as a proxy by a member of the Company's Key Management Personnel, or a Closely Related Party of such a member, unless the vote is cast as a proxy for a person who is entitled to vote on the Resolution:

- (a) in accordance with their directions of how to vote set out in the relevant proxy form; or
- (b) by the Chair pursuant to an express authorisation set out in the relevant proxy form.

Resolution 13 – Approval to issue Options to Kate Stoney

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 3,000,000 Options to Kate Stoney (or her nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 13 by or on behalf of:

- (a) Kate Stoney and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares); or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 13 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: In accordance with the Corporations Act the Company will disregard any votes cast in relation to Resolution 13 as a proxy by a member of the Company's Key Management Personnel, or a Closely Related Party of such a member, unless the vote is cast as a proxy for a person who is entitled to vote on the Resolution:

- (a) in accordance with their directions of how to vote set out in the relevant proxy form;
or
- (b) by the Chair pursuant to an express authorisation set out in the relevant proxy form.

Resolution 14 – Approval of Employee Share Option Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.2 (Exception 13) and for all other purposes, Shareholders approve the Horseshoe Metals Limited Employee Share Option Plan and the grant of Options and the issue of Shares under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 14 by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Horseshoe Metals Limited Employee Share Option Plan; or
- (b) an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 14 by:

1. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
2. the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: In accordance with the Corporations Act the Company will disregard any votes cast in relation to Resolution 14 as a proxy by a member of the Company’s Key Management Personnel, or a Closely Related Party of such a member, unless the vote is cast as a proxy for a person who is entitled to vote on the Resolution:

- (a) in accordance with their directions of how to vote set out in the relevant proxy form;
or
- (b) by the Chair pursuant to an express authorisation set out in the relevant proxy form.

Dated: 27 October 2021

By order of the Board

Kate Stoney
Non-Executive Director and Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Meeting.

The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement. Terms and abbreviations used in this Explanatory Statement are defined in the Glossary on pages 50 to 51.

1 Background

1.1 Company Objective

As previously announced, the Company's securities are currently suspended from trading on the ASX pending the outcome of queries in respect of Listing Rule 12.2. The ASX has also requested the Company to make submissions to it in relation to the Company's compliance with Listing Rule 12.1.

ASX Listing Rule 12.1 states that "the level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing".

ASX Listing Rule 12.2 states that "an entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing".

For the Company's securities to re-commence trading, ASX will need to be satisfied that the Company's level of operations and financial condition is adequate to warrant the Company's continued listing and quotation of its securities.

To this end, the Company has made submissions to the ASX in relation to:

- (a) the Company's proposed exploration programme at its Horseshoe Lights, Mt Gunson and Glenloth projects, in connection with the Company's compliance with Listing Rule 12.1; and
- (b) the structure of a proposed recapitalisation, in connection with the Company's compliance with Listing Rule 12.2 (**Capital Raising**). The elements of the Capital Raising are as follows:
 - (i) A placement of 20,666,667 Shares under Listing Rule 7.1, satisfying amounts owed by the Company of \$310,000 at a deemed issue price of \$0.015 per Share. This element of the Capital Raising has already been completed. Resolution 1 relates to this element of the Capital Raising.
 - (ii) A placement of 18,933,333 Shares under Listing Rule 7.1A at an issue price of \$0.015 per Share to raise \$284,000 in cash. This element of the Capital Raising has already been completed. Resolution 2 relates to this element of the Capital Raising.
 - (iii) Further borrowings of \$264,632 (**Borrowings**). This element of the Capital Raising has already been completed.

- (iv) The placement of Shares as follows:
 - (A) A placement of 17,642,115 Shares (subject to approval under Resolution 3) at a deemed issue price of \$0.015 per Share by way of satisfaction of the Borrowings (**Proposed Debt Satisfaction**).
 - (B) A placement of up to 40,000,000 Shares (subject to approval under Resolution 4) at a deemed issue price of \$0.02 per Share by way of satisfaction of borrowings provided by prospective investors to the Proposed Placement (**Advanced Funds**).
 - (C) A placement of up to a further 75,000,000 Shares (subject to approval under Resolution 5) at \$0.02 per Share to raise up to \$1,500,000 (**Proposed Placement**).
- (v) A pro rata non-renounceable entitlement issue of Shares to eligible Shareholders on the basis of one (1) Share for every four (4) Shares held by eligible Shareholders, at an issue price of \$0.02 per Share, to raise up to approximately \$2.02 million before costs (**Entitlement Offer**). It is intended that the Entitlement Offer will take place after completion of the Proposed Placement and will provide Shareholders an opportunity to subscribe for Shares on the same terms as participants in the Proposed Placement.

1.2 Conditions to Reinstatement to Trading

Following the submissions referred to above, the Company has received confirmation from the ASX that, based on the information provided to it, the ASX can see no reason why the Company's securities should not be reinstated to official quotation, subject to the Company complying with the following conditions by 16 December 2021:

- (a) Shareholders approving all the resolutions required to effect the proposed Capital Raising to be considered at a general meeting of Shareholders (being the Meeting).
- (b) The Company releasing a full form prospectus pursuant to section 710 of the Corporations Act (**Prospectus**) in relation to the proposed Capital Raising.
- (c) Completion of the Capital Raising, closure of the Prospectus and confirmation that the Company has reached minimum subscription.
- (d) Confirmation in a form acceptable to ASX that the Company has received cleared funds for the complete amount of the issue price of every security allotted and issued to every successful applicant for securities under the Capital Raising.
- (e) The Company demonstrating compliance with Listing Rules 12.1 and 12.2, to the satisfaction of the ASX, as set out below:
 - (i) the Company satisfies the requirements of Listing Rule 12.1 by:
 - (A) completion of its Phase 1 exploration programs submitted by the Company to ASX; and
 - (B) announcement of the results of the Phase 1 exploration program and confirmation it is proceeding with Phase 2.

Please see paragraph 1.6 of this Explanatory Statement for further information in relation to the Company's proposed exploration programme.

- (ii) the Company's financial condition satisfies the requirements of listing rule 12.2, by completion of the Capital Raising and that, after payment of the costs of the Capital Raising the Company can demonstrate to ASX that it will have working capital of \$1,500,000.
- (f) Lodgement of all outstanding Appendices 3B with ASX for issues of new securities.
- (g) Lodgement of any outstanding reports for the period since the Company's securities were suspended and any other outstanding documents required by Listing Rule 17.5.
- (h) Lodgement of Director's Interest Notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required.
- (i) Confirmation that there are no legal, regulatory or contractual impediment to the Company undertaking the activities the subject of any commitments disclosed in the Prospectus.
- (j) Payment of any ASX fees, including listing fees, applicable and outstanding.
- (k) Confirmation that the securities to be issued following the Meeting have been issued, and despatch of each of the following has occurred:
 - (i) In relation to all holdings on the CHESS subregister, a notice from the Company under ASX Settlement Operating Rule 8.9.1.
 - (ii) In relation to all other holdings, issuer sponsored holding statements.
 - (iii) All refund money.
- (l) Provision of the following documents, in a form suitable to release to the market:
 - (i) A statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those holders.
 - (ii) A distribution schedule of the numbers of holders in each class of security to be quoted, setting out the number of holders in the following categories:
 - 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
 - (iii) Completion of the Capital Raising, closure of the Prospectus and confirmation that the Company has reached minimum subscription.
 - (iv) A statement outlining the Company's capital structure following the Meeting on a post-issue basis.
 - (v) The Company's pro forma balance sheet based on actual funds raised.
 - (vi) The Company's updated statement of commitments based on actual funds raised.

- (vii) A consolidated activities report setting out the proposed business strategy for the Company (including an update on the status of the Company's assets and current activities with respect thereto).
- (viii) Full terms and conditions of all options on issue (if any).
- (ix) Confirmation that the Company is in compliance with Listing Rule 3.1.

The above conditions are based solely on the information provided by the Company. Should there be any change to the proposed transaction, ASX reserves the right to review the transaction and impose any further conditions.

