

16 February 2018

ASX RELEASE

Update on General Meeting and Proposed Transaction

Marquee Resources Limited (**Company**) (ASX:MQR) refers to its announcement to ASX on 5 December 2017 and its notice of meeting dated 22 January 2018 (**Notice**) in relation to the proposed acquisition of interests in 3 exploration projects located in Canada which are prospective for cobalt (**Projects**) via the acquisition of Canadian Co27 Pty Ltd (**Co27**) (**Proposed Transaction**).

Meetings with GEMC

The Company is pleased to advise that it has conducted meetings over the past 2 days with representatives from Global Energy Metals Corp. (**GEMC**) (TSXV:GEMC), the seller of farm-in rights to the Werner Lake Project, to discuss the opportunities presented by the Werner Lake Project and the new alliance that will be formed between the Company and GEMC in the event that completion occurs.

To this end, the Company notes that completion of the acquisition of Co27 and interests in the Projects is scheduled to occur immediately following the general meeting to be held on 21 February 2018 (**Meeting**), subject to shareholder approval.

Withdrawal of resolution and procedural changes

The Company wishes to advise that it has elected to withdraw resolution 1(a) under the Notice, being the resolution seeking shareholder approval for the purposes of item 7 of section 611 of the Corporations Act in order for Syracuse Capital Pty Ltd (**Syracuse**), Jet Capital Pty Ltd, Vonross Nominees Pty Ltd and Ninety Three Pty Ltd (**Sellers**) to acquire shares which would give them an aggregate voting power of up to 37.84% at the time of completion.

As previously disclosed, the agreement between Co27 and GEMC for the right to farm-in to the Werner Lake Project is subject to certain conditions, including that the Company acquires Co27, which need to be satisfied by 21 February 2018. Failing this, the agreement will automatically terminate. In order to acquire Co27, the Company requires certain shareholder approvals. Accordingly, the Company prepared and commissioned the Notice, which included an independent expert's report assessing the fairness and reasonableness of the Proposed Transaction, and an independent specialist's report assessing the value of the Projects and the Clayton Value Project. These reports, as well as the Company's own due diligence investigations, relied on legal title reports prepared by separate legal advisers in Canada and the US.

Due to the extensive documentation and disclosure required for the purposes of the Notice, the need to coordinate experts, advisers and regulatory departments in various jurisdictions around the world and over the Christmas period, and the deadline for completion to occur, the Company was unable to afford ASIC the recommended 14 day period to review the Notice prior to dispatch in accordance with ASIC Regulatory Guide 74.

Given the deadline for completion and the material risk of the agreement terminating if it was not met, the Company determined that, on balance, the most appropriate course, and the course which was in the best interests of shareholders, was to issue the Notice despite not having received feedback from ASIC so that the Meeting and completion could occur on 21 February 2018.

Since issuing the Notice, the Company has been in discussions with ASIC regarding certain matters relating to the Notice. As a result of these discussions, the Company notes the following:

