

Marquee Resources Limited  
ACN 616 200 312

## Notice of General Meeting

A general meeting of the Company will be held at:

**Time:** 10.00am (WST)  
**Date:** 8 June 2018  
**Place** 22 Townsend Road, Subiaco WA 6008

### Important

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

Shareholders should refer to the Independent Expert Report contained inside this Notice. The Independent Expert has determined that **the advantages of the Proposed Transfer referred to in this Notice outweigh the disadvantages** to the Non-Associated Shareholders.

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## Notice of General Meeting

Notice is given that a general meeting of the shareholders of Marquee Resources Limited ACN 616 200 312 will be held at 22 Townsend Road, Subiaco WA 6008 on Friday, 8 June 2018 at 10.00am (WST) for the purposes of considering the business set out below.

The Explanatory Statement that accompanies and forms part of this Notice describes in more detail the matters to be considered.

### Business

#### 1. Resolution 1 – Transfer of Shares to Syracuse

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

*“For the purposes of item 7 of section 611 of the Corporations Act, and for all other purposes, approval is given for MQR Shareholding Co. Pty Ltd ACN 624 604 922 as trustee for the MQR Shareholding Trust (**MQR Trust**) to transfer 6,564,683 Shares to Syracuse Capital Pty Ltd ACN 121 880 439 (**Syracuse**) (and/or its nominees), causing Syracuse to increase its Relevant Interest in the Company’s Shares such that its Voting Power increases to a maximum of 35.07%, as described in the Explanatory Statement.”*

##### Independent Expert Report

Shareholders should carefully consider the Independent Expert Report prepared by RSM for the purposes of Resolution 1. The Independent Expert Report comments on the advantages and disadvantages of the Proposed Transfer to the Non-Associated Shareholders. The Independent Expert has determined that **the advantages of the Proposed Transfer outweigh the disadvantages** to the Non-Associated Shareholders.

##### Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by Syracuse, the MQR Trust, or an associate of any of those persons (each, an **Excluded Person**). However, the Company need not disregard a vote if it is cast by an Excluded Person as proxy for a person who is entitled to vote in accordance with a specified direction on the Proxy Form.

#### 2. Resolution 2 – Prior issue of Shares to the Relevant Sellers

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

*“That, for the purposes of Listing Rule 7.4, and for all other purposes, approval is given for the prior issue by the Company of 1,450,000 Shares to the Relevant Sellers (and/or their nominees) under the Co27 Acquisition, as described in the Explanatory Statement.”*

##### Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by a Relevant Seller, or an associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

### 3. Resolutions 3 – Prior issue of Shares under the Tranche 1 Placement

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

*“That, for the purposes of Listing Rule 7.4, and for all other purposes, approval is given for the prior issue by the Company of 3,582,500 Shares at an issue price of \$0.35 each to the Tranche 1 Investors under the Tranche 1 Placement, as described in the Explanatory Statement.”*

#### **Voting exclusion**

The Company will disregard any votes cast in favour of this Resolution by a Tranche 1 Investor, or an associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

### 4. Resolutions 4 – Issue of Shares under the Tranche 2 Placement

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

*“That, subject to the passing of Resolution 5, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue 3,988,928 Shares at an issue price of \$0.35 each to the Tranche 2 Investors under the Tranche 2 Placement, as described in the Explanatory Statement.”*

#### **Voting exclusion**

The Company will disregard any votes cast in favour of this Resolution by a person who may participate in the proposed issue, a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, or an associate of any of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

### 5. Resolutions 5 – Issue of New Options under the Placement

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

*“That, subject to the passing of Resolution 4, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue 3,785,714 New Options to the Placement Investors under the Placement, as described in the Explanatory Statement.”*

#### **Voting exclusion**

The Company will disregard any votes cast in favour of this Resolution by a person who may participate in the proposed issue, a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, or an associate of any of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or

- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 6. Resolutions 6 – Issue of New Options to the Broker

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

*“That, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue 2,000,000 New Options to the Broker (and/or its nominees) for broking services provided in connection with the Placement, as described in the Explanatory Statement.”*

### Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by a person who may participate in the proposed issue, a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, or an associate of any of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 7. Resolution 7 – Grant of Performance Rights to Charles Thomas

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

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the Company to grant 5,000,000 Performance Rights to Charles Thomas (and/or his nominees), as described in the Explanatory Statement.”*

### Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by Charles Thomas, or an associate of that person (each, an **Excluded Person**). However, the Company need not disregard a vote if it is cast by an Excluded Person as proxy for a person who is entitled to vote, in accordance with a specified direction on the Proxy Form.

Further, the Company will disregard any votes cast on the Resolution:

- by or on behalf of a member of Key Management Personnel;
- by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- as a proxy by a member of Key Management Personnel or a Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chair pursuant to an express authorisation to exercise the proxy.

## 8. Resolution 8 – Grant of Performance Rights to Mark Ashley

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

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the Company to grant 1,000,000 Performance Rights to Mark Ashley (and/or his nominees), as described in the Explanatory Statement.”*

### Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by Mark Ashley, or an associate of that person (each, an **Excluded Person**). However, the Company need not disregard a vote if it is cast by an Excluded

Person as proxy for a person who is entitled to vote, in accordance with a specified direction on the Proxy Form.

Further, the Company will disregard any votes cast on the Resolution:

- by or on behalf of a member of Key Management Personnel;
- by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- as a proxy by a member of Key Management Personnel or a Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chair pursuant to an express authorisation to exercise the proxy.

## 9. Resolutions 9 – Grant of Performance Rights to George Henderson

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

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the Company to grant 1,000,000 Performance Rights to George Henderson (and/or his nominees), as described in the Explanatory Statement.”*

### Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by George Henderson, or an associate of that person (each, an **Excluded Person**). However, the Company need not disregard a vote if it is cast by an Excluded Person as proxy for a person who is entitled to vote, in accordance with a specified direction on the Proxy Form.

Further, the Company will disregard any votes cast on the Resolution:

- by or on behalf of a member of Key Management Personnel;
- by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- as a proxy by a member of Key Management Personnel or a Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chair pursuant to an express authorisation to exercise the proxy.

## 10. Resolution 10 – Grant of Performance Rights to Anna MacKintosh

*“That, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to grant 1,000,000 Performance Rights to Anna MacKintosh (and/or her nominees), as described in the Explanatory Statement.”*

### Voting exclusion

The Company will disregard any votes cast in favour of this Resolution by a person who may participate in the proposed issue, a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, or an associate of any of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

**By order of the Board**



**Anna MacKintosh**  
Company Secretary  
Marquee Resources Limited

9 May 2018

## Explanatory statement

### Important information

This Explanatory Statement has been prepared for the information of the shareholders of Marquee Resources Limited ACN 616 200 312 (**Company**) in connection with the Resolutions to be considered at the General Meeting to be held at 22 Townsend Road, Subiaco WA 6008 on Friday, 8 June 2018 commencing at 10.00am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

**Important:** Each of Resolutions 4 and 5 is subject to, and conditional on, the other Resolution being passed. Accordingly, Resolutions 4 and 5 should be considered collectively as well as individually.

This Notice and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

### Scope of disclosure

The law requires that this Explanatory Statement sets out all other information that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than as is disclosed in this Explanatory Statement or previously disclosed to Shareholders by the Company by notification to the ASX.

### Interpretation

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms in section 2.

References to "\$" and "A\$" in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

### Voting exclusions

Certain voting restrictions apply to the Resolutions as detailed beneath the Resolutions in the Notice.

### Proxies

Please note that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and

- Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

A member of the Key Management Personnel will not be able to vote as proxy on Resolutions 7 to 9 (**Remuneration Resolutions**) unless the Shareholder directs it on how to vote or, in the case of the Chair, unless the Shareholder expressly authorises it to do so. If a Shareholder intends to appoint a member of the Key Management Personnel (other than the Chair) as its proxy, the Shareholder should ensure that it directs the member of the Key Management Personnel on how to vote on the Remuneration Resolutions.

If a Shareholder intends to appoint the Chair as its proxy for the Remuneration Resolutions then the Shareholder can direct the Chair on how to vote by marking one of the boxes for the Remuneration Resolutions (for example, to vote 'for' or 'against', or to 'abstain' from voting). If a Shareholder does not direct the Chair on how to vote then, by submitting the Proxy Form, the Shareholder will be expressly authorising the Chair to exercise the proxy in respect of the Remuneration Resolutions even though they are connected to the remuneration of members of Key Management Personnel.

To vote by proxy, please complete and sign the enclosed Proxy Form and send by:

- post to the Company at 22 Townshend Road, Subiaco WA 6008; or
- email to the Company Secretary at [anna@gttventures.com.au](mailto:anna@gttventures.com.au),

so that it is received by no later than 10.00am (WST) on Wednesday, 6 June 2018. Proxy Forms received later than this time will be invalid.

### **Voting intentions of the Chair**

The Chair intends to vote all available proxies in favour of the Resolutions.

### **Voting entitlements**

In accordance with regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 10.00am (WST) on Wednesday, 6 June 2018. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the General Meeting.

### **Taxation**

The passing of the Resolutions may give rise to income tax implications for the Company and Shareholders. Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal position and neither the Company, the Directors nor any adviser to the Company accepts any responsibility for the taxation implications on any individual Shareholder.

### **ASIC and ASX's role**

The fact that this Notice and Explanatory Statement have been received by ASX and ASIC is not to be taken as an indication of the merits of the Resolutions or the Company. ASIC, ASX and their respective personnel take no responsibility for the contents of such documentation.



## Relevant Interests of Directors

The Relevant Interests of the Directors in the securities of the Company at the date of this Notice are set out below.

Registered holder	Relationship	Security	Number	% votes <sup>1</sup>	% votes (fully diluted basis) <sup>2</sup>
<b>Charles Thomas</b>					
Charles Thomas	N/A	Shares	Nil	Nil	Nil
Mounts Bay Investments Pty Ltd	100% shareholder	Shares	1,000,000	2.59%	1.8%
GTT Global Opportunities Pty Ltd	33.33% shareholder	Shares	542,500	1.41%	0.98%
Kcirtap Securities Pty Ltd <N&P Glovac Family A/C>	Associate	Shares	1,000,000	2.59%	1.8%
Murdoch Capital Pty Ltd <Glovac Superfund A/C>	Associate	Shares	129,914	0.34%	0.23%
Syracuse Capital Pty Ltd <Tenacity A/C>	Associate	Shares	3,590,476	9.31%	6.46%
Syracuse Capital Pty Ltd <The Rocco Tassone Super A/C>	Associate	Shares	702,110	1.82%	1.26%
<b>Total Shares<sup>3</sup></b>			<b>6,965,000</b>	<b>18.05%</b>	<b>12.53%</b>
Mounts Bay Investments Pty Ltd	100% shareholder	Options (unquoted, exercise price \$0.30, expiry date 10 Mar 2020)	5,000,000	Nil	9%
Mounts Bay Investments Pty Ltd	100% shareholder	Options (quoted, exercise price \$0.20, expiry date 30 Sep 2020)	333,333	Nil	0.6%
GTT Global Opportunities Pty Ltd	33.33% shareholder	Options (quoted, exercise price \$0.20, expiry date 30 Sep 2020)	180,833	Nil	0.33%
Kcirtap Securities Pty Ltd <N&P Glovac Family A/C>	Associate	Options (unquoted, exercise price \$0.30, expiry date 10 Mar 2020)	1,000,000	Nil	1.8%

Kcirtap Securities Pty Ltd <N&P Glovac Family A/C>	Associate	Options (quoted, exercise price \$0.20, expiry date 30 Sep 2020)	333,333	Nil	0.6%
Murdoch Capital Pty Ltd <Glovac Superfund A/C>	Associate	Options (unquoted, exercise price \$0.30, expiry date 10 Mar 2020)	129,914	Nil	0.23%
Murdoch Capital Pty Ltd <Glovac Superfund A/C>	Associate	Options (quoted, exercise price \$0.20, expiry date 30 Sep 2020)	1,050,212	Nil	1.89%
Syracuse Capital Pty Ltd <The Rocco Tassone Super A/C>	Associate	Options (quoted, exercise price \$0.20, expiry date 30 Sep 2020)	1,557,317	Nil	2.8%
<b>Total securities<sup>4</sup></b>			<b>16,549,952</b>	<b>18.05%</b>	<b>29.78%</b>
<b>Mark Ashley</b>					
Mark Ashley	N/A	Shares	Nil	Nil	Nil
<b>Total Shares</b>			<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Mark Ashley	N/A	Options (unquoted, exercise price \$0.30, expiry date 10 Mar 2020)	3,000,000	Nil	5.4%
<b>Total securities<sup>5</sup></b>			<b>3,000,000</b>	<b>Nil</b>	<b>5.4%</b>
<b>George Henderson</b>					
George Henderson	N/A	Shares	10,000	0.03%	0.02%
<b>Total Shares</b>			<b>10,000</b>	<b>0.03%</b>	<b>0.02%</b>
George Henderson	N/A	Other securities	Nil	Nil	Nil
<b>Total securities<sup>6</sup></b>			<b>10,000</b>	<b>0.03%</b>	<b>0.02%</b>

**Notes:**

1. This column is based on the number of Shares on issue at the date of this Notice, being 38,582,500 Shares, and does not include any other Shares including under the Tranche 2 Placement.
2. This column is based on the fully diluted share capital at the date of this Notice, being 55,582,500 Shares, and does not include any other securities including Shares under the Tranche 2 Placement and Options under or in connection with the Placement.
3. Charles Thomas is considered to be an associate of Syracuse. Please refer to section 1.1 for information on Syracuse and its Voting Power.
4. Under Resolution 7, it is proposed that Charles Thomas will be issued 5,000,000 Performance Rights. See section 1.7 for further information.