1.3 Lead Manager

The Company has signed a mandate with Merchant Capital Partners Pty Ltd (**Merchant**) to act as Lead Manager in relation to the Proposed Debt Satisfaction (Resolution 3), the provision of Advanced Funds (Resolution 4), the Proposed Placement (Resolution 5) and the Entitlement Offer.

The Company has agreed that in consideration for the provision of Merchant's services as Lead Manager, upon completion of the Proposed Debt Satisfaction, the Proposed Placement and the Entitlement Offer, the Company will:

- (a) pay Merchant a management and placement fee of 6% of the total amount raised;
- (b) pay Merchant a settlement fee of \$10,000 (exclusive of GST); and
- (c) subject to receipt of Shareholder approval under Resolution 6, issue to Merchant (or its nominee) 10,000,000 Lead Manager Options with an exercise price of \$0.03 per Option and expiring three (3) years from the date of issue.

Merchant is also entitled to be reimbursed for out of pocket expenses reasonably incurred.

1.4 Further debt satisfaction

As previously announced, the Company has in place an unsecured loan agreement for the Company to receive funding of up to \$2,000,000 from a syndicate of lenders, including Delta Resource Management Pty Ltd (**Delta**). As at 30 June 2021, the amount outstanding under the loan totals \$735,978.

In addition to the amounts owed under the loan, the Company has \$1,236,116 owing in trade payables to Delta.

The Company proposes to issue:

- (a) 46,500,000 Shares to Delta (or its nominee) in consideration for the reduction of \$930,000 of such debt owed under the loan or trade payables (being at a deemed issue price of \$0.02 per Share) (**Proposed Further Debt Satisfaction**); and
- (b) 20,000,000 Options (**Further Debt Satisfaction Options**) in consideration for an extension of the loan repayment date by 24 months (until 31 December 2023).

Further details are set out in paragraph 8 of this Explanatory Statement.

1.5 Use of Funds

The Company intends to apply funds raised under the Capital Raising and the Further Debt Satisfaction as follows (assuming maximum subscription):

Funds Raised	Amount
Proposed Debt Satisfaction	\$264,632
Proceeds from Advanced Funds	\$800,000
Proceeds Proposed Placement	\$1,500,000
Proceeds from Entitlement Offer	\$2,181,972
Proposed Further Debt Satisfaction	\$930,000
Total	\$5,676,604
Use of Funds	Amount
Estimated Expenses of the Offer ¹	\$431,000
Project Expenditure ²	\$1,716,771
Project Compliance and Maintenance	\$937,900
Repayment / Satisfaction of Debt ³	\$2,194,632
General administration fees and working capital ⁴	\$396,301
Total	\$5,676,604

Notes:

1. This includes Lead Manager fees, legal and other professional service fees, fees to ASIC and ASX, printing and postage, and provision for other miscellaneous expenses.
2. Please see paragraph 1.6 of this Explanatory Statement for further breakdown of project expenditure.
3. Comprises \$1,000,000 aged payables and \$264,632 borrowings referred to in paragraph 1.1(b)(iii) of this Explanatory Statement, and \$930,000 of the Outstanding Amount or Trade Payables referred to in paragraph 8 of this Explanatory Statement.
4. Working capital will be applied (a) to meet current trade and other payables as and when they fall due, (b) to meet commitments under current finance facilities as and when they fall due, (c) to meet future operational expenses of the business, and (d) to maintain a surplus operating contingency for the business.

The above table is a statement of current intentions as at the date of this Explanatory Statement. Intervening events may alter the way the funds are ultimately applied by the Company. The Board reserves the right to alter the way that funds are applied on this basis.

1.6 Proposed Exploration Programme

Set out in Schedule 5 is a summary of the Company's proposed activities at its Horseshoe Lights and Glenloth Projects, including an indicative timetable.

(a) Horseshoe Lights Project

As at the date of this Explanatory Statement, the initial refurbishment of the existing accommodation camp at the Horseshoe Lights has been completed, allowing up to ten drilling and exploration staff to be accommodated on-site, along with caretaker staff. Site remediation of the Project Area is ongoing.

The Company has designed a three Phase RC drilling programme to improve the knowledge and definition of *in situ* shallow copper mineralisation identified at Horseshoe Lights, primarily at Motters, immediately north-northeast of the current pit.

The drilling component of Phase 1 of this programme at Motters has been completed in early September, comprising 15 holes for 1143m to a maximum hole depth of 139m.

Phase 2 follow up RC drilling will be completed during November 2021 followed by a Phase 3 programme in January 2022. All drilling is to be used to improve the confidence in the classification of the resource, and to more tightly constrain the geo-metallurgical boundaries for intended processing routes.

Diamond drilling of the deposit is also to commence in January 2022, whereby the company intend to conduct drilling below the dolerite which currently defines the base of the current *in situ* mineral resource, in an effort to explore prospective host rocks for additional high-grade Horseshoe Lights Volcanogenic Massive Sulfide (VMS) targets. These targeted deep holes which will also form the basis for downhole electromagnetic (DHEM) investigation of the host rock volume below the dolerite, which is estimated to be around 110m thick.

To assist future feasibility studies into treatment of existing surface gold and copper oxide ore stockpiles, during July and August the Company has completed 277 Phase 1 auger holes for 1195.4 metres into residual stockpiles and landforms remaining from prior episodes of gold and copper production. The holes have primarily sampled the gold vat leach residues, gold leach vat walls, copper flotation tailings, and flotation tailings dam walls.

Additional follow up holes will be completed as required to bring the material to resource classification in Phase 2 during November and December 2021.

The auger holes will provide additional material required for metallurgical test work as the basis for finalising the proposed plant flow sheet, including test work intended to validate the efficacy of gravity separation to produce copper and gold concentrates, and to remove sulphide minerals; and a detailed mineralogical investigation to provide data to support process design. Further test work will assess the ability to produce a concentrate as feed for an anticipated acid leach process.

(b) Glenloth Project

The Company is proposing to undertake a 20 hole (1,500m) RC Drilling programme within the Central Gawler Craton to test at least seven priority targets within EL6301. Hole collars have been finalised after further field reconnaissance. A document requesting statutory approval for the drilling has been lodged with the SA DEM and drilling is expected to commence once EPEPR approval is received. The current EPEPR as lodged also includes approval for Phase 2 activities at Glenloth.

Activity	Timing	Expenditure (\$)
Horseshoe Lights Project		
Feasibility Study	Current to Feb 22	370,216
Auger/AC/RC Drilling	Current to Dec 21	791,055
Diamond Drilling	Jan 22 to Apr 22	242,000
Horseshoe Lights Total		1,403,271
Glenloth Project		
RC Drilling and Geochemistry	EPEPR approval plus 2 months	313,500
Glenloth Total		313,500
Project Compliance and Maintenance Expenditure		
Rents	Current to Jun 22	39,500
Rates	Current to Jun 22	29,000
MRF	Current to Jun 22	55,000
Camp		214,000
Geological Staff	Current to Jun 22	600,000
Project Compliance and Maintenance Total		937,900
Total Project Expenditure		2,654,671

1.7 Effect on Capital Structure

The effect of the Capital Raising (assuming full subscription), and of the issue of all other Securities contemplated to be issued under this Notice of Meeting, is set out in the following table:

Shares	Number
Shares currently on issue ¹	254,252,190
Shares to be issued under the Proposed Debt Satisfaction (Resolution 3)	17,642,115
Shares to be issued in satisfaction of Advanced Funds (Resolution 4)	40,000,000
Shares to be issued under the Proposed Placement (Resolution 5)	75,000,000

Shares to be issued under the Proposed Further Debt Satisfaction (Resolution 7)	46,500,000
Shares to be issued to Directors or their respective nominees (Resolutions 8, 10 and 12)	3,000,000
Shares to be issued under the Entitlement Offer	109,098,581
Total Shares on completion of the Capital Raising and of the issue of other Shares contemplated under this Notice of Meeting	545,492,904
Options	Number
Options currently on issue	Nil
Lead Manager Options to be issued to Merchant or its nominee (Resolution 6) ²	10,000,000
Options to be issued to Directors or their respective nominees (Resolutions 9, 11 and 13) ³	9,000,000
Options to be issued to the lenders or their respective nominees (Resolution 7) ⁴	20,000,000
Total Options on issue on completion of the Capital Raising and of the issue of other Options contemplated under this Notice of Meeting	39,000,000

Notes:

1. This includes 20,666,667 Shares already issued in respect of the placement referred to in paragraph 1.1(b)(i) of this Explanatory Statement (and the subject of Resolution 1), and 18,933,333 Shares already issued in respect of the placement referred to in paragraph 1.1(b)(ii) of this Explanatory Statement (and the subject of Resolution 2).
2. Please see Schedule 1 for the terms and conditions of the Lead Manager Options.
3. Please see Schedule 3 for the terms and conditions of the Options to be issued to Directors.
4. Please see Schedule 2 for the terms and conditions of the Options to be issued to Delta (or its nominee).