- Resolution 1(a) is withdrawn, however resolutions 1(b), (c) and (d) remain. Please note that shareholders do not need to re-submit proxy forms unless they wish to change their vote with respect to the remaining resolutions. Shareholders should notify the Company as soon as possible and, in any event, by **10.00 am (WST) on Monday, 19 February 2018** if they have submitted a proxy form but wish to change their vote.
- Rocco Tassone (**Tassone**) (who controls Syracuse), Charles Thomas (**Thomas**) (a director of the Company) and Patrick Glovac (**Glovac**), who are joint owners and directors of GTT Ventures Pty Ltd, are considered to be associated with respect to the Company. The Company understands that initial and updated substantial holder notices will be lodged today (as applicable).
- Subject to shareholder approval, completion of the Proposed Transaction will still proceed on 21 February 2018.
- Of the shares due to Syracuse under the Proposed Transaction, 2,590,476 shares will be issued to Syracuse at completion to give Tassone, Thomas, Glovac and GTT Global Opportunities Pty Ltd (**GTTGO**) an aggregate voting power in the Company of 19.9% . The remaining shares that would otherwise be due to Syracuse under the Proposed Transaction (**Relevant Shares**) (n.b. the final number is subject to the relevant VWAP following completion) will instead be issued to a newly registered company (**Trustee**) which will be wholly owned by the Company. The Relevant Shares will constitute approximately 17.4% of the total shares on issue at the time.
- The Company will convene another general meeting (**Subsequent Meeting**) which seeks shareholder approval for the purposes of item 7 of section 611 of the Corporations Act in order for Syracuse to acquire the Relevant Shares which would give Tassone, Thomas, Glovac and GTTGO an aggregate voting power of approximately 37.3% following the Subsequent Meeting. The Company expects that the Subsequent Meeting will be held within 3 months of the Relevant Shares being issued to the Trustee.
- If approval is not obtained at the Subsequent Meeting, the Trustee will hold the Relevant Shares for the balance of the 1 year escrow period, following which it will appoint a broker to sell the shares and remit any net proceeds to Syracuse.
- The Trustee's sole purpose will be to enter into and perform under a discretionary trust deed (**Trust**) with Syracuse, under which:
 - the beneficiary will be Syracuse;
 - the Trustee must not dispose of the Relevant Shares other than to Syracuse or a broker in the circumstances described above (as applicable), or as contemplated in Listing Rules 9.17 and 9.18 (i.e. in the event of a takeover or scheme of arrangement), in which case the Trustee must remit any net proceeds to Syracuse;
 - no person will have any voting rights in relation to the Relevant Shares unless and until they are transferred or sold in accordance with the deed (as applicable);

- Syracuse will have no rights or interests in relation to the Relevant Shares unless and until they are transferred to Syracuse in accordance with the deed;
- Syracuse will have no power or right to revoke or otherwise terminate the Trust, or to remove or appoint the Trustee; and
- neither MQR or the Trustee will have a beneficial interest in the Relevant Shares or the Trust.

The Trust will otherwise be on standard terms and conditions for a discretionary trust.

Therefore, Syracuse will only become entitled to the Relevant Shares if and when shareholders approve the acquisition for the purposes of item 7 of section 611 of the Corporations Act at the Subsequent Meeting. The Company will issue a notice of meeting for the Subsequent Meeting which, like the Notice, will include an independent expert's report assessing the fairness and reasonableness of the Proposed Transaction, and an independent specialist's report assessing the value of the Projects and the Clayton Value Project.

The Company notes that neither Tassone, Thomas or Glovac will vote on any resolution relating to the Proposed Transaction at the Meeting or the Subsequent Meeting, and the Company intends to call a poll on all resolutions relating to the Proposed Transaction at the Meeting and the Subsequent Meeting.

The Company considers that the Proposed Transaction remains the same in all material respects from the perspective of shareholders. The matters described above effectively mean that a portion of the consideration payable to Syracuse (i.e. the Relevant Shares) is now deferred until the Subsequent Meeting or the end of the escrow period (as applicable), and the Company is required to convene the Subsequent Meeting to approve the acquisition of the Relevant Shares by Syracuse in order for its voting power in the Company to exceed 20%.

The Company does not anticipate that any person (including Tassone, Thomas, Glovac and the Trustee) will acquire a voting power in excess of 20% at the completion on 21 February 2018. Further, any acquisition by a person (including Tassone, Thomas and Glovac) of a voting power in excess of 20% following and pursuant to the Subsequent Meeting will only occur with the approval of shareholders for the purposes of item 7 of section 611 of the Corporations Act.

In circumstances where the Trustee is required to sell the Relevant Shares, it will appoint a broker who will be instructed to use the most appropriate sale method to secure the best available sale price for the Relevant Shares and take reasonable steps (including with respect to timing) to minimise any downward pressure that the supply of the Relevant Shares might otherwise have on the Company's share price.