5. Under Resolution 8, it is proposed that Mark Ashley will be issued 1,000,000 Performance Rights. See section 1.7 for further information.
6. Under Resolution 9, it is proposed that George Henderson will be issued 1,000,000 Performance Rights. See section 1.7 for further information.

### **Corporate advisory mandate**

As disclosed in its prospectus dated 8 February 2018, the Company engages GTT Ventures Pty Ltd (**GTT**) to provide corporate advisory services to the Company.

The Company's Managing Director, Charles Thomas, owns 33.33% and is a director of GTT. GTT is considered to be an associate of Charles.

GTT is paid a monthly retainer of \$10,000 (plus GST) for the corporate advisory services. The Company must also pay GTT a management fee of 1% (plus GST) and capital raising fee of 5% (plus GST) for any capital raising services provided. As the Placement was managed by the Broker, these fees did not apply to the Placement. GTT did, however, ultimately receive \$7,213.82 (including GST) from the Broker for its role in procuring investment under the Placement.

# 1. Regulatory information

## 1.1 Resolution 1 – Transfer of Shares to Syracuse

### Background

As announced to ASX on 16 February 2018, the Company proposed to issue a portion of the Shares that were to be issued to Syracuse for the purposes of the Acquisition to the MQR Trust. The Company ultimately issued 6,564,683 Shares to the MQR Trust on 14 March 2018 (**Relevant Shares**). The reason for this was for Syracuse to recognise certain additional persons as associates and for the Company to seek Shareholder approval for an increase to Syracuse's Voting Power above 20% which incorporates the Relevant Interests of those additional associates.

The Acquisition was completed on 21 February 2018. The outcome of Resolution 1 will not impact on the Acquisition having completed. Instead, voting on this Resolution will determine either of the following outcomes:

- if Resolution 1 is approved by Shareholders, the MQR Trust will transfer the Relevant Shares to Syracuse (and/or its nominees) (**Proposed Transfer**); or
- if Resolution 1 is not approved by Shareholders, the MQR Trust will appoint a broker to sell the Relevant Shares and remit net proceeds to Syracuse (**Broker Sale**).

The Relevant Shares are subject to escrow, and cannot be transferred, until 14 March 2019 (**Escrow Expiry Date**). If approved, the Proposed Transfer would likely occur within 5 Business Days of the Escrow Expiry Date.

In the case of a Broker Sale, the MQR Trust will instruct the broker to:

- use the most appropriate sale method to secure the best available sale price for the Relevant Shares that is reasonably available at that time;
- not sell any Relevant Shares to Syracuse or any of its associates (directly or indirectly) if those Shares are not sold in the ordinary course of trading on the ASX; and
- sell all Relevant Shares within 3 months of the Escrow Expiry Date.

### Takeover prohibition

Section 606 of the Corporations Act prohibits a person from acquiring a Relevant Interest in the issued voting shares of a listed company if the acquisition would result in that person's (or another person's) Voting Power in the company increasing:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

### Voting Power

The Voting Power of a person in a company is determined in accordance with section 610 of the Corporations Act. It is aimed at grouping together and counting the percentage of all voting shares in a company that are controlled by a person and its associates (i.e. their Relevant Interests).

## Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a Relevant Interest in securities if that person:

- is the holder of the securities;
- has power to exercise, or control the exercise of, a right to vote attached to the securities; or
- has power to dispose of, or exercise control over the disposal of, the securities.

It is immaterial whether the power or control is direct or indirect, and it does not matter how remote the Relevant Interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that, if a body corporate has a Relevant Interest in securities, a person will also have a Relevant Interest in those securities if:

- the person has Voting Power in the body which is above 20%; or
- the person controls the body.

## Associates

In determining who is an associate for the purposes of calculating a person's Voting Power, section 12(2) of the Corporations Act provides that:

- the following entities are associates of a body corporate:
  - another body corporate which it controls;
  - another body corporate which controls it; and
  - another body corporate that is controlled by the same entity which controls it;
- a person will be an associate of another person if they have, or propose to enter into, a relevant agreement for the purpose of controlling or influencing:
  - the composition of a body's board; or
  - the conduct of a body's affairs; and
- a person will be an associate of another person if they are acting, or propose to act, in concert in relation to the affairs of a body.

## Item 7 of section 611 of the Corporations Act

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606 where the acquisition of the Relevant Interest has been approved by shareholders in a general meeting, provided that:

- no votes are cast in favour of the resolution by the person proposing to make the acquisition and its associates;
- no votes are cast in favour of the resolution by the persons from whom the acquisition is to be made and their associates; and

- shareholders are given all information known to the acquirer or the company that was material to the decision on how to vote.

The Proposed Transfer will cause Syracuse to acquire a Relevant Interest in 6,564,683 Shares which will cause its Voting to increase from 18.05% to a maximum of 35.07%.<sup>1</sup> Accordingly, the Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for Syracuse to acquire a Voting Power in the Company in excess of 20% for the purposes of section 606 of the Corporations Act.

### Prescribed information

The following information is required to be provided to Shareholders under the Corporations Act and *ASIC Regulatory Guide 74: Acquisitions approved by members* for the purposes of obtaining approval under item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert Report prepared by RSM which is set out in annexure A.

#### (a) Identity of the acquirer and its associates

The Relevant Shares are to be acquired by Syracuse Capital Pty Ltd (and/or its nominees). Syracuse's associates are GTT Global Opportunities Pty Ltd, Mounts Bay Investments Pty Ltd (**Mounts Bay**), Murdoch Capital Pty Ltd and Kcirtap Securities Pty Ltd. Mounts Bay is a related party of the Company as it is controlled by Charles Thomas who is a Director.

Syracuse is an Australian company which is wholly owned and controlled by Rocco Tassone (**Tassone**). Tassone was a non-executive director of the Company before stepping down on 13 March 2017 – prior to the Company's admission to the official list of ASX.

Tassone holds a Bachelor of Business with a double major in Finance and Economics from Edith Cowan University, together with a Post Graduate Diploma in Applied Finance and Investment from Kaplan.

In 2013, Tassone co-founded GTT Ventures Pty Ltd ACN 601 029 636 (**GTT**), where he remains a joint owner and director. GTT is a boutique corporate advisory firm specialising in the resource and technology sectors. GTT has funded numerous listed and private companies since its inception across multiple markets including Australia, USA and the United Kingdom. As disclosed in the Company's prospectus dated 8 February 2017, GTT acts as the Company's corporate adviser under a mandate.

Tassone also has extensive experience in equities markets with Bell Potter Securities Limited where, for a period of 8 years, he advised across domestic and international institutional sales, high net wealth individuals and corporate advisory.

#### (b) Effect on the acquirer's Voting Power

As at the date of this Notice, Syracuse and its associates have a Voting Power of 18.05%. If Resolution 1 is approved, completion of the Proposed Transfer will cause Syracuse's Voting Power to increase to a maximum of:

- 31.78% if the Tranche 2 Placement completes; or
- 35.07% if the Tranche 2 Placement does not complete.

<sup>1</sup> Assumes that no Shares are issued under the Tranche 2 Placement.

(c) **Reasons for the proposed acquisition**

The Proposed Transfer will be made to give effect to the original intentions of the parties to the Acquisition, being for the Company to issue 9,550,000 Shares to Syracuse (of which 394,841 Shares were issued to the sellers of interests in the Werner Lake Project and the Skeleton Lake Project as directed by Syracuse) as consideration for Syracuse's shares in Co27. Therefore, the parties intended that 9,155,159 Shares would ultimately be issued to Syracuse for the purposes of the Acquisition.

On 14 March 2018, the Company issued 2,590,476 Shares to Syracuse which caused Syracuse's Voting Power to increase to 19.9%,<sup>2</sup> and it issued 6,564,683 Shares (i.e. the Relevant Shares) to the MQR Trust. The Company is now seeking approval for the Relevant Shares to be transferred from the MQR Trust to Syracuse.

(d) **Timing of the proposed acquisition**

If Resolution 1 is approved, Syracuse will acquire the Relevant Shares at completion of the Proposed Transfer. The Relevant Shares are subject to escrow, and cannot be transferred, until 14 March 2019 (**Escrow Expiry Date**). The Proposed Transfer would likely occur within 5 Business Days of the Escrow Expiry Date.

(e) **Material terms of the proposed acquisition**

If Resolution 1 is approved, the MQR Trust will transfer the Relevant Shares to Syracuse for nil cash consideration. If Resolution 1 is not approved, the MQR Trust would appoint a broker to sell the Relevant Shares and remit net proceeds to Syracuse.

The key terms of the Acquisition are set in the Previous Notice of Meeting.

(f) **Other relevant agreements**

There are no relevant agreements in place other than as disclosed or contemplated in this Notice.

(g) **Acquirer's intentions regarding the future of the Company**

Other than as disclosed elsewhere in this Notice, Syracuse:

- has no current intention of making any changes to the business of the Company;
- does not propose to inject further capital into the Company;
- does not intend to change the employment arrangements of the Company;
- does not propose to transfer any assets between the Company and Syracuse, or their associates;
- has no intention to otherwise redeploy the fixed assets of the Company; and
- does not intend to change the financial or dividend distribution policies of the Company.

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<sup>2</sup> Syracuse's Voting Power has since reduced to 18.05% as a result of being diluted by the issue of Shares under the Tranche 1 Placement.

These intentions are based on information concerning the Company, its business and the business environment which is known to Syracuse at the date of this Notice. Final decisions regarding these matters will only be made by Syracuse in light of material information and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intention only, which may change as new information becomes available to them or as circumstances change.

(h) **Directors' interests**

Charles Thomas may be considered to have a material personal interest in the outcome of Resolution 1 as he is considered to be an associate of Syracuse.

No other Director has a material personal interest in the outcome of Resolution 1.

(i) **Independent Expert Report**

The Independent Expert Report assesses the advantages and disadvantages of the Proposed Transfer to the Non-Associated Shareholders. This assessment is designed to assist the Non-Associated Shareholders in reaching their voting decision.

RSM has prepared the Independent Expert Report and has provided an opinion that, on balance, **the advantages of the Proposed Transfer outweigh the disadvantages** to the Non-Associated Shareholders. It is recommended that all Shareholders read the Independent Expert Report in full which is set out in annexure A.

(j) **Advantages of the Proposed Transfer**

The Company considers that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1.

- If Resolution 1 is not approved, a Broker Sale will be initiated whereby a broker will be appointed to sell the Relevant Shares over a period of 3 months from the Escrow Expiry Date. The broker will be instructed to sell the Shares via the most appropriate sale method to secure the best available sale price for the Relevant Shares that is reasonably available at that time. This may include the broker selling some or all of the Relevant Shares on market. As the Relevant Shares will comprise up to 15.42% if the Tranche 2 Placement completes, or 17.01% if the Tranche 2 Placement does not complete,<sup>3</sup> a Broker Sale could result in a significant increase in the number of Shares offered for sale on the ASX, which may put downward pressure on the Company's Share price.
- There may be strategic benefits to the Company in Syracuse increasing its stake in the Company, including through the potential identification of new assets for the Company to acquire or invest in (as was the case in the Acquisition). With a larger Share holding, Syracuse would naturally be more incentivised to introduce quality new assets and projects to the Company, and Syracuse has indicated to the Company that it would be more likely to make such introductions if the Proposed Transfer completes. Any acquisition or investment opportunities presented to the Company via Syracuse would be assessed on their merits by the Board prior to any investment decision being made. Access to quality assets and projects through Syracuse would broaden the channels by which the Company can grow and, ultimately, increase Shareholder value.

