

Update on Reinstatement to Official Quotation

Horseshoe Metals Limited (ASX:HOR) (**Company**) is pleased to provide the confirmations below in satisfaction of the conditions for the reinstatement of its securities to official quotation as set out in the conditional reinstatement letter from the ASX to the Company on 10 March 2021 and in subsequent correspondence (**Reinstatement Conditions**).

The Company expects that its securities will be reinstated to quotation on 18 February 2022.

The confirmations in respect of the Reinstatement Conditions are set out below. Additional information is set out in appendices where relevant.

1. Shareholder approval of Capital Raising

All resolutions at the Company's General Meeting on 25 November 2021 (**Meeting**) relating to the Capital Raising were approved by Shareholders (refer to Resolutions 1 to 7).

2. HOR release of full form prospectus

The Company released its prospectus to the ASX on 16 December 2021 which was prepared in accordance with section 710 of the Corporations Act 2001 (Cth) (**Prospectus**).

3. Completion of Capital Raising and closure of the Prospectus

The Company has completed all elements of the Capital Raising as set out in the Company's Notice of Meeting dated 27 October 2021.

4. Confirmation that HOR has received cleared funds under the Capital Raising.

The Company confirms that it has received cleared funds for the complete amount of the issue price of every security allotted and issued to successful applicants under the Capital Raising, with the exception of those securities issued in satisfaction of debt.

5. HOR demonstrating compliance with Listing Rules 12.1 and 12.2, to the satisfaction of the ASX, as set out below.

5.1 Completion and announcement of Phase 1 exploration program

On 26 November 2021, the Company released the results of its Phase 1 auger drilling programme to assess various surface stockpile materials at its Horseshoe Lights Project, which together with aerial mapping and photography at the Glenloth Project, completed the Phase 1 activity requirements forming part of the Reinstatement Conditions. Previous announcements regarding the Company's Phase 1 exploration programme were made on 6 August 2021 (auger drilling), 10 September 2021 (auger drilling results), 13 September 2021 (RC drilling) and 26 October 2021 (RC drilling results), and in the Company's quarterly activities reports.



BOARD OF DIRECTORS

Mr Craig Hall
Non-Executive Director

Mr Alan Still
Non-Executive Director

Ms Kate Stoney
*Non-Executive Director,
Company Secretary*

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5.2. Confirmation that HOR is proceeding with the Phase 2 exploration program

On 26 November 2021, the Company confirmed that it will proceed with its Phase 2 exploration activities, including further RC drilling, auger sampling and stockpile resource estimations at Horseshoe Lights, following its reinstatement to quotation.

5.3. Confirmation that HOR will have sufficient working capital

The Company confirms that it will have working capital of at least \$1.5 million following the completion of Capital Raising and payment of all costs associated with the Capital Raising.

6. Lodgement of all outstanding Appendices 3B

The Company confirms that Appendices 3B were lodged with the ASX for all relevant issues of new securities.

7. Lodgement of Outstanding Reports

The Company confirms that it has lodged all relevant reports since its securities were suspended including documents required by Listing Rule 17.5.

8. Lodgement of Director's Interest Notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required

The Company confirms that it has lodged all relevant Director's Interest Notices.

9. No legal, regulatory or contractual impediments to undertaking activities

The Company confirms that it is not aware of any legal, regulatory or contractual impediments to undertaking the activities to which it committed in the Prospectus.

10. Payment of any ASX fees, including listing fees, applicable and outstanding

The Company confirms that all outstanding ASX invoices have been paid.

11. Confirmation that securities have been issued and all required statements and refunds have been despatched

The Company confirms that its share registry, Advanced Share Registry, has issued every security to successful applicants under the Capital Raising, and has issued CHES or issuer-sponsored holding statements as required. The Company additionally confirms that Shortfall Offer applicants who did not receive the full amount of shortfall shares under their application have been refunded the relevant amount of application monies. These refund monies have been dispatched via cheque.

12. Provision of the following documents, in a form suitable for release to the market:

12.1 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.

Attached as Appendix A.

12.2 A distribution schedule of the numbers of holders in each class of security to be quoted.

Attached as Appendix B.

12.3. Completion of the Capital Raising, closure of the Prospectus and confirmation that HOR has reached minimum subscription.

Refer response to item 3 above.

12.4. A statement outlining HOR's capital structure following the Meeting on a post-issue basis.

Attached as Appendix C.