1.8 Pro-Forma Statement of Financial Position

Set out in Schedule 6 is a pro-forma consolidated statement of financial position of the Company which illustrates the effect of the Capital Raising which assumes maximum subscription and the issue of Securities under Resolutions 3 to 7.

1.9 Indicative Timetable

An indicative timetable for the remaining elements of the Capital Raising and the other issues of Securities contemplated under this Notice of Meeting is set out below.

Event	Date¹
Notice of Meeting despatched	27 October 2021
Entitlement Offer Announced and Lodgement of Appendix 3Bs in respect of Entitlement Offer and other proposed issues of Securities	28 October 2021
Meeting	25 November 2021
Issue of Shares under Proposed Debt Satisfaction (Resolution 3)	26 November 2021
Issue of Shares in satisfaction of Advanced Funds (Resolution 4)	26 November 2021
Issue of Shares under Proposed Placement (Resolution 5)	26 November 2021
Issue of Shares and Options to lenders or their respective nominees (Resolution 7)	26 November 2021
Issue of Shares and Options to Directors or their respective nominees (Resolutions 8 to 13)	26 November 2021
Lodgement of Prospectus for Entitlement Offer	29 November 2021
Record Date for Entitlement Offer	3 December 2021
Opening date of Entitlement Offer	7 December 2021
Closing date of Entitlement Offer	16 December 2021
Issue of Shares taken up under Entitlement Offer and Shortfall	21 December 2021
Issue of Lead Manager Options (Resolution 6)	21 December 2021

Notes:

1. The above dates are indicative only and are subject to change without notice. In particular the dates relating the Entitlement Offer may vary based on the date of lodgement of the Prospectus and the need to have a longer or shorter offer period.

2 Resolution 1 – Ratification of prior issue of Shares (satisfaction of debt)

2.1 General

On 15 October 2020, the Company announced the issue of 20,666,667 Shares, at a deemed issue price of \$0.015 per Share, in consideration for the reduction of \$310,000 in debt owing to trade creditors and other creditors of the Company (**Debt Satisfaction**).

The Shares under issued under the Debt Satisfaction were issued under Listing Rule 7.1. Resolution 1 seeks Shareholder ratification of the Debt Satisfaction pursuant to Listing Rule 7.4.

Listing Rule 7.1 provides, broadly, 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 issue of Shares under the Debt Satisfaction did not fit within any of the exceptions and, as it has not yet been approved by the Company's shareholders, it has effectively used up part of the 15% limit under Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the Debt Satisfaction.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 and so do not reduce the Company's capacity to issue further equity securities without shareholder approval under that Listing Rule.

By ratifying the issue of Shares under the Debt Satisfaction, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 1 is passed, the Shares issued under the Debt Satisfaction will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the Debt Satisfaction.

If Resolution 1 is not passed, the issue of Shares under the Debt Satisfaction will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Debt Satisfaction.

2.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Shares were issued to the following parties, none of whom are related parties of the Company:
 - (i) 2,000,000 Shares were issued to Mr Philip Colin Hammond and Ms Betty Jeanette Moore <MGB Superannuation Fund>;
 - (ii) 2,000,000 Shares were issued to Ms Betty Jeanette Moore and Mr Philip Colin Hammond <BJM Superannuation Fund>;

- (iii) 3,000,000 Shares were issued to Mr Anthony Harold Fotios atf <Fotios Family A/C>; and
- (iv) 13,666,667 Shares were issued to Delta Resource Management Pty Ltd;
- (b) 20,666,667 fully paid ordinary shares were issued;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued on 15 October 2020;
- (e) the deemed issue price was \$0.015 per Share, and the Shares were issued in consideration for the reduction of \$310,000 in debt owed by the Company;
- (f) there are no material terms of the agreement under which the Shares were issued, other than the satisfaction of the respective amounts of debt;
- (g) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

2.3 Board Recommendation

The Board recommends Shareholders vote in favour of this resolution.

3 Resolution 2 – Ratification of Placement

3.1 General

On 15 October 2020, the Company also announced the issue of 18,933,333 Shares to new and existing Shareholders at an issue price of \$0.015 per Share to raise \$284,000 (**October Placement**).

The Shares under the October Placement were issued under Listing Rule 7.1A. Resolution 2 seeks to ratify of the issue of Shares under the October Placement pursuant to Listing Rule 7.4.

A summary of Listing Rule 7.1 and 7.4 is set out in paragraph 2.1 of this Explanatory Statement.

Listing Rule 7.1A provides that an eligible entity can seek approval from its members (by way of special resolution passed at its annual general meeting) to increase its 15% placement capacity (under Listing Rule 7.1) by an extra 10% i.e. to 25%. The Company obtained approval to increase its placement capacity by an extra 10% (to 25%) at the annual general meeting held on 26 June 2020.

By ratifying the issue of Shares under the October Placement, the Company will retain the flexibility to issue equity securities in the future under the Company's 10% additional placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

If Resolution 2 is passed, the Shares issued under the October Placement will be excluded in calculating the Company's additional 10% placement limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the October Placement.

If Resolution 2 is not passed, the issue of Shares under the October Placement will be included in calculating the Company's additional 10% placement limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the October Placement.

3.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) the Shares were issued to new and existing Shareholders of the Company who classified as professional and sophisticated investors (none of whom are related parties of the Company). The participants were identified by the Company by seeking expressions of interests from existing contacts and networks of the Company;
- (b) 18,933,333 fully paid ordinary shares were issued under the October Placement;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued on 15 October 2020;
- (e) the issue price was \$0.015 per Share, and the Company has not and will not receive any other consideration for the issue of the Shares;
- (f) the purpose for issuing the October Placement was to raise \$284,000, which will be used for trade creditor payments and initial costs associated with the refurbishment of the Horseshoe Lights Mine camp.
- (g) the Shares were not issued under an agreement;
- (h) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

3.3 Board Recommendation

The Board recommends Shareholders vote in favour of this resolution.

4 Resolution 3 – Approval of the issue of Shares (satisfaction of XYVh)

4.1 General

The Company is seeking approval under Listing Rule 7.1 to issue 17,642,115 Shares for nil cash consideration, at a deemed issue price of \$0.015 per Share, in consideration for the satisfaction of \$264,632 in debt owed by the Company (**Proposed Debt Satisfaction**).

As set out in paragraph 1.3 of this Explanatory Statement, the Company has entered into a mandate with Merchant to act as Lead Manager in respect of the Proposed Debt Satisfaction, Proposed Placement and Entitlement Offer. Merchant will receive the following fees under the mandate upon completion of the Proposed Debt Satisfaction, Proposed Placement and Entitlement Offer:

- (a) a management and placement fee of 6.0% of the total amount raised (including the debt to be satisfied under this Resolution 3);
- (b) a settlement fee of \$10,000; and
- (c) subject to Shareholder approval under Resolution 5, 10,000,000 Lead Manager Options, to be issued to Merchant or its nominee.

A summary of Listing Rule 7.1 is set out in paragraph 3.1 of this Explanatory Statement.