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<sup>3</sup> This assumes that no other Shares are issued between the date of this Notice and the Escrow Expiry Date.



- The Relevant Shares are anticipated to comprise up to 15.42% if the Tranche 2 Placement completes, or 17.01% if the Tranche 2 Placement does not complete.<sup>4</sup> If Resolution 1 is not approved and a Broker Sale is initiated, the sale of the Relevant Shares to a third party may give that person a Voting Power of more than 10%.<sup>5</sup> This may deter a takeover offer for the Company as the third party may be able to block a compulsory acquisition of Shares under the Corporations Act for so long as it has a Voting Power of more than 10%. Takeover offers may be beneficial to Shareholders as they are often made at a premium to the market price of shares.
- Although completion of the Proposed Transfer would increase Syracuse's Voting Power up to 35.07%, Syracuse has no current intention of using the additional Voting Power to make material changes to Company (including changes of the type contemplated in section 1.1(g)).
- The Proposed Transfer will not dilute Shareholders as no additional Shares will be issued under the Proposed Transfer.
- The Independent Expert has concluded that **the advantages of the Proposed Transfer outweigh the disadvantages** to the Non-Associated Shareholders. See the Independent Expert's Report for further information.

(k) **Disadvantages of the Proposed Transfer**

The Company is of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1.

- The Proposed Transfer would increase Syracuse's Voting Power up to 35.07% and, therefore, its control of the Company. Accordingly, this may reduce the influence of Non-Associates Shareholders over the Company.
- If Resolution 1 is approved, the Relevant Shares will be transferred to Syracuse who would naturally be entitled to sell some or all of the Shares on market. Although the Company has no reason to believe that it will, if Syracuse were to offer some or all of the Relevant Shares for sale on the ASX then it may put downward pressure on the Company's Share price.
- As Syracuse already has a Voting Power of 18.05% at the date of this Notice, any additional strategic benefits to the Company in Syracuse having a greater stake via the Proposed Transfer may not be material.
- A Broker Sale would likely broaden the Company's Shareholder base which may in turn provide a more liquid market for the Company's Shares than what would exist if the Relevant Shares were transferred to Syracuse.
- A Broker Sale may introduce new cornerstone Shareholders which offer strategic benefits to the Company.

**Directors' recommendations**

Charles Thomas makes no recommendation with respect to the Proposed Transfer as he is considered to be an associate of Syracuse.

Each other Director recommends that Shareholders vote in favour of Resolution 1 as the Proposed Transfer accords with the original intentions of the parties to the Acquisition and, on

<sup>4</sup> This assumes that no other Shares are issued between the date of this Notice and the Escrow Expiry Date.

<sup>5</sup> To avoid doubt, no Relevant Shares will be sold to a person if it would cause a person to breach section 606 of the Corporations Act.

balance, it considers that the potential advantages outweigh the potential disadvantages, as discussed above.

## 1.2 Resolution 2 – Prior issue of Shares to the Relevant Sellers

As announced to ASX on 21 February 2018, the Company has completed its acquisition of 100% of the issued capital in Canadian Co27 Pty Ltd (**Co27**) (**Acquisition**). On 14 March 2018, the Company issued 1,450,000 Shares to the Relevant Sellers as part of the consideration payable for the purposes of the Acquisition using its placement capacity under Listing Rule 7.1.

A further 9,550,000 Shares were issued on 14 March 2018 as part of the consideration payable for the purposes of the Acquisition. The issue of these Shares was approved by Shareholders for the purposes of Listing Rule 10.11 on 21 February 2018.

Resolution 2 is an ordinary resolution that seeks Shareholder approval for the purposes of Listing Rule 7.4 for the prior issue of Shares to the Relevant Sellers using the Company's placement capacity.

### Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

### Listing Rule 7.4

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the 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 purposes of Listing Rule 7.1.

If Resolution 2 is approved it will have the effect of refreshing the Company's ability to issue further Shares without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act).

For the purposes of Listing Rule 7.5, the Company provides the following information in relation to Resolution 2:

#### (a) Number of securities issued

1,450,000 Shares as set out below.

Name	Shares
Vonross Nominees Pty Ltd <Vonross Family A/C>	479,328
Jet Capital Pty Ltd <The Jet Capital A/C>	479,328
Ninety Three Pty Ltd <One Mile S/F A/C>	431,395
Haywood Securities Inc ITF Global Energy Metals Corp <sup>1</sup>	33,900

Perry English <sup>2</sup>	26,049
<b>Total</b>	<b>1,450,000</b>

**Notes:**

1. An additional 223,278 Shares were issued to this Relevant Seller on 14 March 2018 as part of the consideration for the Acquisition.
2. An additional 171,563 Shares were issued to this Relevant Seller on 14 March 2018 as part of the consideration for the Acquisition.

**(b) Issue price of the securities issued**

Nil cash consideration as the Shares were issued as part of the consideration for the Acquisition.

**(c) Terms of the issued securities**

The Shares rank equally in all respects with existing Shares on issue.

**(d) Names of the persons to whom the entity issued the securities of the basis on which those persons were determined**

The Relevant Sellers, none of whom are related parties of the Company.

**(e) Use of the funds raised**

No funds were raised from the issue of the Shares as they were issued as part of the consideration for the Acquisition.

**Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

**1.3 Resolution 3 – Prior issue of Shares under the Tranche 1 Placement**

**Placement**

On 21 March 2018, the Company announced a placement of 7,571,428 Shares to Exempt Investors at an issue price of \$0.35 each to raise approximately \$2,650,000 before costs, together with 1 free attaching New Option for every 2 Shares issued (**Placement**). The Placement will be completed in the following tranches:

- an issue of 3,582,500 Shares on 29 March 2018 at an issue price of \$0.35 each to raise a total of \$1,253,875 (before costs) and, subject to Shareholder approval, 1 free attaching New Option for every 2 Shares issued (**Tranche 1 Placement**); and
- subject to Shareholder approval, an issue of 3,988,928 Shares at an issue price of \$0.35 each to raise a total of \$1,395,975 (before costs) and 1 free attaching New Option for every 2 Shares issued (**Tranche 2 Placement**).

Further, the Company proposes to issue 2,000,000 New Options to the Broker as consideration for broking services provided in connection with the Placement.

Funds raised under the Placement will primarily be used to fund exploration activities at the Werner Lake Project.

It is anticipated that Shares to be issued under the Tranche 2 Placement, and New Options to be issued under or in connection with the Placement (including to the Broker), will be issued immediately following the Meeting.

It is proposed that the New Options will be issued under the prospectus issued, and announced to ASX, by the Company on 29 March 2018 (**Cleansing Prospectus**) in order to remove trading restrictions on any Shares issued upon their exercise. The Cleansing Prospectus will also serve to remove trading restrictions on Shares issued under the Acquisition (some of which are subject to escrow in any event) and the Placement.

#### **Listing Rule 7.1**

Shares were issued under the Tranche 1 Placement using the Company's placement capacity under Listing Rule 7.1. A summary of Listing Rule 7.1 is set out in section 1.2.

#### **Listing Rule 7.4**

Resolution 3 is an ordinary resolution that seeks Shareholder approval for the purposes of Listing Rule 7.4 for the prior issue of Shares under the Tranche 1 Placement. A summary of Listing Rule 7.4 is set out in section 1.2.

If Resolution 3 is approved it will have the effect of refreshing the Company's ability to issue further Shares without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act).

For the purposes of Listing Rule 7.5, the Company provides the following information in relation to Resolution 3:

(a) **Number of securities issued**

3,582,500 Shares.

(b) **Issue price of the securities issued**

\$0.35 each.

(c) **Terms of the issued securities**

The Shares rank equally in all respects with existing Shares on issue.

(d) **Names of the persons to whom the entity issued the securities of the basis on which those persons were determined**

The Tranche 1 Investors, none of whom are related parties of the Company.

(e) **Use of the funds raised**

Funds raised under the Tranche 1 Placement will primarily be used to fund exploration activities at the Werner Lake Project.

#### **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

### **1.4 Resolution 4 – Issue of Shares under the Tranche 2 Placement**

Resolution 4 is an ordinary resolution which seeks Shareholder approval for the issue of 3,988,928 Shares at an issue price of \$0.35 each to raise approximately \$1,396,125 (before costs).

See section 1.3 for a summary of the Tranche 2 Placement and the Placement generally.

Resolution 4 is subject to, and conditional on, Resolution 5 being passed. Accordingly, Resolutions 4 and 5 should be considered collectively as well as individually.

### **Listing Rule 7.1**

If Resolution 4 is approved, the Shares issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1. A summary of Listing Rule 7.1 is set out in section 1.2.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 4:

**(a) Maximum number of securities the entity is to issue**

3,988,928 Shares.

**(b) Date by which the entity will issue the securities**

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 an ASX waiver or modification of the Listing Rules). It is anticipated that the Shares will be issued immediately after the Meeting.

**(c) Issue price of the securities**

\$0.35 each.

**(d) Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares will be issued to the Tranche 2 Investors, none of whom will be related parties of the Company.

**(e) Terms of the securities**

The Shares will rank equally in all respects with existing Shares on issue.

**(f) Intended use of the funds raised**

Funds raised under the Tranche 2 Placement will primarily be used to fund exploration activities at the Werner Lake Project.

### **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

## **1.5 Resolution 5 – Issue of New Options under the Placement**

Resolution 5 is an ordinary resolution which seeks Shareholder approval for the issue of 3,785,714 New Options to the Placement Investors on the basis of 1 free attaching New Option for every 2 Shares issued.

Each New Option will have an exercise price of \$0.50, an expiry date of 30 June 2019, and will otherwise be on the terms set out in schedule 1.

See section 1.3 for a summary of the Placement.

Resolution 5 is subject to, and conditional on, Resolution 4 being passed. Accordingly, Resolutions 4 and 5 should be considered collectively as well as individually.

### **Listing Rule 7.1**

If Resolution 4 is approved, the New Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1. A summary of Listing Rule 7.1 is set out in section 1.2.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 5:

(a) **Maximum number of securities the entity is to issue**

3,785,714 New Options.

(b) **Date by which the entity will issue the securities**

The New Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules). It is anticipated that the New Options will be issued immediately after the Meeting.

(c) **Issue price of the securities**

Nil as the New Options will be issued as free attaching to Shares issued under the Placement on a 1 for 2 basis.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The New Options will be issued to the Placement Investors, none of whom are or will be (as applicable) related parties of the Company.

(e) **Terms of the securities**

The New Options will be issued on the terms set out in schedule 1.

(f) **Intended use of the funds raised**

No funds will be raised from the issue of the New Options as they will be issued as free attaching to Shares issued under the Placement on a 1 for 2 basis.

### **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

## **1.6 Resolution 6 – Issue of New Options to the Broker**

Resolution 6 is an ordinary resolution which seeks Shareholder approval for the issue of 2,000,000 New Options to the Broker (and/or its nominees) for broking services provided in connection with the Placement.

Each New Option will have an exercise price of \$0.50, an expiry date of 30 June 2019, and will otherwise be on the terms set out in schedule 1.

See section 1.3 for a summary of the Placement.

## **Listing Rule 7.1**

If Resolution 4 is approved, the New Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1. A summary of Listing Rule 7.1 is set out in section 1.2.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 6:

(a) **Maximum number of securities the entity is to issue**

2,000,000 New Options.

(b) **Date by which the entity will issue the securities**

The New Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules). It is anticipated that the New Options will be issued immediately after the Meeting.

(c) **Issue price of the securities**

Nil as the New Options are being issued to the Broker (and/or its nominees) as consideration for broking services provided in connection with the Placement.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The New Options will be issued to Hartleys Limited (and/or its nominees), who is not a related party of the Company.

(e) **Terms of the securities**

The New Options will be issued on the terms set out in schedule 1.

(f) **Intended use of the funds raised**

No funds will be raised from the issue of the New Options as they will be issued as consideration for broking services provided in connection with the Placement.

## **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

## **1.7 Resolutions 7 to 9 – Grant of Performance Rights to Directors**

Resolutions 7 to 9 seek Shareholder approval for the grant of 5,000,000 Performance Rights to Charles Thomas, and 1,000,000 Performance Rights to each of Mark Ashley and George Henderson to incentivise their performance.

The Company considers that vesting hurdles tied to its Share price are the most appropriate indicator for Director performance at its current stage of growth. To this end, the Company notes that its Share price is likely to have already absorbed the Acquisition, the Placement and an already high cobalt price. The Company considers that increases in the prices of other commodities are unlikely to have a significant impact on the Company's Share price whilst its focus is primarily on exploring for cobalt.