12.5. HOR's pro forma balance sheet based on actual funds raised.

Attached as Appendix D.

12.6. HOR's updated statement of commitments based on actual funds raised.

Attached as Appendix E.

12.7. A consolidated activities report setting out the proposed business strategy for HOR (including an update on the status of HOR's assets and the current activities with respect thereto).

Attached as Appendix F.

12.8. Full terms and conditions of all options on issue (if any).

The Company has five classes of unlisted Options on issue, the terms and conditions to which are attached as Appendices G, H and I:

- On 26 November 2021, the Company issued three tranches of Options to Directors as performance incentives (**Director Options**). These comprise 3,000,000 Options exercisable at \$0.03, expiring 26 November 2023; 3,000,000 Options exercisable at \$0.06, expiring 26 November 2024; and 3,000,000 Options exercisable at \$0.09, expiring 26 November 2025. The latter two tranches are subject to vesting conditions. The full terms and conditions of these options are attached as Appendix G.
- On 15 December 2021, the Company issued 20,000,000 Options exercisable at \$0.05, expiring 15 December 2024 in consideration for the extension of a loan facility (**Further Debt Satisfaction Options**). The full terms and conditions of these options are attached as Appendix H.
- On 10 February 2022, the Company issued 10,000,000 Options exercisable at \$0.03, expiring 10 February 2025 in partial consideration for lead manager services provided by Merchant Capital Partners Pty Ltd to elements of the Capital Raising (Lead Manager Options). The full terms and conditions of these options are attached as Appendix I.

12.9. Confirmation that HOR is in compliance with Listing Rule 3.1.

The Company confirms that it is not aware of any information that a reasonable person would expect to have a material effect on the price or value of the entity's securities, that has not already been disclosed to the ASX.

The Board of Directors of HOR has authorised this announcement to be given to the ASX.

Enquiries

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Forward Looking Statements

Horseshoe Metals Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Horseshoe Metals Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward-looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Appendix A: Top 20 Holders

Rank	Holder	No. Held	%
1	DELTA RESOURCE MANAGEMENT PTY LTD	39,695,372	7.28
2	OBSIDIAN METALS GROUP PTY LTD	27,000,000	4.95
3	MR STEVEN SICKERDICK <THE MINES A/C>	17,000,000	3.12
4	WHITEHALL NOMINEES PTY LTD <DJ SMITH NO 2 FAMILY A/C>	12,743,500	2.34
5	MR ERIC PETER MURPHY + MRS KIM LEA MURPHY <MURPHY FAMILY S/F A/C>	12,500,000	2.29
6	HELIOS CORPORATION PTY LTD <THE MICHAEL FOTIOS FAMILY>	12,294,642	2.25
7	BOTSIS HOLDINGS PTY LTD	12,000,000	2.20
8	MR ANTHONY HAROLD FOTIOS <FOTIOS FAMILY A/C>	11,880,693	2.18
9	MR PHILIP COLIN HAMMOND + MRS BETTY JEANETTE MOORE <MGB SUPER A/C>	11,489,584	2.11
10	MS BETTY JEANETTE MOORE + MR PHILIP COLIN HAMMOND <BJM SUPER A/C>	9,500,000	1.74
11	RALMANA PTY LTD	8,000,000	1.47
12	WHIMPLECREEK PTY LTD <THE STAWELL FAMILY ACCOUNT>	7,666,668	1.41
13	SHARIC SUPERANNUATION PTY LTD <FARRIS SUPER FUND A/C>	6,754,233	1.24
14	FARRIS CORPORATION PTY LTD <THE PETER FARRIS SUPER A/C>	6,708,223	1.23
15	CHALEYER HOLDINGS PTY LTD <RUBBEN FAMILY A/C>	6,500,000	1.19
16	INVESTMET LIMITED (IN LIQUIDATION)	6,054,589	1.11
17	STOCKWORKS EXPLORATION & MINING PTY LTD	6,000,000	1.10
18	GARIC PTY LTD <K A LANDON A/C>	6,000,000	1.10
19	ORBIT DRILLING PTY LTD	6,000,000	1.10
20	WYLLIE GROUP PTY LTD	5,756,420	1.06
	TOTAL TOP 20	231,543,924	42.45
	REMAINING HOLDERS	313,948,957	57.55
	GRAND TOTAL	545,492,881	100.00