The proposed issue of Shares under the Proposed Debt Satisfaction does not fall within any of the exceptions in Listing Rule 7.2 and exceeds the 15% placement limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of Shares under the Proposed Debt Satisfaction which will allow the Company to reduce the Company's debt by \$264,632, improve the Company's balance sheet and satisfy one of the conditions to the reinstatement of quotation of the Shares on the ASX. In addition, the issue of Shares under the Proposed Debt Satisfaction will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of Shares under the Proposed Debt Satisfaction until such time as the Company has sufficient placement capacity under Listing Rule 7.1. This could delay, or potentially prevent, the Company from converting debt to equity which will result in the Company being in a weaker financial position, and potentially delay or jeopardise the reinstatement of trading in Shares on the ASX.

4.2 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Shares will be issued to Richard Farris <Richard Farris Family Trust> and Whimplecreek Pty Ltd <The Stawell Family Trust>;
- (b) the maximum number of Shares to be issued is 17,642,115 Shares;
- (c) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Shares will be issued on the same date;
- (e) the issue price of the Shares will be for nil cash consideration, but will be issued in consideration for the conversion of \$264,632 in debt owed by the Company (being a deemed issue price of \$0.015 per Share);
- (f) the purpose for issuing the Shares is to satisfy \$264,632 in debt;
- (g) the Shares are not being issued under an agreement however the loan terms in respect of the \$264,632 are as follows:
 - (i) Interest Rate: 10% and capitalised yearly (with default interest of 15%);
 - (ii) Repayment Date: September 2022 (varying repayment dates based on a repayment date of two years after signing of the relevant loan agreement) , or earlier at the Company's election;
 - (iii) Security: unsecured;
 - (iv) there are certain restrictions on selling, or encumbering, Company assets other than in the ordinary course of business or with consent of the lender; and
 - (v) there are events of default for non-payment, failure to perform obligations, cross defaults under other loans, enforcement of

security interests against Company assets, the Company is insolvent or suspends payments, there is a material adverse change to the Company, certain judgements are obtained against the Company, or warranties or representations made by the Company are false or misleading.

- (h) the Company has engaged the services of Merchant to manage the Proposed Debt Satisfaction the details of which (including the relevant fees) are set out in paragraph 4.1 of this Explanatory Statement; and
- (i) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

4.3 Board Recommendation

The Board recommends Shareholders vote in favour of this resolution.

5 Resolution 4 – Approval of the issue of Shares (advanced funds)

5.1 General

The Company is seeking approval under Listing Rule 7.1 to issue up to 40,000,000 Shares for nil cash consideration, at a deemed issue price of \$0.02 per Share, in consideration for the satisfaction of up to \$800,000 in debt owed by the Company (**Advanced Funds**) to certain investors that propose to subscribe for Shares under the Proposed Placement (see Resolution 5 for details of the Proposed Placement).

The funds are provided to the Company under various loan agreements entered into with prospective investors under the Proposed Placement. The Advanced Funds will be used by the Company in line with the use of funds under the Proposed Placement (see paragraph 6.2(f)).

As set out in paragraph 1.3, Merchant is acting as Lead Manager in respect of Advanced Funds and the issue of Shares under this Resolution. The fees payable to Merchant are set out in paragraph 1.3 of this Explanatory Statement.

A summary of Listing Rule 7.1 is set out in paragraph 3.1 of this Explanatory Statement.

The proposed issue of Shares to satisfy the Advanced Funds does not fall within any of the exceptions in Listing Rule 7.2 and exceeds the 15% placement limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the issue of Shares under Resolution 4 which will allow the Company to reduce the Company's debt by up to \$800,000, improve the Company's balance sheet and satisfy one of the conditions to the reinstatement of quotation of the Shares on the ASX. In addition, the issue of Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of Shares under Resolution 4 until such time as the Company has sufficient placement capacity under Listing Rule 7.1. This could delay, or potentially prevent, the Company from converting debt to equity which will result in the Company being in a weaker financial position, and potentially delay or jeopardise the reinstatement of trading in Shares on the ASX.

5.2 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Shares will be issued to prospective investors under the Proposed Placement (professional and sophisticated investors) who have provided short term funding to the Company, none of whom are related parties of the Company;
- (b) the maximum number of Shares to be issued is 40,000,000 Shares;
- (c) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Shares will be issued on the same date;
- (e) the issue price of the Shares will be for nil cash consideration, but will be issued in consideration for the conversion of up to \$800,000 in debt owed by the Company (at a deemed issue price of \$0.02 per Share);
- (f) the purpose for issuing the Shares is to satisfy up to \$800,000 in debt;
- (g) the Shares are not being issued under an agreement however the loan terms are as follows:
 - (i) Interest Rate: 10% and capitalised yearly;
 - (ii) Repayment Date: repayment dates ranging between May 2023 to Jul 2023 (based on a repayment date of two years after signing of the relevant loan agreement), or earlier at the Company's election; and
 - (iii) Security: unsecured;
- (h) the Company has engaged the services of Merchant to manage the Proposed Debt Satisfaction the details of which (including the relevant fees) are set out in paragraph 4.1 of this Explanatory Statement; and
- (i) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

5.3 Board Recommendation

The Board recommends Shareholders vote in favour of this resolution.

6 Resolution 5 – Approval of the Proposed Placement

6.1 General

The Company is seeking approval under Listing Rule 7.1 to issue up to 75,000,000 Shares to professional and sophisticated investors at an issue price (or deemed issued price in respect of any debt satisfaction in the circumstances noted below) of \$0.02 per Share up to a total of \$1,500,000 (**Proposed Placement**).

As set out in paragraphs 1.3 and 4.1 of this Explanatory Statement, the Company has entered into a mandate with Merchant to act as Lead Manager in respect of the Proposed Placement and the Entitlement Offer. The fees payable to Merchant are set out in those paragraphs of this Explanatory Statement.

To the extent that any of the prospective investors under the Proposed Placement loan funds to the Company in advance of the Proposed Placement (in addition to the loans set out in paragraph 5), then such funds will be treated as a loan to the Company. If Shareholders approve Resolution 5, the Company proposes to satisfy the amounts outstanding under the loans via the issue of Shares under the Proposed Placement (at a deemed issue price of \$0.02 per Share). All funds received will be used in accordance with paragraph 6.2(f).

A summary of Listing Rule 7.1 is set out in paragraph 2.1 of this Explanatory Statement.

The proposed issue of Shares under the Proposed Placement does not fall within any of the exceptions in Listing Rule 7.2 and exceeds the 15% placement limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to proceed with the issue of Shares under the Proposed Placement which will allow the Company to receive funds, improve the Company's balance sheet and satisfy one of the conditions to the reinstatement of quotation of the Shares on the ASX. In addition, the issue of Shares under the Proposed Placement will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of Shares under the Proposed Placement until such time as the Company has sufficient placement capacity under Listing Rule 7.1 and/or 7.1A. This could delay, or potential prevent, the Company from receiving subscription funds associated with the issue of the Shares, and prevent the Company from being able to satisfy any debt that may be owed to proposed investors. This will result in the Company being in a weaker financial position, and delay or potentially jeopardise the reinstatement of trading in Shares on the ASX.

6.2 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Shares will be issued to professional and sophisticated investors (none of whom are related parties of the Company) who are clients of Merchant and will be identified through an appropriate bookbuild process which will involve Merchant seeking expressions of interest to participate in the Proposed Placement from non-related parties of the Company;
- (b) the maximum number of Shares to be issued under the Proposed Placement is 1,500,000;
- (c) the Shares to be issued under the Proposed Placement 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;
- (d) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Shares will be issued on the same date;
- (e) the issue price (or deemed issued price in respect of any debt satisfaction) of the Shares will be \$0.02 per Share for a total of \$1,500,000;
- (f) the purpose for issuing the Shares under the Proposed Placement is as follows:

- (i) to pay the 6% management and placement fee to Merchant in respect of the Proposed Debt Satisfaction and Proposed Placement;
 - (ii) to pay the \$10,000 settlement fee to Merchant under the mandate agreement;
 - (iii) ongoing working capital;
 - (iv) mapping program on all tenements;
 - (v) costs associated with the refurbishment of the Horseshoe Lights Mine camp; and
 - (vi) to the extent that any of the investors under the Proposed Placement have loans with the Company, allow the Company to satisfy, or reduce, the debts owing to the investors.
- (g) the Shares are not being issued under an agreement, however the Company has engaged the services of Merchant to manage the Proposed Placement the details of which (including the relevant fees) are set out in paragraph 4.1 of this Explanatory Statement; and
- (h) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

6.3 Board Recommendation

The Board recommends Shareholders vote in favour of this resolution.