Each Director is a related party of the Company for the purposes of section 228 of the Corporations Act as they are directors of the Company.

### Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

The Directors are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, the Company is seeking Shareholder approval for the purposes of section 208 of the Corporations Act.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolutions 7 to 9:

(a) **Related parties to whom the financial benefits are to be given**

Charles Thomas, Mark Ashley and George Henderson (and/or their nominees).

(b) **Nature of the financial benefits**

The Company proposes to grant Performance Rights as set out below.

Director	Class A	Class B	Total
Charles Thomas	2,500,000	2,500,000	5,000,000
Mark Ashley	500,000	500,000	1,000,000
George Henderson	500,000	500,000	1,000,000

(c) **Valuation of the financial benefits**

The Company has engaged an expert to determine a value for the Performance Rights using the *Barrier1* valuation model developed by Hoadley Trading & Investment Tools, which uses a trinomial lattice calculation. The expert has determined that the value of each Performance Right is:

- Class A – \$0.326; and
- Class B – \$0.3009,

based on the assumptions and inputs set out below (as applicable).

Item	Class A	Class B
Valuation date	1/5/2018	1/5/2018
Spot price	\$0.38	\$0.38
Exercise price	\$0.001	\$0.001
Vesting hurdle (20-day VWAP)	\$0.75	\$1.00



Expiry date	1/5/2021	1/5/2021
Expected future volatility	100%	100%
Risk free rate	2.18%	2.18%
Dividend yield	Nil	Nil

Accordingly, the value of the financial benefits to be given to the Directors under Resolutions 7 to 9 are set out below.

Director	Value
Charles Thomas	\$1,567,250
Mark Ashley	\$313,450
George Henderson	\$313,450
<b>Total</b>	<b>\$2,194,150</b>

A comparison of the value of the Performance Rights against the market capitalisation of the Company based on certain Share prices is set out below.

Share price	Value			Market capitalisation <sup>1</sup>
	Class A	Class B	Total	
\$0.38	\$1,141,000	\$1,053,150	\$2,194,150	\$14,661,350
\$0.75	\$2,625,000	\$2,451,750 <sup>2</sup>	\$5,076,750	\$31,561,875
\$1.00	\$3,500,000	\$3,500,000	\$7,000,000	\$45,582,500

**Notes:**

1. This column is based on the number of Shares on issue at the date of this Notice, being 38,582,500 Shares, and does not include any other Shares including under the Tranche 2 Placement, other than:
  - an additional 3,500,000 Shares when the Share price is \$0.75;
  - an additional 7,000,000 Shares when the Share price is \$1.00.
2. A value of \$0.7005 has been used for each Class B Performance Right based on the assumptions and inputs set out below (as applicable).

Item	Class B
Valuation date	1/5/2018
Spot price	\$0.75
Exercise price	\$0.001
Vesting hurdle (20-day VWAP)	\$1.00
Expiry date	1/5/2021

Expected future volatility	100%
Risk free rate	2.18%
Dividend yield	Nil

(d) **Reason for the financial benefits**

The Performance Rights are being granted to the Directors to incentivise their performance.

(e) **Current remuneration**

The current remuneration (including superannuation) paid to the Directors is set out below.

Director	Position	Salary / fees per annum
Charles Thomas	Managing Director	\$164,250
Mark Ashley	Non-Executive Chairman	\$65,700
George Henderson	Non-Executive Director	\$39,420

The Company also refers to page 11 which sets out fees payable to its corporate adviser, GTT Ventures Pty Ltd, which is considered to be an associate of Charles Thomas.

(f) **Current security holdings**

The security holdings of the Directors at the date of this Notice are set out below.

Director	Shares	Options
Charles Thomas <sup>1</sup>	1,542,500	5,514,166
Mark Ashley <sup>2</sup>	-	3,000,000
George Henderson	10,000	-

**Notes:**

- Charles Thomas is considered to be an associate of Syracuse. Please refer to section 1.1 for information on Syracuse and its Voting Power.  
Of the Options, 5,000,000 have an exercise price of \$0.30 and an expiry date of 10 March 2020, and 2,514,166 have an exercise price of \$0.20 and an expiry date of 30 September 2020.
- The Options have an exercise price of \$0.30 and an expiry date of 10 March 2020.

The Company also refers to page 9 which sets out the securities in which each Director has a Relevant Interest in at the date of this Notice.

(g) **Terms of the securities**

The Performance Rights will be granted for nil cash consideration. Instead, they are being granted to incentivise the performance of the Directors.

Each Performance Right is exercisable into a Share for \$0.001 in the event that it vests within 3 years of being granted. The vesting conditions are as follows:

<b>Class A</b>	The Company achieving a VWAP of at least \$0.75 over a 20 trading day period
<b>Class B</b>	The Company achieving a VWAP of at least \$1.00 over a 20 trading day period

The Performance Rights are otherwise on the terms set out in schedule 2.

(h) **Historical prices**

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Notice, and the closing price on the trading day before the date of this Notice, are set out below.

High – 27 Mar 2018	Low – 5 Mar 2018	Last – 7 May 2018
\$0.48	\$0.32	\$0.39

(i) **Dilution**

If all of the Performance Rights to be granted under Resolutions 7 to 9 vest and are exercised into Shares, and no other Shares are issued by the Company (including under the Tranche 2 Placement or pursuant to an exercise of Options or other Performance Rights), then Shareholders would be diluted by approximately 18.14%.

(j) **Accounting treatment**

Under the accounting standard AASB 2 *Share-based Payment*, the Company will recognise an expense in its statement of financial performance based on the fair value of the Performance Rights over the period from the date that they are granted until they vest. Based on the valuation set out in section 1.7(c), the total fair value of the Performances to be granted is \$2,194,150.

(k) **Opportunity costs**

Other than as set out in this Notice, the Company does not consider that there are any material opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights under Resolutions 7 to 9.

(l) **Intended use of funds raised**

No funds will be raised from the grant of the Performance Rights as they are being granted to the Directors to incentivise their performance.

(m) **Pro forma capital structure**

The pro forma capital structure of the Company based on certain assumptions, including the grant of the Performance Rights under Resolutions 7 to 9, is set out in schedule 3.

(n) **Pro forma statement of financial position**

The pro forma statement of financial position of the Company based on certain assumptions, including the grant of the Performance Rights under Resolutions 7 to 9, is set out in schedule 4.

(o) **Directors' interests and recommendations**

Each Director is proposed to receive Performance Rights under Resolutions 7 to 9 and, therefore, the Directors do not consider that it is appropriate to make a recommendation on how Shareholders should vote on these Resolutions.

(p) **Reasons to vote in favour**

The Company considers that the following are reasons why Shareholders may vote in favour of Resolutions 7 to 9:

- Given the Company's small capitalisation and the speculative nature of an investment in the Company, the Company recognises that a significant portion of its Shareholder base has invested in the Company for the purposes of achieving capital growth. As the Company is in its exploration phase, capital returns for Shareholders are currently best achieved through an increase in the Share price. The Company listed on the ASX in March 2017 at a Share price of \$0.20. Since then, the Company's Share price has enjoyed some growth having closed at \$0.39 on 7 May 2018. The Performance Rights will only vest and become exercisable into Shares if the Company's Share price achieves a certain VWAP over a 20 day period (for Class A - \$0.75, for Class B - \$1.00). Therefore, the value of Shares would have to increase significantly for the Directors to benefit from the Performance Rights. It is considered that, in this way, the interests of the Directors and Shareholders are aligned as any benefits to the Directors will coincide with benefits to the Shareholders through an increased value of their Share holdings.
- The Company is currently in the exploration phase of its growth, which means that it is not generating revenues or profits, and does not anticipate doing so in the near term. As a result, the Company's sources of funding are limited and it therefore needs to closely monitor its cash reserves and mitigate cash expenditure. Accordingly, the Company considers that a more appropriate way to remunerate its Directors is through equity based incentives, such as the Performance Rights. Please see section 1.7(e) for further information on the remuneration of the Directors.
- The Company considers that vesting hurdles tied to its Share price are the most appropriate indicator for Director performance at its current stage of growth. To this end, the Company notes that its Share price is likely to have already absorbed the Acquisition, the Placement and an already high cobalt price. The Company considers that increases in the prices of other commodities are unlikely to have a significant impact on the Company's Share price whilst its focus is primarily on exploring for cobalt.
- There may be further synergistic benefits to the Company in the Directors holding Shares in the event that the Performance Rights vest and are exercised as this will help to align their interests with those of Shareholders.

(q) **Reasons to vote against**

The Company considers that the following are reasons why Shareholders may vote against Resolutions 7 to 9.

- The number of Performance Rights to be granted represent a significant proportion of the total number of Shares on issue. Therefore, if the Performance Rights vest, a large number of Shares will likely be issued to the Directors which will dilute and reduce the Voting Power of Shareholders, and may reduce their influence over the Company. See section 1.7(i) for further information on the maximum dilution of Shareholders' interests resulting from the Performance Rights vesting and being exercised into Shares.
- Using the valuation in section 1.7(c), the grant of the Performance Rights would significantly increase the total remuneration being paid to the Directors, which Shareholders may not agree with. See section 1.7(e) for further information on the remuneration of Directors.
- The grant of the Performance Rights would require the Company to recognise their value as an expense on the Company's statement of financial performance, which in turn will increase the size of anticipated losses. See section 1.7(j) for further information on the accounting treatment of the Performance Rights.
- If the Performance Rights vest then the additional number of Shares on issue will necessarily cause the value of a Share to reduce which in turn may be reflected by a fall in the Share price on the ASX.
- Even if the milestones are achieved there is no guarantee that the Share price will retain its value for long or at all. Therefore, the Performance Rights may vest and be exercised into Shares, but the benefit to Shareholders who retain their Shares may not be realised if the Share price subsequently falls.

(r) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to approve Resolutions 7 to 9.

**Listing Rule 10.11**

Listing Rule 10.11 provides that a company must not issue equity securities to a related party without the approval of holders of ordinary securities. Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

As set out above, the Directors are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the grant of the Performance Rights to the Directors.

Resolutions 7 to 9 seek approval for the grant of 7,000,000 Performance Rights to the Directors for the purposes of satisfying the requirements of Listing Rule 10.11. If Resolutions 7 to 9 are approved, the Performance Rights granted will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 7 to 9:

(a) **Names of the persons**

The Performance Rights will be granted to Charles Thomas, Mark Ashley and George Henderson (and/or their nominees).

(b) **Maximum number of securities to be issued**

7,000,000 Performance Rights as set out below.

Director	Class A	Class B	Total
Charles Thomas	2,500,000	2,500,000	5,000,000
Mark Ashley	500,000	500,000	1,000,000
George Henderson	500,000	500,000	1,000,000

(c) **Date by which the entity will issue the securities**

The Performance Rights will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules). It is anticipated that the Performance Rights will be granted immediately after the Meeting.

(d) **Relationship that requires shareholder approval**

Charles Thomas, Mark Ashley and George Henderson are related parties of the Company under section 228 of the Corporations Act by virtue of being Directors.

(e) **Issue price of the securities**

Nil cash consideration as the Performance Rights are being granted to the Directors to incentivise their performance.

(f) **Terms of the issue**

The Performance Rights will be granted on the terms set out in schedule 2.

(g) **Intended use of funds raised**

No funds will be raised by the grant of the Performance Rights as they are being granted to the Directors to incentivise their performance.

**Directors' recommendations**

See section 1.7(o).

**1.8 Resolution 10 – Grant of Performance Rights to Anna MacKintosh**

Resolution 10 is an ordinary resolution which seeks Shareholder approval for the grant of 1,000,000 Performance Rights to the Company Secretary, Anna MacKintosh (and/or her nominees), to incentivise her performance.

**Listing Rule 7.1**

If Resolution 10 is approved, the Performance Rights granted will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1. A summary of Listing Rule 7.1 is set out in section 1.2.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 10:

(a) **Maximum number of securities the entity is to issue**

1,000,000 Performance Rights as set out below.

Recipient	Class A	Class B	Total
Anna MacKintosh	500,000	500,000	1,000,000

(b) **Date by which the entity will issue the securities**

The Performance Rights will be granted no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules). It is anticipated that the Performance Rights will be granted immediately after the Meeting.

(c) **Issue price of the securities**

The Performance Rights will be granted for no consideration as they are being granted to Anna MacKintosh to incentivise her performance.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Performance Rights are being granted to the Company Secretary, Anna MacKintosh (and/or her nominees), to incentivise her performance.