Appendix B: Distribution Schedule

Holding	Number of Holders	Number of Units	% of Total Issued Capital
1 – 1,000	36	10,009	0.00%
1,001 – 5,000	91	264,069	0.05%
5,001 – 10,000	89	775,780	0.14%
10,001 – 100,000	298	11,716,614	2.15%
100,001 and over	304	532,726,409	97.66%
Total on issue	818	545,492,881	100.00%

Appendix C: Capital Structure

Following the issue of all securities relating to the Capital Raising, the Company's capital structure is as below:

Shares	Number
Shares on issue prior to the Capital Raising	303,752,190
Debt Satisfaction Shares	17,642,115
Advanced Funds Shares	40,000,000
Placement Shares	75,000,000
Entitlement Offer Shares	47,479,831
Shortfall Offer Shares	61,618,745
Total shares now on issue	545,492,881

Options¹	Number
Director Options expiring 26/11/2023	3,000,000
Director Options expiring 26/11/2024	3,000,000
Director Options expiring 26/11/2025	3,000,000
Further Debt Satisfaction Options	20,000,000
Lead Manager Options	10,000,000
Total options now on issue	39,000,000

¹The details of the Option classes on issue are summarised in the response to item 12.8 of the Reinstatement Conditions, and the full terms and conditions are attached as Appendices G, H and I.

Appendix D: Pro Forma Balance Sheet

The Company's pro forma balance sheet based on actual funds is presented below, showing the position at 31 October 2021 as reviewed for the Prospectus, subsequent movements to 31 January 2022, and the net proceeds of the Entitlement Offer and Shortfall Offer:

HORSESHOE METALS PRO FORMA BALANCE SHEET	Reviewed Accounts at 31/10/2021	Movements to 31/01/2022	Capital Raising Movements After 31/01/2022	Post-Raising Balance Sheet
	\$	\$	\$	\$
Current Assets				
Cash and Cash Equivalents	9,566	932,010	2,181,972	3,123,548
Trade and Other Receivables	93,873	39,840		133,713
Prepayments	10,068	-10,068		0
Total Current Assets	113,507			3,257,261
Non-Current Assets				
Property, Plant and Equipment	14,458	7,456		21,914
Investments	243,000			243,000
Capitalised Exploration	6,708,801			6,708,801
Total Non-Current Assets	6,966,259			6,973,715
Total Assets	7,079,766			10,230,976
Current Liabilities				
Trade and Other Payables	2,134,297	-940,757	6,000	1,199,540
Borrowings	822,632	-822,632		0
Total Current Liabilities	2,956,929			1,199,540
Non-Current Liabilities				
Trade and Other Payables	1,423,815	-123,509		1,300,306
Borrowings	1,600,537	-10,424		1,590,113
Rehabilitation Provision	5,812,890			5,812,890
Total Non-Current Liabilities	8,837,242			8,703,310
Total Liabilities	11,794,171			9,902,849
Total Net Assets	-4,714,405	2,866,560	2,175,972	328,127
Equity				
Share Capital	18,152,393	3,440,632	2,175,972	23,768,997
Option Reserve	0	56,691	32,301	88,992
Accumulated Losses	-22,866,798	-630,763	-32,301	-23,529,862
Total Equity	-4,714,405	2,866,560	2,175,972	328,127

Appendix E: Statement of Commitments

The Company intends to apply existing funds and those raised from the Entitlement Offer and Shortfall Offer as detailed below:

Funds available	Amount	%
Existing cash reserves at 31/01/2022	\$941,576	30%
Funds raised from the Entitlement Offer	\$949,597	30%
Funds raised from the Shortfall Offer	\$1,232,375	40%
Total funds now available	\$3,123,548	100%

Allocation of funds	Amount	%
Capital Raising costs ¹	\$149,815	5%
Project expenditure ²	\$1,716,771	55%
Project/tenement compliance and maintenance, administration costs, working capital and satisfaction of debt ³	\$1,256,962	40%
Total funds allocated	\$3,123,548	100%

¹This amount comprises \$119,815 in legal fees, an estimated \$6,000 in share registry fees, \$4,000 in Investigating Accountant fees, and \$20,000 in Independent Geologist fees.

²This amount comprises \$1,403,271 in expenditure at the Horseshoe Lights Project and \$313,500 at the Glenloth Project, as detailed in the Consolidated Activities Statement in Appendix F below.

³ 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 of the date of this announcement. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The amounts and timing of the actual expenditures may vary significantly and will depend on numerous factors including regulatory developments, the success of exploration activities, access conditions (including any restrictions applicable in response to the COVID-19 pandemic), weather and any changes in the business and economic environment.