7 Resolution 6 – Approval to issue Lead Manager Options

The Company is seeking approval under Listing Rule 7.1 to issue 10,000,000 Options to Merchant (or its nominee) exercisable at \$0.03 per Option and expiring three (3) years from the date of issue (**Lead Manager Options**).

As set out in paragraphs 1.3 and 4.1 of this Explanatory Statement, the Company has entered into a mandate with Merchant to act as Lead Manager in respect of the Entitlement Offer. The fees payable to Merchant are set out in those paragraphs of this Explanatory Statement and includes the issue of the Lead Manager Options to Merchant (or its nominee), subject to Shareholder approval under this Resolution 6.

A summary of Listing Rule 7.1 is set out in paragraph 2.1 of this Explanatory Statement.

The proposed issue of the Lead Manager Options does not fall within any of the exceptions in Listing Rule 7.2 and exceeds the 15% placement limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Lead Manager Options which will allow the Company to fulfil its obligations under the lead manager mandate, and complete the Proposed Debt Satisfaction, Proposed Placement and Entitlement Offer which improve the Company's balance sheet. In addition, the issue of Lead Manager Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of Lead Manager Options. This could delay, or potentially prevent, the Proposed Debt Satisfaction, Proposed Placement and Entitlement Offer. It will also likely result in the Company having to remunerate Merchant by other means (i.e. by way of cash). This

will result in the Company being in a weaker financial position, and delay or potentially jeopardise the reinstatement of trading in Shares on the ASX.

7.1 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the Lead Manager Options will be issued to Merchant Capital Partners Pty Ltd or its nominee (who is not a related party of the Company);
- (b) the maximum number of Lead Manager Options to be issued is 10,000,000;
- (c) the terms and conditions of the Lead Manager Options are set out in Schedule 1;
- (d) the Lead Manager Options will be issued upon completion of the Proposed Debt Satisfaction, Proposed Placement and Entitlement Offer, but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Lead Manager Options will be issued on the same date;
- (e) the Lead Manager Options will be issued for nil cash consideration in part consideration for the lead manager services to be provided by Merchant in connection with the Proposed Debt Satisfaction, Proposed Placement and Entitlement Offer;
- (f) the purpose for issuing the Lead Manager Options is to fulfil the Company's contractual obligations under the lead manager mandate and allow the Company to proceed with the Proposed Debt Satisfaction, Proposed Placement and Entitlement Offer;
- (g) the Lead Manager Options are being issued under the lead manager mandate (the material terms of which are summarised at paragraphs 1.3 and 4.1 of this Explanatory Statement); and
- (h) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

7.2 Board Recommendation

The Board recommends Shareholders vote in favour of this resolution.

8 Resolution 7 – Approval to issue Shares and Options (further satisfaction of debt)

8.1 General

The Company has in place an unsecured loan agreement for the Company to receive funding of up to \$2,000,000 (**Loan**) from a syndicate of lenders, including entities associated with (or formerly associated with) Mr Michael Fotios (a former director of the Company who resigned on 30 April 2019) (**Lenders**).

The Loan, and variations to the Loan, have previously been announced by the Company on 31 March 2017, 28 March 2018, 31 July 2019 and 2 September 2020. The material terms of the Loan are summarised in paragraph 8.2(h).

As at 30 June 2021, the amount outstanding under the Loan totals \$735,978 (**Outstanding Amount**).

In addition to the Loan, the Company has \$1,236,116 owing in trade payables (**Trade Payables**) to Delta Resource Management Pty Ltd.

The Company is seeking approval under Listing Rule 7.1 to issue up to 46,500,000 Shares and 20,000,000 Options (**Lender Securities**) to Delta (or their nominee) in consideration for:

- (a) the reduction of \$930,000 of debt owed to the Lenders under the Outstanding Amount or Trade Payables in respect of the issue of Shares (being at a deemed issue price of \$0.02 per Share); and
- (b) an extension of the Loan repayment date by 24 months (until 31 December 2023 in respect of the Options).

A summary of Listing Rule 7.1 is set out in paragraph 3.1 of this Explanatory Statement.

The proposed issue of the Lender Securities does not fall within any of the exceptions in Listing Rule 7.2 and exceeds the 15% placement limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Lender Securities which will allow the Company to reduce the Company's debt by \$930,000 and improve the Company's finance terms with the Lenders by extending the repayment date of the Loan by 24 months. In addition, the issue of the Lender Securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the Lender Securities until such time as the Company has sufficient placement capacity under Listing Rule 7.1 and/or 7.1A. This will have a negative impact on the Company's financial position and borrowing power. It may also require the Company to investigate other means of repaying the Outstanding Amount and Trade Payables (which could be on less favourable terms than the current proposal).

8.2 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the Shares and Options will be issued to Delta Resource Management Pty Ltd (or its nominee) who is not a related party of the Company. Delta is an entity associated with Mr Michael Fotios, a former director of the Company who resigned on 30 April 2019;
- (b) the maximum number of Shares to be issued is 46,500,000, and the maximum number of Options to be issued is 20,000,000;
- (c) the Shares 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.
- (d) the terms and conditions of the Options are set out in Schedule 2;
- (e) the Lender Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Shares and Options will be issued on the same date;
- (f) the Lender Securities will be issued for the following consideration:
 - (i) the Shares will be being issued in consideration for the reduction of \$930,000 of debt owed under the Outstanding Amount (being debt owed under the Loan) or Trade Payables (being at a deemed issue price of \$0.02 per Share).

- (ii) the Options will be issued in consideration for an extension of the Loan repayment date by 24 months (until 31 December 2023).

No other consideration has been, or will be, received;

- (g) the purpose for the issue of the Lender Securities is to reduce the Company's debt by \$930,000 and improve the repayment terms under the Loan;
- (h) the material terms of the Loan are as follows:

Loan Amount:	Up to \$2,000,000
Security:	Unsecured
Interest Rate:	8% per annum
Repayment:	Currently repayable on demand. if the Lender Securities are issued to Delta then the above repayment date will be extended until 31 December 2023.
Conversion by Lenders:	Subject to any required regulatory and/or shareholder approval, all or part of the Loan (subject to a minimum conversion amount of \$50,000) may be converted into Shares, at the Lenders' election, at a conversion price equal to the issue price of shares under any future capital raising (on the same terms as the capital raising), including any free attaching securities issued as part of such capital raising at the same ratio.

- (i) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

8.3 Board Recommendation

The Board recommends Shareholders vote in favour of this resolution.

9 Resolution 8 to 13 – Approval to issue Shares and Options to Craig Hall, Alan Still and Kate Stoney

9.1 General

The Company is seeking approval under Listing Rule 10.11 to issue a total of 3,000,000 Shares and 9,000,000 Options (on the terms and conditions set out in Schedule 3) to Mr Craig Hall, Mr Alan Still and Ms Kate Stoney (or their nominees) (**Recipients**) comprising:

- (a) 1,000,000 Shares to Mr Craig Hall under Resolution 8;
- (b) 3,000,000 Options to Mr Craig Hall under Resolution 9;
- (c) 1,000,000 Shares to Mr Alan Still under Resolution 10 and
- (d) 3,000,000 Options to Mr Alan Still under Resolution 11; and
- (e) 1,000,000 Shares to Ms Kate Stoney under Resolution 12;
- (f) 3,000,000 Options to Ms Kate Stoney under Resolution 13.