(e) **Terms of the securities**

The Performance Rights will be granted on the terms set out in schedule 2.

(f) **Intended use of the funds raised**

No funds will be raised by the grant of the Performance Rights as they are being granted to Anna MacKintosh to incentivise her performance.

**Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

## 2. Definitions

**Acquisition** means the acquisition by the Company of 100% of the issued capital in Co27 as described in the Previous Notice of Meeting.

**ASIC** means the Australian securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian securities Exchange, as the context requires.

**Board** means the board of Directors.

**Broker** means Hartleys Limited ACN 104 195 057.

**Broker Sale** means the sale of the Relevant Shares by a broker appointed by the MQR Trust, as described in section 1.1.

**Business Day** means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia.

**Chair** means the chairperson of the Meeting.

**Cleansing Prospectus** means the prospectus issued, and announced to ASX, by the Company on 29 March 2018.

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

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- 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 entity;
- a company the member controls; or
- a person prescribed by the *Corporations Regulations 2001* (Cth).

**Co27** means Canadian Co27 Pty Ltd ACN 622 631 814.

**Company** means Marquee Resources Limited ACN 616 200 312.

**Company Secretary** means the secretary of the Company.

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

**Escrow Expiry Date** means 14 March 2019.

**Excluded Person** has the meaning given in the relevant voting exclusion below the Resolution (as applicable).



**Exempt Investor** means a person to whom securities may be offered without disclosure under section 708 of the Corporations Act.

**Explanatory Statement** means this explanatory statement incorporated in the Notice.

**General Meeting** or **Meeting** means the general meeting convened by this Notice to be held on Friday, 8 June 2018, commencing at 10.00am (WST).

**Independent Expert Report** means the Independent Expert Report prepared by RSM which is set out in annexure A.

**Independent Specialist Report** means the independent specialist report prepared by SRK Consulting (Australasia) Pty Ltd ACN 074 271 720 which is included in the Previous Notice of Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is a part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the official listing rules of ASX.

**MQR Trust** means MQR Shareholding Co. Pty Ltd ACN 624 604 922 as trustee for the MQR Shareholding Trust.

**New Option** means an Option on the terms set out in schedule 1.

**Non-Associated Shareholder** means a Shareholder who is not an associate of Syracuse or the MQR Trust.

**Notice** or **Notice of General Meeting** means the notice of general meeting incorporating this Explanatory Statement.

**Officers** means the Directors and the Company Secretary.

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

**Performance Right** means a performance right granted by the Company on the terms set out in schedule 2.

**Placement** means the placement of securities described in section 1.3, comprising the Tranche 1 Placement and the Tranche 2 Placement.

**Placement Investor** means a Tranche 1 Investor or a Tranche 2 Investor.

**Previous Notice of Meeting** means the notice of general meeting issued, and announced to ASX, by the Company on 22 January 2018.

**Proposed Transfer** means the proposed transfer of the Relevant Shares from the MQR Trust to Syracuse, as described in section 1.1.

**Proxy Form** means the proxy form attached to this Notice.

**Relevant Interest** has the meaning given in the Corporations Act.

**Relevant Sellers** means Vonross Nominees Pty Ltd ACN 008 951 362 <Vonross Family A/C>; Ninety Three Pty Ltd ACN 159 864 203 <One Mile S/F A/C>, Jet Capital Pty Ltd ACN

143 604 139 <The Jet Capital A/C>, Haywood Securities Inc ITF Global Energy Metals Corp and Perry English.

**Relevant Shares** means the 6,564,683 Shares issued to the MQR Trust on 14 March 2018 for the purposes of the Acquisition.

**Resolution** means a resolution contained in the Notice.

**RSM** means RSM Corporate Australia Pty Ltd ABN 82 050 508 024.

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

**Shareholder** means a holder of one or more Shares.

**Skeleton Lake Project** means the Skeleton Lake Project described in the Independent Specialist Report.

**Syracuse** means Syracuse Capital Pty Ltd ACN 121 880 439.

**Tranche 1 Investor** means an Exempt Investor to whom Shares were issued under the Tranche 1 Placement.

**Tranche 1 Placement** means the issue of 3,582,500 Shares to the Tranche 1 Investors on 29 March 2018 at an issue price of \$0.35 each to raise \$1,253,875 (before costs) and, subject to Shareholder approval, 1 free attaching New Option for every 2 Shares issued.

**Tranche 2 Investor** means an Exempt Investor to whom Shares are proposed to be issued under the Tranche 2 Placement.

**Tranche 2 Placement** means the proposed issue of 3,988,928 Shares to the Tranche 2 Investors at an issue price of \$0.35 each to raise \$1,396,125 (before costs) and 1 free attaching New Option for every 2 Shares issued.

**Voting Power** has the meaning given in the Corporations Act.

**VWAP** means volume weight average market price of a Share.

**Werner Lake Project** means the Werner Lake Project described in the Independent Specialist Report.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

## Schedule 1 – New Options

**(a) Issue price and entitlement**

Each Option will be issued for nil cash consideration and entitles the holder to subscribe for one Share upon exercise of the Option.

**(b) Exercise Price**

Each Option will have an exercise price equal to \$0.50 (**Exercise Price**).

**(c) Expiry Date**

Each Option will expire at 5.00pm (WST) on 30 June 2019 (**Expiry Date**).

**(d) Exercise period and lapsing**

Options may be exercised at any time after the date of issue and prior to the Expiry Date. Upon the Expiry Date, any unexercised Options will automatically lapse.

**(e) Exercise Notice and payment**

Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or any other means acceptable to the Company. An Exercise Notice is only effective on and from the date that the Company has received the Exercise Notice and the Exercise Price for all Options being exercised in cleared funds.

**(f) Timing of issue of Shares**

Within 5 Business Days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and payment of the Exercise Price in cleared funds for each Option being exercised by the holder; and
- (ii) if applicable, the date that the Company ceases to be in possession of excluded information (as defined in section 708A(7) of the Corporations Act) with respect to the Company,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Options; and
- (iv) if required, and only if it is legally able to do so, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (**Cleansing Notice**).

If a Cleansing Notice is required but the Company is not able to lodge a Cleansing Notice then the Company may, in its absolute discretion, issue the Shares after the lodgement of a disclosure document issued by the Company that complies with Part 6D.2 of the Corporations Act in respect of an offer of Shares or, if agreed to by the holder, issue the Shares after the holder signs an undertaking not to deal in the Shares for 12 months from their issue, and agrees to a holding lock being placed on the Shares for the 12 month period.

**(g) Shareholder and regulatory approvals**

Despite any other provision of these terms, an exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Options would result in any person being in contravention of section 606(1) of the Corporations Act then the

exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

**(h) Shares issued**

Shares issued on the exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

**(i) Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of Shares issued pursuant to an exercise of Options.

**(j) 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.

**(k) Reconstruction of capital**

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

**(l) Quotation**

The Company will not apply for quotation of the Options on the ASX or any other exchange.

**(m) Transferability**

The Options are transferrable with the prior written consent of the Company, which consent must not be unreasonably withheld.

## Schedule 2 – Performance Rights

### 1. Grant price

Each Performance Right will be granted by the Company for nil cash consideration.

### 2. Rights

- (a) The Performance Rights do not carry any voting rights in the Company.
- (b) The Performance Rights confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders of Performance Rights have the right to attend general meetings of shareholders.
- (c) The Performance Rights do not entitle the holder to any dividends.
- (d) The Performance Rights do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (e) The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) The Performance Rights do not confer the right to participate in new issues of securities such as entitlement issues. 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) the number of Shares which must be issued on the exercise of a Performance Right will be increased by the number of Shares which the holder would have received if the Performance Right had been exercised before the record date for the bonus issue.
- (g) If at any time the issued capital of the Company is reorganised, the rights of the holder may change to comply with Listing Rule 6.16. Further, the Performance Rights are to be treated in the manner set out in Listing Rule 7.21 (assuming that the Listing Rules apply), being that the number of Performance Rights or the conversion ratio or both will be reorganised so that the holder of the Performance Rights will not receive a benefit that holders of ordinary shares do not receive and so that the holders of ordinary shares will not receive a benefit that the holder of the Performance Rights does not receive.
- (h) The Performance Rights give the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### 3. Exercise

- (a) A class of Performance Rights (**Class**) immediately vests and becomes exercisable by the holder into Shares (**Conversion Shares**) on a one for one basis upon and subject to the Company providing written notice (**Vesting Notice**) to the holder that the Company has satisfied the relevant condition (**Condition**) by the relevant expiry date (**Expiry Date**) set out below.

Class	Condition	Expiry Date
Class A	The Company achieving a VWAP of at least \$0.75 over a period of 20 trading days.	3 years from the date of grant.
Class B	The Company achieving a VWAP of at least	3 years from the

\$1.00 over a period of 20 trading days.

date of grant.

- (b) In order to exercise a Class into Conversion Shares following receipt of a Vesting Notice, the holder must provide written notice (**Exercise Notice**) to the Company of its election to exercise the Class into the Conversion Shares. The holder must pay \$0.001 upon exercise for each Performance Right (**Exercise Price**). A Class may only be exercised into Conversion Shares once.
- (c) Despite any other provision, the exercise of any Performance Rights is subject to the Company obtaining any required shareholder or regulatory approval for the purpose of issuing the Conversion Shares. If exercise of all or part of the Performance Rights would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) then the exercise of each Performance Right that would cause the contravention will be deferred until such time or times that the exercise would not at a later date result in a contravention of section 606(1) of the Corporations Act. The holder must give prior written notice to the Company if it considers that the exercise of all or part of its Performance Rights may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Performance Rights under these terms will not result in any person being in contravention of section 606(1) of the Corporations Act.
- (d) The Company must issue Conversion Shares in the name of the holder (or its nominee) within 7 days of receiving a valid Exercise Notice and the Exercise Price.
- (e) Each Conversion Share will rank equally with a fully paid ordinary share in the capital of the Company.
- (f) The Performance Rights will not be quoted on any securities exchange and the Company will not make an application for quotation in respect of them. However, if the Company is listed on the ASX at the relevant time, the Company must apply for quotation of any Conversion Shares on the ASX in accordance with the Listing Rules, subject always to the requirements of the Listing Rules, including those relating to escrow.

#### 4. **Expiry**

Performance Rights which have not been validly exercised into Conversion Shares on or before the earlier of:

- (a) the date that is 1 month after the date that the holder ceases to be engaged for services by the Company in any capacity; and
- (b) the relevant Expiry Date,

will automatically be deemed to be terminated and cancelled by the Company for nil cash consideration.

#### 5. **Transferability**

The Performance Rights are not transferable.

#### 6. **Compliance with law**

- (a) Despite anything else contained in these terms, if the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.
- (b) Nothing contained in these terms prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.

- For personal use only
- (c) If the Corporations Act, Listing Rules or Constitution conflict with these terms, or these terms do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms.
  - (d) The terms of the Performance Rights may be amended as necessary by the directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms.

## 7. Control Event

- (a) A change of control event (**Control Event**) occurs where:
  - (i) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
  - (ii) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies.
- (b) If a Control Event occurs, the Company may in its sole and absolute discretion, and subject to the Listing Rules and 7(c) below, determine how unvested Performance Rights will be treated, including but not limited to determining that unvested Performance Rights (or a portion of unvested Performance Rights) will become immediately exercisable into Conversion Shares with such exercise deemed to have taken place immediately prior to the effective date of the Control Event.
- (c) The total number of Conversion Shares issued under 7(b) above must not exceed 10% of the issued ordinary capital of the Company as at the date of exercise.
- (d) Whether or not the Company determines to accelerate the vesting of any Performance Rights, the Company must give written notice of any proposed Control Event to the holder.