Additional disclosure on reasonableness

Please refer to the annexure for additional commentary from the independent expert in relation to the assessment of reasonableness for the purposes of its report in the Notice and the Proposed Transaction.

Yours faithfully

Marquee Resources Limited

Annexure

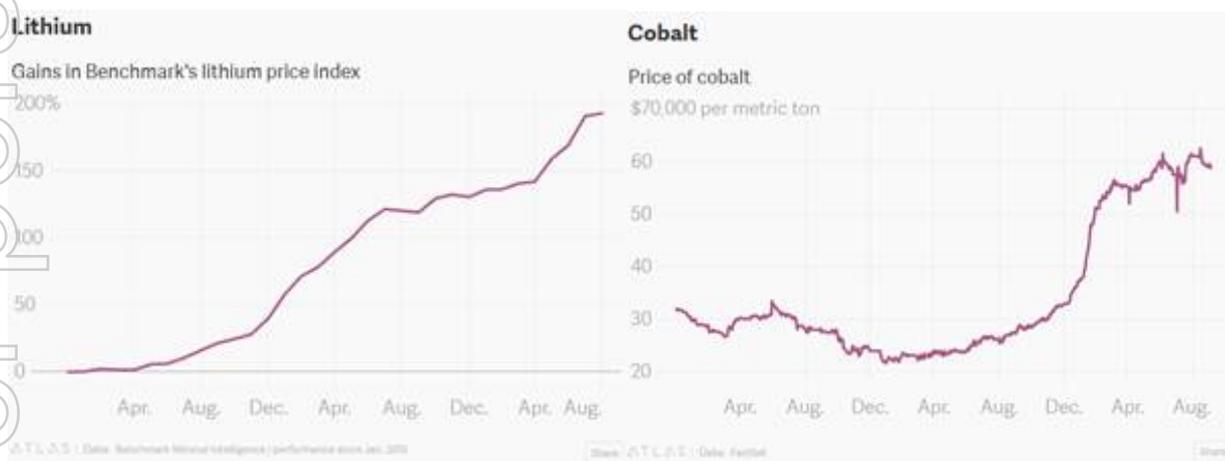
Annexure

Diversification

Whilst cobalt and lithium are strategically aligned through the common end use of lithium-ion batteries, they are not substitutes, nor are they mutually dependent. In the expert's view, each commodity presents several characteristics which result in slightly different risk profiles for investors. In particular, the expert cites the following factors:

- Demand characteristics – cobalt and lithium each have a variety of different chemical uses other than lithium-ion batteries, resulting in varying demand drivers for each commodity.
- Supply characteristics – global lithium production is primarily sourced from relatively stable locations for investment in Australia and South America, whereas over 50% of known global cobalt reserves are located in the Democratic Republic of Congo (**DRC**), resulting in a significant reliance on political stability in the DRC to maintain global cobalt supply.
- Industry maturity - Cobalt is a freely traded commodity with transparent market pricing, whilst lithium is a relatively opaque market, resulting in different risk profiles for investors.

These different characteristics are supported by the historical price trends of both commodities between January 2015 and September 2017 as published by Quartz on 5 October 2017 below. Whilst the overall trends show a similar trajectory, the peaks and troughs are independent, which supports the view that there are different market characteristics pertaining to each commodity.



Potential to attract new investors

The addition of 11 million new shares on issue as a result of the Proposed Transaction will increase the number of shares on issue by approximately 45.8%.

Whilst the shares will be issued to the Trustee initially and then to the Relevant Sellers pending Shareholder approval at the Subsequent Meeting, it is expected that as these shares are traded over time they will be transferred to new investors. This would provide greater depth to the Company's shareholder base and a greater pool from which to raise capital in the future. In addition, the entry into the Canadian market by virtue of the location of the Projects to be acquired may help attract new investors from Canada.

The Company confirms that the expert has consented to the inclusion of this annexure.

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