In respect of the 3,000,000 Options to be issued to each Recipient:

- (a) 1,000,000 Options will be exercisable at \$0.03 each on or before the date that is 2 years after issue;
- (b) 1,000,000 Options will be exercisable at \$0.06 each from and including the date that is 2 years after issue (provided that the Recipient continues to be a director, of the Company as at that date) and on or before the date that is 3 years after issue; and
- (c) 1,000,000 Options will be exercisable at \$0.09 each from and including the date that is 3 year after issue (provided that the Recipient continues to be a director, of the Company as at that date) and on or before the date that is 4 years after issue.

The Options are subject to forfeiture as provided in the terms and conditions of the Options set out in Schedule 3, including where the Recipient ceases to be a director, of the Company, unless the Board determines otherwise.

9.2 ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in paragraphs 9.2(a) to 9.2(c); or
- (e) a person whose relationship with the company or a person referred to in paragraphs 9.2(a) to 9.2(d) is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains shareholder approval.

The issue of Shares and Options to the Recipients involves the issue of equity securities to Directors and accordingly it falls within Listing Rule 10.11.1. None of the exceptions in Listing Rule 10.12 applies and therefore Shareholder approval is required under Listing Rule 10.11.

If any of Resolutions 8, 9, 10, 11, 12 and 13 are passed then the Company will be able to proceed with the relevant issue of Shares or Options under that Resolution to either Mr Craig Hall, Ms Kate Stoney or Mr Alan Still (or their nominees) as applicable.

If any of Resolutions 8, 9, 10, 11, 12 and 13 are not passed then the Company will not be able to proceed with the relevant issue of Shares or Options under that Resolution, and the Company may need to consider remunerating the relevant Recipient by way of cash or other means.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares and Options to the Recipients as approval is being obtained under Listing Rule 10.11, and if any of Resolutions 8, 9, 10, 11, 12 and 13 are passed then the issue of the respective equity securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

9.3 Chapter 2E of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a Director or an entity controlled by a Director) unless either:

- (a) the giving of the financial benefit falls within one of the exceptions in sections 210 to 216 of the Corporations Act; or
- (b) Shareholder approval is obtained prior to giving the benefit.

The Recipients are related parties of the Company by virtue of being Directors, and the issue of the Shares and Options constitutes the provision of a financial benefit for the purposes of Chapter 2E of the Corporations Act.

The Directors (other than in respect of their own Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 8, 9, 10, 11, 12 and 13 as the issue of Shares and Options under those Resolutions constitutes reasonable remuneration. The Shares and Options are being issued to the Recipients as a form of incentive-based remuneration to further encourage and reward the efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

9.4 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 8, 9, 10, 11, 12 and 13:

- (a) The Shares and Options under Resolutions 8, 9, 10, 11, 12 and 13 will be issued to Mr Craig Hall, Mr Alan Still and Ms Kate Stoney (or their nominees) respectively.
- (b) Mr Craig Hall, Mr Alan Still and Ms Kate Stoney are Directors of the Company and are therefore related parties under ASX Listing Rule 10.11.1.
- (c) In respect of Resolutions 8, 10 and 12 each Recipient will receive 1,000,000 Shares; and
- (d) In respect of Resolutions 9, 11 and 13 each Recipient will receive:
 - (i) 1,000,000 Options with an exercise price of \$0.03 per Option and an expiry date of 2 years;
 - (ii) 1,000,000 Options with an exercise price of \$0.06 per Option, an expiry date of 3 years and exercisable on and from the date that is 2 years after issue (provided that the Recipient continues to be a director of the Company as at that date); and
 - (iii) 1,000,000 Options with an exercise price of \$0.09 per Option, an expiry date of 4 years and exercisable on and from the date that is 3 years after issue (provided that the Recipient continues to be a director of the Company as at that date).
- (e) The Shares are fully paid ordinary shares, and the terms and conditions of the Options are set out in Schedule 3.
- (f) The Shares and Options will be issued no later than 1 month after the date of the Meeting.
- (g) The Shares and Options are being issued to remunerate and incentivise the Recipients as part of their remuneration package. No funds will be raised by the issue of the Shares and Options as they are being issued for nil cash consideration.

- (h) The issue of Shares and Options is intended to remunerate and incentivise the Recipients and the details of each Recipient's current total remuneration package is set out below:
 - (i) Mr Craig Hall has a total remuneration package of \$36,000 which comprises \$36,000 in director fees (including superannuation). If the Shares and Options are issued under Resolutions 8 and 9 then his total remuneration package will increase to \$39,557 (based on the current Share price and the Black Scholes valuation methodology of Options).
 - (ii) Alan Still has a total remuneration package of \$36,000 which comprises \$36,000 in director fees (including superannuation). If the Shares and Options are issued under Resolution 10 and 11 then his total remuneration package will increase to \$39,557 (based on the current Share price and the Black Scholes valuation methodology of Options).
 - (iii) Ms Kate Stoney has a total remuneration package of \$36,000 which comprises \$36,000 in director fees (including superannuation). If the Shares and Options are issued under Resolution 12 and 13 then her total remuneration package will increase to \$39,557 (based on the current Share price and the Black Scholes valuation methodology of Options).
- (i) The Shares and Options are not being issued under an agreement.
- (j) A voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

9.5 Board Recommendation

- (a) The Directors (other than Mr Craig Hall) recommend Shareholders vote in favour of Resolution 8 and 9.
- (b) The Directors (other than Mr Alan Still) recommend Shareholders vote in favour of Resolution 10 and 11.
- (c) The Directors (other than Ms Kate Stoney) recommend Shareholders vote in favour of Resolution 12 and 13.

10 Resolution 14 – Approval of Employee Share Option Plan

10.1 General

Resolution 14 seeks Shareholder approval, pursuant to Listing Rule 7.2, Exception 13, to adopt the Horseshoe Metals Limited Employee Share Option Plan (the **Plan**) and to enable the Company to issue Options (and Shares upon exercise or conversion of the Options) under the Plan to eligible participants, and such issues of securities will be exempt from Listing Rule 7.1 for a period of 3 years from the date on which the Resolution is passed.

Persons who may participate in the Plan are those people who meet the requirements of an eligible participant under ASIC Class Order 14/1000, and whom the Board determines is eligible to participate in the Plan (**Eligible Participant**).

ASIC Class Order 14/1000 provides that an eligible participant is a full-time or part-time employee (including an executive director), non-executive director, contractor, casual employee, or a prospective participant of the Company (or a related body corporate).

A summary of the key terms of the Plan is set out in Schedule 4.

The objective of the Plan is to attract, motivate and retain Eligible Participants and the Company considers that the adoption of the Plan and the future issue of Options under the Plan will provide Eligible Participants with the opportunity to participate in the future growth of the Company.

As summarised in paragraph 2.1 of this Explanatory Statement, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as an exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the notice of meeting in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 14 is passed, the Company will be able to issue Options under the Plan to Eligible Participants over a period of 3 years. The issue of any Options (and Shares upon conversion of the Options) to Eligible Participants under the Plan will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 14 is not passed, the Company will be able to proceed with the issue of Options under the Plan to Eligible Participants, but any issues of Options will reduce the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1.

10.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 14:

- (a) a summary of the material terms of the Plan is set out in Schedule 4;
- (b) the Company has not previously adopted an employee share option plan and accordingly no issues of securities have occurred under the Plan;
- (c) the maximum number of Options proposed to be issued under the Plan following Shareholder approval is 25,234,512 securities (being 5% of the issued capital of the Company assuming all Shares under the Entitlement Offer and Resolutions 3, 4, 5, 7, 8, 10, 12 are issued); and
- (d) a voting exclusion statement is included in the Notice of Meeting preceding this Explanatory Statement.

10.3 Board Recommendation

The Board recommends Shareholders vote in favour of this resolution.

SCHEDULE 1

LEAD MANAGER OPTION TERMS AND CONDITIONS

The terms and conditions of the Options to be issued under Resolution 6 are as follows:

(a) Entitlement

Subject to paragraph (m), each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraphs (j) and (l), the amount payable upon exercise of each Option is \$0.03 (**Exercise Price**).