## Schedule 3 – Pro forma capital structure

Security	Existing	Pro forma
Existing Shares <sup>1</sup>	38,582,500	38,582,500
Share to be issued under the Tranche 2 Placement <sup>2</sup>	-	3,988,928
<b>Total Shares<sup>3</sup></b>	<b>38,582,500</b>	<b>42,571,428</b>
Existing Options (unquoted) <sup>4</sup>	9,000,000	9,000,000
Existing Options (quoted) <sup>5</sup>	8,000,000	8,000,000
New Options to be issued under the Placement <sup>6</sup>	-	3,785,714
New Options to be issued to the Broker <sup>7</sup>	-	2,000,000
Performance Rights to the Officers <sup>8</sup>	-	8,000,000
<b>Fully diluted share capital</b>	<b>55,582,500</b>	<b>73,357,142</b>

### Notes:

1. This figure include Shares issued under the Tranche 1 Placement. Of these Shares, 17,045,210 are subject to escrow until 14 March 2019.
2. See section 1.4 for further information.
3. This figure does not include any Shares issued that are not expressly contemplated in this Notice (for example, Shares issued pursuant to an exercise of Options).
4. Each Option is unquoted, and has an exercise price of \$0.30 and an expiry date of 10 March 2020. These Options are subject to escrow until 14 March 2019.
5. Each Option is quoted (ASX:MQRO), and has an exercise price of \$0.20 and an expiry date of 30 September 2020.
6. Each New Option is unquoted, and has an exercise price of \$0.50 and an expiry date of 30 June 2019. See section 1.5 for further information.
7. Each New Option is unquoted, and has an exercise price of \$0.50 and an expiry date of 30 June 2019. See section 1.6 for further information.
8. Each Performance Right will be exercisable into a Share in the event that certain vesting conditions are satisfied. See sections 1.7 and 1.8 for further information.



## Schedule 4 – Pro forma statement of financial position

Set out on the following page is the reviewed statement of financial position for the Company as at 31 December 2017, and an unaudited pro forma statement of financial position for the Company as at 31 December 2017. The unaudited pro forma statement of financial position has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company since 31 December 2017 other than:

- the issue of 11,000,000 Shares and payment of \$397,206 as consideration for the purposes of the Acquisition;
- the issue of 7,571,428 Shares under the Placement to raise approximately \$2,650,000 before costs;
- the issue of 2,000,000 New Options to the Broker in connection with the Placement;
- capital raising fees of \$159,000 (exclusive of GST) and ASX fees of \$12,857 (exclusive of GST) in connection with the Placement, and estimated expenses of the offers under the Cleansing Prospectus of \$10,000 (exclusive of GST), which amounts are shown as deductions against issued capital; and
- the grant of 8,000,000 Performance Rights to the Officers.

The significant accounting policies upon which the reviewed statement of financial position and the pro forma statement of financial position are based are contained in the financial report of the Company for the half-year ended 31 December 2017.

## Pro forma statement of financial position

	Reviewed 31 Dec 2017	Change	Unaudited Pro forma
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,981,736	2,070,937	4,052,673
Other current assets	52,903	-	52,903
<b>TOTAL CURRENT ASSETS</b>	<b>2,034,639</b>	<b>2,070,937</b>	<b>4,105,576</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	6,774	-	6,774
<b>CO27 Asset</b>	<b>-</b>	<b>4,797,206</b>	<b>4,797,206</b>
Deferred exploration and evaluation expenditure	813,128	-	813,128
<b>TOTAL NON-CURRENT ASSETS</b>	<b>819,902</b>	<b>4,797,206</b>	<b>5,617,108</b>
<b>TOTAL ASSETS</b>	<b>2,854,541</b>	<b>6,868,143</b>	<b>9,722,684</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	51,258	-	51,258
Accruals	8,000	-	8,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>59,258</b>	<b>-</b>	<b>59,258</b>
<b>TOTAL LIABILITIES</b>	<b>59,258</b>	<b>-</b>	<b>59,258</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>2,795,283</b>	<b>6,878,143</b>	<b>9,663,426</b>
<b>EQUITY</b>			
Issued Capital	3,666,204	6,868,143	10,534,347
Reserves	1,184,532	2,764,717	3,949,250
Accumulated Losses	(2,055,453)	(2,764,717)	(4,820,171)
<b>TOTAL EQUITY</b>	<b>2,795,283</b>	<b>6,868,143</b>	<b>9,663,426</b>

**Note:** All figures are in A\$.

## Proxy Form

Marquee Resources Limited ACN 616 200 312

I/We

of

being a Shareholder of Marquee Resources Limited ACN 616 200 312 entitled to attend and vote at the Meeting, hereby

appoint

(name of proxy)

or

☐

the Chair of the General Meeting as my/our proxy

or failing the person so named or, if no person is named, the Chair of the Meeting, or the Chair's nominee, to vote in accordance with the following directions or, if no directions have been given, and subject to applicable laws, as the proxy sees fit, at the Meeting to be held at 22 Townshend Road, Subiaco WA 6008 on Friday, 8 June 2018 at 10.00am (WST), and at any adjournment of the Meeting.

**Important for Resolutions 1 and 7 to 9:** The Company will disregard any votes cast in favour of these Resolutions by your proxy if your proxy is an Excluded Person, unless you are not an Excluded Person and you mark the appropriate box opposite the Resolution in the panel below (directing your proxy to vote 'for' or 'against', or to 'abstain' from voting).

**Important for Resolutions 7 to 9:** Subject to the above, where you have appointed the Chair as your proxy (or the Chair becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on these Resolutions (except where you have indicated a different voting intention below) even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

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

Voting		For	Against	Abstain
Resolution 1	Transfer of Shares to Syracuse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Prior issue of Shares to the Relevant Sellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Prior issue of Shares under the Tranche 1 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares under the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of New Options under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of New Options to the Broker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Performance Rights to Charles Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Grant of Performance Rights to Mark Ashley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Grant of Performance Rights to George Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Grant of Performance Rights to Anna MacKintosh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

%

Signature of Shareholder(s):

Individual or Shareholder 1

Shareholder 2

Shareholder 3

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Sole Director / Company Secretary

Director

Director / Company Secretary

**Date:**

**Contact name:**

**Contact ph (daytime):**

**E-mail address:**

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

Yes ☐ No ☐

## Instructions for Proxy Form

### 1. Your name and address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note you cannot change ownership of your securities using this form.

### 2. Appointment of a proxy

You are entitled to appoint no more than two proxies to attend and vote on a poll on your behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of your voting rights. If you appoint two proxies and the appointment does not specify this proportion, each proxy may exercise half of your votes.

If you wish to appoint the Chair of the Meeting as your proxy, please mark the box. If you leave this section blank or your named proxy does not attend the Meeting, the Chair will be your proxy. A proxy need not be a Shareholder.

### 3. Voting on Resolutions

You may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item your vote will be invalid on that item.

### 4. Signing instructions

You must sign this form as follows in the spaces provided:

- **(Individual)** Where the holding is in one name, the holder must sign.
- **(Joint holding)** Where the holding is in more than one name, all of the shareholders should sign.
- **(Power of attorney)** If you have not already lodged the power of attorney with the Company's share registry, please attach a certified photocopy of the power of attorney to this form when you return it.
- **(Companies)** Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, as sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

### 5. Return of a Proxy Form

To vote by proxy, please complete and sign the enclosed Proxy Form (and any power of attorney and/or second Proxy Form) and return by:

- post to the Company at 22 Townshend Road, Subiaco WA 6008; or
- email to the Company Secretary at [anna@gttventures.com.au](mailto:anna@gttventures.com.au),

so that it is received by no later than 10.00am (WST) on Wednesday, 6 June 2018.

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

## **Annexure A – Independent Expert Report**

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## MARQUEE RESOURCES LIMITED

Financial Services Guide and Independent Expert's Report

7 May 2018

*We have concluded that the advantages of the Proposed Transaction outweigh the disadvantages to Non-Associated Shareholders*

# FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

## Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

## General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

## Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## Remuneration or other benefits received by our employees

All our employees receive a salary.

## Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.



## Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

## Complaints resolution

### Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

## Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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7 May 2018

The Directors  
Marquee Resources Limited  
22 Townsend Road  
SUBIACO WA 6008

Dear Directors

## INDEPENDENT EXPERT'S REPORT ("REPORT")

### 1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Marquee Resources Limited ("Marquee" or "the Company") to be held on or around 8 June 2018, at which shareholder approval will be sought for a number of resolutions, including Resolution 1 which relates to the following transaction.

#### Resolution 1 – Transfer of Shares to Syracuse

*"For the purposes of item 7 of section 611 of the Corporations Act, and for all other purposes, approval is given for MQR Shareholding Co. Pty Ltd ACN 624 604 922 as trustee for the MQR Shareholding Trust (MQR Trust) to transfer 6,564,683 Shares to Syracuse Capital Pty Ltd ACN 121 880 439 (Syracuse) (and/or its nominees), causing Syracuse to increase its Relevant Interest in the Company's Shares such that its Voting Power increases to a maximum of 35.07%, as described in the Explanatory Statement."*

1.2 Resolution 1 (referred to above) is in respect of obtaining Shareholder approval for the sale of securities by MQR Shareholding Co Pty Ltd as trustee for ("ATF") MQR Shareholding Trust ("MQR Trust") to Syracuse Capital Pty Ltd ("Syracuse"), resulting in Syracuse's voting interest in the Company exceeding 20% ("Proposed Transaction").

1.3 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders").

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

- 1.4 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

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## 2. Summary and conclusion

### Opinion

- 2.1 In our opinion, and for the reasons set out in Sections 7 and 8 of this Report, the advantages of the Proposed Transaction to the Non-Associated Shareholders of Marquee outweigh the disadvantages.

### Approach

- 2.2 In assessing the advantages and disadvantages of the Proposed Transaction to the Non-Associated Shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – Content of Expert Reports ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.
- 2.3 Specifically, RG 111 states that where approval for a sale of shares by a company otherwise prohibited under section 606 of the Act is sought under item 7 of section 611, the expert should identify the advantages and disadvantages of the Proposed Transaction to security holders not associated with the transaction and provide an opinion either:
- That the advantages of the Proposed Transaction outweigh the disadvantages; or
  - That the disadvantages of the Proposed Transaction outweigh the advantages.
- 2.4 RG 111 states that the expert should focus on:
- The issues facing the security holders for whom the report is being prepared; and
  - The substance of the transaction, rather than the legal mechanism to achieve it.
- 2.5 Further information on the approach we have employed in assessing the advantages and disadvantages of the Proposed Transaction is set out at Section 4 of this Report.

### Background

- 2.6 As part of the acquisition of 100% of the issued capital of Canadian Co27 Pty Ltd ("Co27") completed on 21 February 2018 ("Acquisition"), of which Syracuse was one of the vendors, 6,564,683 of the 11,000,000 consideration shares were issued to the MQR Trust, a wholly owned subsidiary of the Company.
- 2.7 If the Proposed Transaction proceeds, the 6,564,683 shares will be transferred to Syracuse as consideration for the acquisition of Co27 and its interests in the Projects. If the Proposed Transaction does not proceed, the MQR Trust would appoint a broker to sell the 6,564,683 shares within three months of the expiry of the Escrow Period and remit the net proceeds to Syracuse.

### Advantages of approving the Proposed Transaction to Non-Associated Shareholders:

- 2.8 The advantages of the Proposed Transaction are:
- If the Proposed Transaction does not proceed, a broker will be instructed to sell the securities that are the subject of the Proposed Transaction after completion of a 12-month escrow period (6,564,683 Shares comprising approximately 15.4% of the Company's issued capital if the Tranche 2 Placement completes or 17.01% if the Tranche 2 Placement does not complete). The securities are to be sold within three months of the end of the escrow period, using the most appropriate sale method to secure the best available price, which may place downward pressure on the Company's Share price. Further details on this potential risk of downward pricing pressure are set out in Section 7 of our Report;

- If the Proposed Transaction is not approved and a broker is instructed to sell the securities, the sale of the securities to a third party may give that person a voting power of greater than 10%, which may deter a takeover offer for the Company as the third party would have the right to block a compulsory acquisition of the Company. Such a scenario could result in a third party holding 15.4% and Syracuse holding 16.4% of Marquee shares if the Tranche 2 Placement completes and the securities are sold in their entirety to an unidentified third party (on an diluted basis); and
- Syracuse would be more likely to introduce the Company to potential new opportunities if the Proposed Transaction completes, which may add value to Shareholders, given the appreciation in the Company's Share price since the announcement of the Acquisition on 5 December 2017.

#### **Disadvantages of approving the Proposed Transaction to Non-Associated Shareholders:**

2.9 The disadvantages of the Proposed Transaction are:

- Syracuse will obtain a maximum shareholding of 35.07% in the Company's issued capital, which will reduce the influence of Non-Associated Shareholders and may discourage new cornerstone investors, without paying a control premium. By increasing its relevant interest to over 25% Syracuse will pass a meaningful control barrier as it would provide a blocking interest for the purposes of special resolutions. Further details on these implications of the Proposed Transaction are set out in Section 8 of our Report; and
- The sale of securities via a broker could be expected to broaden the Company's Shareholder base which may provide a slightly more liquid market for the Company's securities.