Appendix F: Consolidated Activities Statement

1. Background

Horseshoe Metals Limited is a mineral exploration company with interests in tenements in Western Australia and South Australia that are prospective for copper and gold. Its key objective is to continue with the discovery, evaluation and development of mineral resources at its projects.

2. Projects

The Company currently holds interests in the Horseshoe Lights Copper-Gold Project in Western Australia, the Kumarina Copper Project in Western Australia, and the Glenloth Gold Project in South Australia. Their status is summarised below and has not changed from that disclosed in the Prospectus.

The Horseshoe Lights Project is located in the Peak Hill Mineral Field, Murchison region of Western Australia. The project comprises a group of 20 tenements and includes the historic Horseshoe Lights Mine, where JORC-compliant resources of copper and gold have been defined. The Company obtained its interest in the Horseshoe Lights Project in 2010 via the acquisition of Murchison Copper Mines Pty Ltd (**MCM**) from Grange Resources Ltd. The Company's interests in the Horseshoe Lights Project are subject to the terms of a farm-in and joint venture agreement with Kopore Pty Ltd, a wholly owned subsidiary of Kopore Metals Limited (ASX:KMT).

The Kumarina Project is located in the Peak Hill Mineral Field, Murchison region of Western Australia. It currently comprises a single tenement, with another tenement under application. The Company obtained its interest in the Kumarina Project via the acquisition of MCM.

The Glenloth Project is located within the Central Gawler Craton of South Australia. The project comprises five tenements; the Company holds a 100% stake in EL 6301 and has been granted access rights to four smaller tenements (within the boundaries of the eastern block of EL 6301) for the purpose of exploration, mining and mineral processing. In addition, the Company has interests in Copper Mining & Metallurgy Pty Ltd, which previously held a Licence to Operate at the Mount Gunson Project located on the eastern margin of the Gawler Craton of South Australia. The licence has expired and CMM is in negotiations for its renewal.

3. Proposed exploration programme

The Company has proposed a short-term work programme for its Horseshoe Lights and Glenloth Projects as detailed below. Further details of the company's exploration activities in the longer term are available in the Independent Geologist's Report within the Prospectus.

3A. Horseshoe Lights

The Company has designed a three-phase reverse circulation (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 was completed in early September 2021, comprising 15 holes for 1143m to a maximum hole depth of 139m. Phase 2 and Phase 3 follow-up drilling programmes are intended to be completed to improve the confidence in the classification of the resource, and to more tightly constrain the geometallurgical boundaries for intended processing routes.

The Company also intends to continue its auger drilling programme with a view to assisting future feasibility studies into treatment of existing surface gold and copper oxide ore stockpiles. It has allowed a budget for feasibility studies of \$370,216. This programme commenced in July 2021 with the drilling of 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.

Phase 2 envisages the completion of additional follow up holes with a combined budget of approximately \$791,000 for the completion of the final phases of the auger and RC drilling programmes. 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

Diamond drilling of the deposit will commence on the completion of the RC programme, with a budget of approximately \$242,000 having been allocated. The Company intends to conduct drilling below the dolerite which defines the base of the current in situ mineral resource, to explore prospective host rocks for additional high-grade volcanogenic massive sulphide (VMS) targets. These deep holes 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.

In addition to its exploration activities, the Company proposes to continue its refurbishment of the existing accommodation camp at the Horseshoe Lights Mine, allowing up to ten drilling and exploration staff to be accommodated on-site along with caretaking staff. A budget of approximately \$214,000 has been allowed for these activities through to the end of the 2021–2022 financial year.

3B. Glenloth

The Company is proposing to undertake an RC drilling programme to test at least seven priority targets within EL 6301, comprising 20 holes to a depth of 1,500m. A budget of approximately \$313,500 has been allowed for this programme and associated geochemistry. Hole collars have been finalised after further field reconnaissance. A document requesting statutory approval for the drilling has been lodged with the DEM and drilling is expected to commence once approval of its EPEPR is received.

Appendix G: Director Option Terms and Conditions

The terms and conditions of the Director Options 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.

Appendix H: Further Debt Satisfaction Option Terms and Conditions

The terms and conditions of the Further Debt Satisfaction Options 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.

Appendix I: Lead Manager Option Terms and Conditions

The terms and conditions of the Lead Manager Options 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 \$0.03 (**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.