(c) Expiry Date

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

(d) Exercise Period

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

(e) Notice of Exercise

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

(f) Exercise Date

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

(g) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of an Option, 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; 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.

(h) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(i) Shares issued on exercise

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

(j) 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.

(k) Reconstruction of capital

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

(l) 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.

(m) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(o) Unquoted

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

(p) Transferability

The Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

SCHEDULE 2

FURTHER DEBT SATISFACTION OPTIONS TERMS AND CONDITIONS

The terms and conditions of the Options to be issued under Resolution 7 are as follows:

(a) Entitlement

Subject to paragraph (n), each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraphs (k) and (m), the amount payable upon exercise of each Option is \$0.05 (**Exercise Price**).

(c) Expiry Date

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

(d) Exercise Period

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

(e) Notice of Exercise

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

(f) Exercise Date

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

(g) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of an Option, 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; 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.

(h) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(i) Shares issued on exercise

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

(j) 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.

(k) Reconstruction of capital

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

(l) 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.

(m) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(o) Unquoted

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

(p) Transferability

The Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

SCHEDULE 3

DIRECTOR OPTION TERMS AND CONDITIONS

The terms and conditions of the Options to be issued under Resolutions 9, 11 and 13 are as follows:

(a) Entitlement

Subject to paragraph (n), each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraphs (k) and (m), the amount payable upon exercise of the Options is as follows:

- (i) \$0.03 per Option in respect of 3,000,000 Options;
 - (ii) \$0.06 per Option in respect of 3,000,000 Options; and
 - (iii) \$0.09 per Option in respect of 3,000,000 Options,
- (each being the **Exercise Price**).

(c) Expiry Date

The Options will have the following expiry dates:

- (i) Options with an Exercise Price of \$0.03 will expire at 5:00 pm (WST) on the date that is 2 years from the date of issue (**2 Year Options**);
- (ii) Options with an Exercise Price of \$0.06 will expire at 5:00 pm (WST) on the date that is 3 years from the date of issue (**3 Year Options**); and
- (iii) Options with an Exercise Price of \$0.09 will expire at 5:00 pm (WST) on the date that is 4 years from the date of issue (**4 Year Options**);

(each being the **Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

Subject to paragraph (q), the:

- (i) 2 Year Options are exercisable at any time during the period from and including the date of issue and until and including the Expiry Date;
- (ii) 3 Year Options are exercisable at any time from and including the date that is 2 years from the date of issue (provided that the Option holder (or, if they are a nominee, the relevant nominator) continues to be a director, employee or contractor of the Company as at that date) and until and including the Expiry Date; and
- (iii) 4 Year Options are exercisable at any time from and including the date that is 3 years from the date of issue (provided that the Option holder (or, if they are a nominee, the relevant nominator) continues to be a director, employee or contractor of the Company as at that date) and until and including the Expiry Date,

(in each case, the **Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and

payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

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

(g) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of an Option, 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; 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.

(h) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(i) Shares issued on exercise

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

(j) 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.

(k) Reconstruction of capital

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

(l) 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.

(m) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would

have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(o) Unquoted

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

(p) Transferability

The Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

(q) Forfeiture

A holder of one or more Options will forfeit their rights and interest in the Options (and the Options will cease to be exercisable) in the following circumstances:

- (i) the Option holder (or, if they are a nominee, the relevant nominator) ceases to be a director, employee or contractor of the Company, unless the Board determines otherwise.
- (ii) the Option holder (or, if they are a nominee, then the relevant nominator) has in the opinion of the Board:
 - (A) acted fraudulently or dishonestly; or
 - (B) wilfully breached his or her duties to the Company,and the Board in its discretion deems the Options to be forfeited.
- (iii) the Option holder may by written notice to the Company voluntarily forfeit their Options for no consideration.

SCHEDULE 4

TERMS AND CONDITIONS OF EMPLOYEE SHARE OPTION PLAN

The key terms of the Employee Share Option Plan (**Plan**) are as follows:

1. **Eligibility:** Persons who may participate in the Plan are those people who meet the requirements of an eligible participant under ASIC Class Order 14/1000, and whom the Board determines is eligible to participate in the Plan (**Eligible Participant**).
2. **Purpose:** The purpose of the Plan is to:
 - (a) assist in the reward, retention and motivation of Eligible Participants;
 - (b) link the reward of Eligible Participants to Shareholder value creation; and
 - (c) align the interests of Eligible Participants with Shareholders by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Options.
3. **Offer of Options:** The Board may offer Options to Eligible Participants in accordance with the Plan terms and conditions and subject to the Listing Rules. The Board may make an Invitation to an Eligible Participant to apply for Options on such terms and conditions as the Board decides, including as to:
 - (a) the number of Options for which that Eligible Participant may apply;
 - (b) the grant date;
 - (c) the amount payable (if any) for the grant of each Option or how such amount is calculated;
 - (d) the Option exercise price;
 - (e) the vesting conditions (if any);
 - (f) disposal restrictions attaching to Shares issued or transferred on conversion of the Options (**Plan Shares**) (if any);
 - (g) whether cashless exercise of the Options is permitted;
 - (h) any other supplementary terms and conditions.
4. **Acceptance:** On receipt of an Invitation, an Eligible Participant may apply for the Options the subject of the Invitation by completing and returning an Application Form to the Company by the time and date specified in the Invitation.
5. **Refusal of Application:** Unless otherwise determined by the Board, an Application Form will not be accepted if at the time the Company received the duly completed Application Form:
 - (a) the applicant is not an Eligible Participant;
 - (b) notice of termination of the applicant's Engagement Arrangement has been given (whether by the applicant or by one or more members of the Group);
or
 - (c) the Board has determined that the applicant is no longer eligible to participate in the Plan.
6. **Participant Rights:** Prior to an Option being exercised:
 - (a) an Eligible Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Option; and

- (b) a Participant is not entitled to:
 - (i) notice of, or to vote or attend at, a meeting of the shareholders of the Company; and
 - (ii) receive any dividends declared by the Company, by virtue of holding the Option.
- 7. **Restriction of dealing:** Unless the relevant dealing is effected by force of law on death or legal incapacity to the Eligible Participant's legal personal representative, an Eligible Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with an Option that has been granted to them. The Option is forfeited immediately on purported sale, assignment, transfer, dealing or grant of a security interest.
- 8. **Vesting:** If vesting conditions apply in respect of the Options, an Option will vest when a vesting notice in respect of that Option is given to the Eligible Participant. A vesting condition for an Option may, subject to applicable laws, be waived by the Board. An Option may not be exercised unless and until that Option has vested.
- 9. **Forfeiture:** An Eligible Participant will forfeit rights or interest in Options in the following circumstances:
 - (a) He or she ceases to be an Eligible Participant, unless the Board otherwise determines in its discretion to permit some or all of the Options to vest.
 - (b) The Eligible Participant has in the opinion of the Board:
 - (i) acted fraudulently or dishonestly; or
 - (ii) wilfully breached his or her duties to the Company,and the Board in its discretion deems unvested Options to be forfeited.
 - (c) Unless otherwise determined by the Board, an Option which has not vested will be forfeited immediately on the date that the Board determines that any applicable vesting conditions have not been met or cannot be met.
 - (d) Unless otherwise stated in the Invitation or determined by the Board, Options will be forfeited immediately on the date that an Eligible Participant becomes insolvent.
 - (e) Unless the Board otherwise determines, or as otherwise set out in the terms of the Pan, any Options which have not vested on the expiry date will automatically be forfeited.
 - (f) An Eligible Participant may by written notice to the Company voluntarily forfeit their Options for no consideration.
- 10. **Change of Control:** if a change of control event occurs in respect of the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any Options are dealt with, including, without limitation, in a manner that allows the Eligible Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- 11. **Plan Shares:** All Shares issued or transferred on exercise of the Options (Plan Shares) will rank pari passu in all respects with other fully paid ordinary shares in the Company.
- 12. **Disposal Restrictions on Plan Shares:** If the Invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by an

Eligible Participant for a period, the Board may implement any procedure it deems appropriate to ensure compliance with this restriction.