### 3. Summary of Transaction

#### Background

- 3.1 On 5 December 2017, the Company announced that it had agreed to acquire 100% of the issued capital of Co27 from Syracuse, Jet Capital Pty Ltd ("Jet Capital"), Vonross Nominees Pty Ltd ("Vonross") and Ninety Three Pty Ltd ("Ninety Three") (together the "Co27 Vendors"). Co27 was party to several agreements to acquire interests in three cobalt projects located in Ontario, Canada (the "Projects").
- 3.2 The consideration payable by the Company to the Co27 Vendors for the Acquisition included (among other things) 11,000,000 ordinary shares in the Company ("Consideration Shares"). Upon completion of the Acquisition, this would result in Syracuse acquiring an aggregate voting interest in the Company of greater than 20%, pursuant to which shareholder approval would be sought for the purposes of item 7 of section 611 of the Act at a general meeting to be held on 21 February 2018.
- 3.3 Syracuse is an entity controlled by Mr Rocco Tassone, a former Director of the Company. Mr Tassone, Mr Charles Thomas (a director of the Company) and Mr Patrick Glovac are joint owners and directors of GTT Ventures Pty Ltd. Mr Tassone, Mr Thomas and Mr Glovac are considered to be associated with respect to the Company.
- 3.4 Due to the material risk of the Acquisition not proceeding if the deadline for completion was not met, the Company announced on 16 February 2018 that, among other things, it was withdrawing the resolution referred to in paragraph 3.2 above seeking shareholder approval for the purposes of item 7 of section 611 of the Act, and:
- the number of Consideration Shares to be issued to Syracuse at completion of the Acquisition would be capped such that the aggregate voting interest of Mr Tassone, Mr Thomas and Mr Glovac in the Company would be 19.9%;
  - the remaining 6,564,683 Consideration Shares otherwise due to Syracuse would be issued to a newly registered company to be wholly owned by the Company ("Relevant Shares"); and
  - a subsequent general meeting would be convened at which Shareholder approval would be sought for Syracuse to acquire the Relevant Shares for the purposes of item 7 of section 611 of the Act.
- 3.5 The Company completed the Acquisition on 21 February 2018 and issued the Consideration Shares to the Co27 Vendors and the 6,564,683 Relevant Shares otherwise due to Syracuse were issued to the MQR Trust, pending a subsequent shareholder meeting for the purposes of item 7 of section 611 of the Act.

#### Proposed Transaction Overview

- 3.6 The Company is now seeking shareholder approval for the Relevant Shares to be transferred to Syracuse pursuant to item 7 of section 611 of the Act, whereby:
- if Resolution 1 is approved by Shareholders, the MQR Trust will transfer the Relevant Shares to Syracuse (and/or its nominees) for nil consideration; or
  - if Resolution 1 is not approved by Shareholders, the MQR Trust will appoint a broker to sell the Relevant Shares and remit net proceeds to Syracuse ("Broker Sale").
- 3.7 The Relevant Shares are subject to an ASX imposed escrow period of 12 months from the date of issue ("Escrow Period"). Each of Jet Capital, Vonross and Ninety Three have agreed to enter into voluntary escrow deeds for a period of 12 months in relation to the Shares issued to them. The date of issue of the Shares was 14 March 2018; accordingly, the escrow expiry date is 14 March 2019.
- 3.8 In the case of a Broker Sale, the MQR Trust will instruct the broker to:

- use the most appropriate sale method to secure the best available sale price for the Relevant Shares that is reasonably available at that time;
- not sell any Relevant Shares to Syracuse or any of its associates (directly or indirectly) if those Shares are not sold in the ordinary course of trading on the ASX; and
- sell all Relevant Shares within 3 months of the end of the Escrow Period.

## Profile of Syracuse

- 3.9 Syracuse is an Australian company incorporated in 2006 and is based in Perth, Western Australia. Syracuse is wholly owned by Mr Rocco Tassone, a former Director of the Company for the period up to the Company's admission to the official list of the ASX on 13 March 2017.
- 3.10 Syracuse's associates are GTT Global Opportunities Pty Ltd, Mounts Bay Investments Pty Ltd ("Mounts Bay"), Murdoch Capital Pty Ltd and Kcirtap Securities Pty Ltd. Mounts Bay is a related party of the Company as it is controlled by Mr Charles Thomas, who is a Director of the Company.
- 3.11 In 2013, Mr Tassone co-founded GTT Ventures Pty Ltd ACN 601 029 636 ("GTT"), where he remains a joint owner and director. GTT is a boutique corporate advisory firm specialising in the resource and technology sectors. As disclosed in the Company's prospectus dated 8 February 2017, GTT acts as the Company's corporate adviser under a mandate.

## Placement

- 3.12 Concurrent to the Proposed Transaction, the Company announced on 21 March 2018 a placement to raise approximately \$2,650,000 (before costs) through the issue of 7,571,428 Shares at an issue price of \$0.35 each, together with 1 free attaching Option for every 2 Shares issued ("Placement"). It is contemplated that the Placement will be completed in the following tranches:
- The issue of 3,582,500 Shares which occurred on 29 March 2018 at an issue price of \$0.35 each to raise a total of \$1,253,875 (before costs) and, subject to Shareholder approval, 1 free attaching Option for every 2 Shares issued ("Tranche 1 Placement"); and
  - subject to Shareholder approval, the issue of 3,988,500 Shares at an issue price of \$0.35 each to raise a total of \$1,395,975 (before costs) and 1 free attaching Option for every 2 Shares issued ("Tranche 2 Placement").
- 3.13 The issue of Shares and Options under the Tranche 2 Placement are set out in Resolutions 4 and 5 in the Notice ("Placement Resolutions"). Each Placement Resolution is subject to, and conditional on, the other Placement Resolution being passed. Accordingly, the Placement Resolutions should be considered collectively as well as individually.
- 3.14 Further, the Company proposes to issue 2,000,000 Options to the lead manager, Hartleys Limited ("Broker") as consideration for broking services provided in connection with the Placement ("Broker Options").
- 3.15 Funds raised under the Placement will primarily be used to fund exploration activities at the Projects.
- 3.16 It is anticipated that Shares to be issued under the Tranche 2 Placement, and Options to be issued under the Placement (including to the Broker), will be issued immediately following the general meeting.
- 3.17 It is proposed that the Options will be issued under the prospectus issued by the Company, and announced to the ASX, on 29 March 2018 in order to remove trading restrictions on any Shares issued upon their exercise.



## Key Conditions of the Proposed Transaction

3.18 Completion of the Proposed Transaction is subject to and conditional upon the following conditions precedent:

- The Relevant Shares cannot be transferred until the expiry of the Escrow Period on 14 March 2019;
- Non-Associated Shareholders of the Company approving Resolution 1; and
- The Company receiving all necessary regulatory approvals required for the Proposed Transaction to proceed, including those from the ASX and ASIC.

## Rationale for the Proposed Transaction

3.19 If the Proposed Transaction proceeds the Relevant Shares will be transferred to Syracuse as consideration for the acquisition of Co27 and its interests in the Projects.

3.20 If the Proposed Transaction does not proceed, the MQR Trust will appoint a broker to sell the Relevant Shares within three months of the expiry of the Escrow Period and remit the net proceeds to Syracuse.

## Impact of Proposed Transaction on Marquee's capital structure

3.21 The table below sets out a summary of Marquee's capital structure before and after the Proposed Transaction.

**Table 1 Share structure of Marquee prior to and post the Proposed Transaction**

	Ref	Prior to Proposed Transaction		Post Proposed Transaction		Post Proposed Transaction	
Ordinary Shares:				Excluding Tranche 2 Placement		Including Tranche 2 Placement	
Non-Associated Shareholders		19,882,654	51.53%	19,882,654	51.53%	19,882,654	46.70%
Syracuse and associated entities		6,965,000	18.05%	13,529,683	35.07%	13,529,683	31.78%
MQR Trust		6,564,683	17.01%	-	0.00%	-	0.00%
Relevant Sellers <sup>(1)</sup>		1,587,663	4.11%	1,587,663	4.11%	1,587,663	3.73%
Placement		3,582,500	9.29%	3,582,500	9.29%	7,571,428	17.79%
Total undiluted Shares on issue		38,582,500	100%	38,582,500	100%	42,571,428	100%
Options and Performance Rights:							
Non-Associated Shareholders		9,747,684	57.34%	9,747,684	33.86%	9,747,684	31.66%
Syracuse and associated entities		7,252,316	42.66%	7,252,316	25.19%	7,252,316	23.56%
Placement		-	0.00%	1,791,250	6.22%	3,785,714	12.30%
Broker Options		-	0.00%	2,000,000	6.95%	2,000,000	6.50%
Performance Rights		-	0.00%	8,000,000	27.79%	8,000,000	25.99%
Total Options on issue		17,000,000	100%	28,791,250	100%	30,785,714	100%
Fully diluted position:							
Non-Associated Shareholders		33,212,838	59.75%	45,004,088	66.80%	50,987,480	69.51%
Syracuse and associated entities		14,217,316	25.58%	20,781,999	30.85%	20,781,999	28.33%
MQR Trust		6,564,683	11.81%	-	0.00%	-	0.00%
Relevant Sellers <sup>(1)</sup>		1,587,663	2.86%	1,587,663	2.36%	1,587,663	2.16%
Total diluted Shares on issue		55,582,500	100%	67,373,750	100%	73,357,142	100%

Source: Company estimates

1. Relevant Sellers comprises the Co27 Vendors, excluding Syracuse, whom collectively received 1,587,663 Consideration Shares under the Acquisition.

3.22 The following options are on issue by the Company prior to the Proposed Transaction:

- 9,000,000 unquoted options, exercisable at \$0.30 and expiring on 10 March 2020 held by the three Directors ("Unquoted Options"); and
- 8,000,000 quoted options, exercisable at \$0.20 and expiring on 30 September 2020 (Quoted Options"). A total of 2,244,610 Quoted Options are held by Syracuse and its associated entities prior to the Proposed Transaction.

3.23 The Company is seeking approval for the issue of 8,000,000 performance rights to Directors and management of the Company subject to Resolutions 7 to 10 in the Notice.

3.24 The table above shows that following the Proposed Transaction, the relevant interest of Syracuse and its associated entities in the Company will increase from approximately 18.1% prior to the Proposed Transaction to 31.8% on an undiluted basis and 28.3% on a fully diluted basis following the Proposed Transaction, assuming the Tranche 2 Placement is also approved.

## 4. Scope of the Report

### Terms of reference

- 4.1 Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20%. Completion of the Proposed Transaction will result in the MQR Trust transferring 6,564,683 Shares to Syracuse, and Syracuse increasing its voting interest in the Company from 18.05% to a maximum of 35.07%.
- 4.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Non-Associated Shareholders of the company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for Resolution 1 under Item 7 of Section 611 of the Act.
- 4.3 Section 611(7) of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

### Basis of assessment

- 4.4 RG 111 provides guidance as to the assessment of the approval of a sale of securities under item 7 of Section 611. Item 7 of Section 611 envisages that shareholders approving such a transaction may be foregoing:
- the opportunity of receiving a takeover bid; and
  - sharing in any premium of control.
- 4.5 In assessing a sale of securities, the expert should identify the advantages and disadvantages of the proposal to security holders not associated with the transaction. In contrast with the analysis for an issue of shares under item 7 of section 611, the expert should provide an opinion, either that:
- the advantages of the proposal outweigh the disadvantages; or
  - the disadvantages of the proposal outweigh the advantages.
- 4.6 In assessing whether the advantages of the Proposed Transaction outweigh the disadvantages we have had regard to:
- the existence of a control premium being provided to the vendor of the Shares to the detriment of the Non-Associated Shareholders;
  - whether the Non-Associated Shareholders may be foregoing the opportunity to share in a takeover premium by approving the Proposed Transaction;
  - the stated intentions of Syracuse if the Proposed Transaction is approved or if it is not approved; and
  - the advantages and disadvantages to the Non-Associated Shareholders of Marquee as a consequence of the Proposed Transaction being approved.
- 4.7 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

## 5. Profile of Marquee

### Background

- 5.1 Marquee is an Australian public company incorporated on 30 November 2016 and based in Subiaco, Western Australia. The Company was admitted to the ASX on 14 March 2017.
- 5.2 Marquee is a North American battery minerals focussed company with interests in the Werner Lake and Skeleton Lake cobalt projects located in Ontario, Canada and the Clayton Valley lithium project located in Nevada, USA.