13. **Reorganisation:** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Eligible Participant holding Options will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.
14. **Bonus Issue:** If Shares are issued by the Company pro rata to Shareholders generally by way of bonus issue, the holder of Options is entitled, upon exercise of the Options, to receive, in addition to the Shares in respect of which the Options are exercised, an allotment of as many additional Shares as they would have been issued under the bonus issue.
15. **Rights Issue:** Unless otherwise determined by the Board, a holder of Options does not have the right to participate in a pro rata issue of Shares made by the Company.

**SCHEDULE 5
PROPOSED PROJECT ACTIVITIES**

Set out below is a summary and timetable of the Company's proposed activities at its Horseshoe Lights, Glenloth and Mt Gunson Projects. The table below is a statement of current intentions as at the date of this Notice. It is subject to a number of conditions and assumptions (including receiving appropriate funding under the Capital Raising) and intervening events may alter the activities of the Company (or the timing of those activities).

ACTIVITY			2021			2022					
HORSESHOE LIGHTS PROJECT											
		In Progress	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Surface Stockpiles & Dams											
Auger/Air Core Drilling	Phase 1										
	Phase 2										
Feasibility Study											
In Situ Resources											
RC Drilling	Phase 1										
	Phase 2										
	Phase 3										
Diamond Drilling											
Feasibility Study											
Camp Refurbishment											
Geological Mapping											
GLENLOTH											
Mapping & Geochemistry											
RC Drilling	Phase 1										
	Phase 2										

SCHEDULE 6

PRO-FORMA STATEMENT OF FINANCIAL POSITION

Set out below is an unaudited pro-forma consolidated statement of financial position as at 30 June 2021 of the Company which illustrates the effect of the Capital Raising (assuming maximum subscription) on the Company (noting that some of the elements of the Capital Raising occurred prior to 30 June 2021 and are already included in the Half Year figures):

Proforma Balance Sheet	Audited 31/12/20	Half Year 30/06/2021	Resolution 3 Satisfaction of Debt	Resolution 4 Advanced Funds	Resolution 5 Placement	Entitlement Offer	Resolution 7 Debt Satisfaction	Balance Sheet
	\$	\$	\$	\$	\$	\$	\$	\$
Current Assets								
Cash and Cash Equivalents	98,270	183,444		507,000	1,500,000	2,181,972		4,372,416
Trade and Other Receivables	72,037	88,035						88,035
Prepayments	29,425	12,792						12,792
Total Current Assets	199,732	284,271						4,473,243
Non-Current Assets								
Property, Plant and Equipment	17,965	15,861						15,861
Investments	243,000	243,000						243,000
Capitalised Exploration	6,708,801	6,708,801						6,708,801
Total Non-Current Assets	6,969,766	6,967,662						6,967,662
Total Assets	7,169,498	7,251,933						11,440,905
Current Liabilities								
Trade and Other Payables	1,459,444	1,759,066	105,132					1,653,934
Borrowings		452,500	159,500	293,000				-
Total Current Liabilities	1,459,444	2,211,566						1,653,934
Non-Current Liabilities								
Trade and Other Payables	1,065,678	1,363,189						1,363,189
Borrowings	1,637,040	1,534,926					930,000	604,926
Environmental Provision	5,812,890	5,812,890						5,812,890
Total Non-Current Liabilities	8,515,608	8,711,005						7,781,005
Total Liabilities	9,975,052	10,922,571						9,434,939
Total Net Assets	- 2,805,554	- 3,670,638						2,005,966
Equity								
Share Capital	18,152,393	18,152,393	264,632	800,000	1,500,000	2,181,972	930,000	23,828,997
Retained Earnings/(Losses)	- 20,957,947	- 21,823,031						- 21,823,031
Total Equity	- 2,805,554	- 3,670,638						2,005,966

GLOSSARY

The following terms have the following meanings in this Notice of Meeting and Explanatory Statement:

Accounting Standards has the meaning given to that term in the Corporations Act;

Advanced Funds means the funds advanced to the Company as set out in paragraph 5.1 of the Explanatory Statement.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

Board means the board of Directors;

Capital Raising is defined at paragraph 1.1 of the Explanatory Statement.

Chair means the chairperson of the Meeting;

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

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

Company means Horseshoe Metals Limited (ABN 20 123 133 166);

Constitution means the constitution of the Company;

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

Delta means Delta Resource Management Pty Ltd (ACN 118 613 175).

Director means a director of the Company;

Employee Share Option Plan means the Employee Share Option Plan on the key terms and conditions summarised in Schedule 3.

Entitlement Offer means a proposed pro rata non-renounceable entitlement issue of Shares to eligible Shareholders on the basis of one (1) Share for every four (4) Shares held by eligible Shareholders, at an issue price of \$0.02 per Share, to raise up to approximately \$2.18 million before costs.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security;

Explanatory Statement means the explanatory statement accompanying and forming part of this Notice of General Meeting;

Glenloth Gold Project means EL6301, MPL62, ML5848, ML 5849 and ML5885;

Key Management Personnel has the meaning given to that term in the Accounting Standards;

Lead Manager Options means the Options proposed to be issued to Merchant under Resolution 6 on the terms and conditions set out Schedule 1.

Listing Rules means the Listing Rules of the ASX;

Meeting and **General Meeting** means the general meeting the subject of this Notice of General Meeting;

Merchant means Merchant Capital Partners Pty Ltd;

Option means an option to acquire a Share;

Proposed Debt Satisfaction means the proposed issue of 17,642,115 Shares (subject to approval under Resolution 3) at \$0.015 per Share to satisfy \$264,632 owing in debt.

Proposed Placement means the proposed issue of 75,000,000 Shares (subject to approval under Resolution 5) at \$0.02 per Share to raise up to \$1,500,000.

Proxy Form means the proxy form accompanying and forming part of this Notice of General Meeting;

Resolution means a resolution the subject of this Notice of Meeting;

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

Shareholder means the holder of a Share; and

WST means Australian Western Standard Time.

PROXY FORM

APPOINTMENT OF PROXY HORSESHOE METALS LIMITED ACN 20 123 133 166

NOTICE OF GENERAL MEETING

I/We

of

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

appoint

Name of proxy

OR

the Chair 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 11.00am (WST), on Thursday, 25 November 2021 at Unit 1/24 Mumford Place, Balcatta WA 6021, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting	FOR	AGAINST	ABSTAIN
Resolution 1 – Ratification of prior issue of Shares (satisfaction of debt)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ratification of October Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of the issue of Shares (satisfaction of debt)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of the issue of Shares (advanced funds)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval of Proposed Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval to Issue Lead Manager Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval to Issue Shares and Options (Further Satisfaction of Debt)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Approval to issue Shares to Craig Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Approval to issue Options to Craig Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Approval to issue Shares to Alan Still	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 – Approval to issue Options to Alan Still	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 – Approval to issue Shares to Kate Stoney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 – Approval to issue Options to Kate Stoney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14 – Approval of Employee Share Option Plan	<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.

Important for Resolutions 8-14

Chair authorised to exercise undirected proxies on remuneration related Resolution - Where I/we have appointed the Chair as my/our proxy (or the Chair becomes my/our proxy by default) and I/we am/are entitled to vote on the relevant Resolutions I/we expressly authorise the Chair to exercise my/our proxy even though Resolutions 8-14 are connected directly or indirectly with the remuneration of a member of the KMP of the Company and even though the Chair is a member of the key management personnel for the Company.

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

Signature of Shareholder(s):

Date: _____

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____

Contact Ph (daytime): _____

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF 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):**
 - (a) **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - (b) **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
4. **(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.
5. **(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.
6. **(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.
7. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return:

In person at Unit 1/24 Mumford Street, Balcatta WA 6021

By post to Unit 1/24 Mumford Street, Balcatta WA 6021

By email to reception@deltaman.com.au

By facsimile to +61 8 6241 1811

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.