### Mineral projects

#### *Werner Lake project*

- 5.3 The Werner Lake project is a high-grade cobalt resource with over 40,000 metres drilling previously undertaken and an operating cobalt mine in the 1940's. Per Company announcements the Werner Lake has indicated mineral resource of 79,400 tonnes at 0.43% with total reported mine production at 143,386 pounds of cobalt grading approximately 2.2% cobalt and 0.75 % copper.
- 5.4 Upon completion of the Acquisition on 21 February 2018, the Company consolidated the Werner Lake project to include the Werner Lake East West Project, comprising approximately 18.4 square kilometres of cobalt mineralised zones (West Block 7.8 square kilometres and East Block 10.6 square kilometres). According to the previous project owners, this area of the Werner Lake project has yet to be tested in detail for cobalt.

#### *Skeleton project*

- 5.5 The Skeleton project comprises 1,408 hectares (14.08km<sup>2</sup>) located approximately 470km northwest of Ottawa and 55k north of the town of Cobalt in the highly prospective Mulligan cobalt area in southern Ontario. There has been limited historical exploration completed at the Skeleton Project.

#### *Clayton Valley project*

- 5.6 The Clayton Valley project comprises lithium mineral claims covering approximately 2,114 acres or 855.51 hectares located approximately 30km northwest from the town of Goldfield. The Clayton Valley project is located on the north-east side of the south end of the Clayton Valley Basin and to the south of the only producing lithium mine in North America, approximately 3.5 hours from Tesla's Gigafactory 1, a large lithium-ion battery factory.

## Directors and Company Secretary

5.7 The current Directors and Company Secretary of Marquee are summarised in the table below.

**Table 2 Marquee Directors**

Name	Title	Experience
<b>Mr Mark Ashley</b>	Non-Executive Chairman	Mark Ashley has over 30 years' experience in internationally listed organisations, most commonly in Mining and Natural Resource sectors. He currently serves as a Director at two other listed Companies in America.
<b>Mr Charles Thomas</b>	Managing Director	Charles Thomas has more than 10 years' experience in the financial services industry and has experience in capital markets and the structuring of corporate transactions. He has previously sat on the board of numerous ASX listed companies in the mining, resources and technology space.
<b>Mr George Henderson</b>	Non-Executive Director	George Henderson is a corporate lawyer with over 7 years of experience. He is currently a partner in the corporate team at Edwards Mac Scovell and primarily works in mergers and acquisitions, capital raisings and regulatory compliance and has particular experience in the resources sector.
<b>Ms Anna MacKintosh</b>	Company Secretary	Anna MacKintosh has over 26 years' commercial experience including 11 years with BHP, 10 years with AFSL holder Kirke Securities Ltd as Compliance Manager, Finance Manager and Responsible Executive. Since then she has held company secretary and CFO positions for various ASX listed companies.

Source: Company

## Financial Information of Marquee

5.8 The information in the following section provides a summary of the financial performance of Marquee for the period from incorporation on 30 November 2016 to 30 June 2017, extracted from the audited financial statements of the Company, and for the six months ended 31 December 2017 as per the half-yearly reviewed financial statements of the Company.

5.9 The auditor of Marquee, BDO, issued an unqualified audit opinion on the financial statements of the Company for the period ended 30 June 2017 and identified no material misstatements in its review financial statements for the half year ended 31 December 2017.

## Financial performance

5.10 The following table sets out a summary of the financial performance of Marquee for the periods ended 30 June 2017 and for the six months ended 31 December 2017.

**Table 3 Marquee historical financial performance**

	Ref	6 months ended	7 months ended
		31-Dec-17 Reviewed	30-Jun-17 Audited
\$			
<b>Continuing operations</b>			
Interest income	5.11	16,875	12,329
Administrative expenses		(381,803)	(282,482)
Staff expenses		(164,060)	(87,601)
Depreciation expense		(667)	(44)
Share based payment	5.12	-	(1,168,000)
Loss before income tax expense		(529,655)	(1,525,798)
Income tax benefit		-	-
<b>Loss after income tax for the period</b>		<b>(529,655)</b>	<b>(1,525,798)</b>
Exchange rate differences		(10,495)	(27,973)
<b>Loss after income tax for the period</b>		<b>(540,150)</b>	<b>(1,553,771)</b>

Source: Company Financials

5.11 Marquee's historical financial performance is indicative of a recently incorporated mineral exploration company, with no operating revenue and costs predominantly relating to administration and staff expenses.

5.12 Share based payments of \$1.168 million during the period ended 30 June 2017 reflect Shares issued to directors at 20 cents per share in line with the price of the initial public offer ("IPO") Shares raised under the prospectus.

## Financial position

5.13 The table below sets out a summary of the financial position of Marquee as at 30 June 2017 and 31 December 2017.

**Figure 1 Marquee historical financial position**

	Ref	31-Dec-17 Reviewed	30-Jun-17 Audited
<b>\$</b>			
<b>Assets</b>			
Cash and cash equivalents	5.15	1,981,736	2,697,003
Trade and other receivables		48,195	55,966
Prepayments		4,708	24,308
<b>Total current assets</b>		<b>2,034,639</b>	<b>2,777,277</b>
Property, plant and equipment		6,774	6,670
Deferred exploration and evaluation expenditure	5.16	813,128	593,994
<b>Total non-current assets</b>		<b>819,902</b>	<b>600,664</b>
<b>Total assets</b>		<b>2,854,541</b>	<b>3,377,941</b>
<b>Liabilities</b>			
Trade and other payables		51,258	80,508
Accruals		8,000	42,000
<b>Current Liabilities</b>		<b>59,258</b>	<b>122,508</b>
<b>Total Liabilities</b>		<b>59,258</b>	<b>122,508</b>
<b>Net assets</b>		<b>2,795,283</b>	<b>3,255,433</b>
<b>Equity</b>			
Issued capital		3,666,204	3,666,204
Reserves		1,184,532	1,115,027
Accumulated losses		(2,055,453)	(1,525,798)
<b>Total equity</b>		<b>2,795,283</b>	<b>3,255,433</b>

Source: Company Financials

5.14 The unaudited financial position of Marquee as at 31 December 2017 shows net assets of approximately \$2.8 million, primarily comprising \$2.0 million cash and cash equivalents. On 21 March 2018 the Company announced the Placement to raise a further \$2.65 million before costs.

5.15 Marquee was admitted to the ASX on 14 March 2017 following a \$3.5 million capital raising (before costs). The company then undertook a non-renounceable, pro-rata entitlement offer, 8,000,000 new options were issued at a price of \$0.01 each to raise approximately \$80,000 (before costs).

5.16 Deferred exploration and evaluation expenditure primarily comprises \$450,000 in historical exploration expenditure at the Clayton Valley project which was acquired via the 100% acquisition of Sovereign Gold Nevada Inc (USA) during the period ended 30 June 2017. Further exploration expenditure incurred since this time has been capitalised, partly offset by foreign exchange losses on USD expenditure.

5.17 We note that the Acquisition and Placement occurred subsequent to 31 December 2017 and are not reflected in the half-yearly results.

## Capital structure

5.18 Marquee has 38,582,600 ordinary Shares on issue. The top 20 Shareholders of Marquee as at 10 April 2018 are set out below.

**Table 4 Marquee Top 20 Shareholders**

Rank	Name	Total Units	% Issued Share Capital
1	MQR SHAREHOLDING CO PTY LTD	6,564,683	17.01%
2	SYRACUSE CAPITAL PTY LTD	4,292,586	11.13%
3	FORCE COMMODITIES LIMITED	2,250,000	5.83%
4	MOUNTS BAY INVESTMENTS PTY LTD	1,000,000	2.59%
5	KCIRTAP SECURITIES PTY LTD	1,000,000	2.59%
6	MS CHLOE THOMAS	560,000	1.45%
7	JINDABYNE CAPITAL PTY LTD	550,000	1.43%
8	GTT GLOBAL OPPORTUNITIES PTY	542,500	1.41%
9	FARRIS CORPORATION PTY LTD	500,000	1.30%
10	VONROSS NOMINEES PTY LTD	479,328	1.24%
11	JET CAPITAL PTY LTD	479,328	1.24%
12	MR MALCOLM GEOFFREY HERON &	450,000	1.17%
13	NINETY THREE PTY LTD	431,395	1.12%
14	MR MATTHEW STEVEN KLEIN	400,000	1.04%
15	MR KAEI JOSEPH WILLIAMS	375,000	0.97%
16	MR DAMIAN CULLURA	360,000	0.93%
17	DR STUART LLOYD PHILLIPS &	350,000	0.91%
18	MR ROBERT JESSE HUNT	325,000	0.84%
19	ALISSA BELLA PTY LTD	320,731	0.83%
20	SLAM CONSULTING PTY LTD	319,921	0.83%
<b>Total Top 20 shareholding</b>		<b>21,550,472</b>	<b>55.86%</b>
Others		17,032,028	44.14%
<b>Total issued capital</b>		<b>38,582,500</b>	<b>100.0%</b>

Source: Company



## Share price performance

5.19 The figure below sets out a summary of Marquee's closing Share prices and traded volumes for the 12-month period to 6 April 2018, including the period immediately before and after the announcement and completion of the Acquisition on 5 December 2017 and 21 February 2018 respectively.

**Figure 2 Marquee daily closing Share price and traded volumes**



Source: S&P's Capital IQ

5.20 In the approximately 12-month period to 6 April 2018, the Company's Shares experienced a high level of trading activity, with approximately 143% of volume traded over this time. This volume of trading would typically represent a highly liquid stock. During this period, Marquee's Share price fluctuated considerably between \$0.130 and \$0.605 per Share.

5.21 Since November 2017, there were several periods of elevated trading as highlighted in the graph above, which were accompanied by material announcements made by the Company. These events are discussed in further detail below:

1. On 8 November 2017 approximately 3% of Marquee's Shares were traded and its Share price increased from an intra-day low of \$0.215 to an intra-day high of \$0.255. The ASX issued a price and volume query to the Company on 8 November 2017, in which the Company responded that it was unaware of any information that could explain the recent trading of securities.
2. On 5 December 2017 the Company announced the Acquisition of 100% of the issued capital of Co27;
3. Over the 7 trading days between 5 January 2018 – 12 January 2018, approximately 24% of the Company's issued capital were traded, representing a significant volume of trading. Public announcements made by the Company during this time included the release of a corporate governance statement on 5 January 2018, a further ASX price and volume query and Company response on 8 January 2018 and a statement regarding ASX Listing Rule 4.10.19 that had been inadvertently omitted from the Company's 2017 Annual Report released on 28 September 2017.
4. On 22 January 2018 the Company announced the successful completion of due diligence procedures in order to proceed with the Acquisition, together with a notice of meeting and accompanying IER prepared by RSM, which provided Shareholders with an opinion on the Fairness and Reasonableness of the Acquisition to Non-Associated Shareholders of the Company.
5. On 16 February 2018 the Company announced an update regarding the general meeting and Acquisition and announced the Proposed Transaction, that it was withdrawing the resolution for the purposes of item

7 of section 611 of the Act and proposing a subsequent general meeting at which Shareholder approval would be sought for Syracuse to acquire the Relevant Shares for the purposes of item 7 of section 611 of the Act.

6. On 21 February 2018 the Company announced the results of the general meeting and completion of the Acquisition.
7. On 21 March 2018, the Company announced the Placement to raise \$2.65 million with Hartley's Limited acting as the lead manager. The Company announced the completion of the Tranche 1 Placement on 29 March 2018, with the Tranche 2 Placement subject to Shareholder approval.

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## 6. Evaluation of the Proposed Transaction

6.1 When preparing an IER for the approval of a sale securities under item 7 of s611 of the Act, RG 111.41 - RG 111.46 outlines various factors which the expert should consider in providing an opinion on the advantages and disadvantages of the Proposed Transaction.

6.2 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceed, than if it does not, we have considered these factors below.

### Control Premium

6.3 RG 111.43 states that a specific issue the expert should determine is whether the vendor is to receive a premium for control.

6.4 If the Proposed Transaction is approved by Shareholders, the Relevant Shares will be transferred from the MQR Trust to Syracuse (and/or its nominees) for nil consideration. Therefore, there is no incremental premium for control to be received upon the transfer of the Relevant Shares to Syracuse specific to the Proposed Transaction. Equally, there will be no control premium paid to Non-Associated Shareholders under a Broker Sale.

6.5 Accordingly, whilst Shareholders may have a reasonable expectation that the increase in Syracuse's control over the Company may attract a control premium, no control premium will be received or foregone whether Shareholders approve the Proposed Transaction or not.

6.6 In this regard, we note that guidance at RG 111.44 states the greater the control premium that a vendor receives in a sale of shares transaction, the greater the advantages of the transaction to the non-associated shareholders would need to be to support a finding that the advantages outweigh the disadvantages.

### Future transactions

6.7 RG 111.45 states that the expert should enquire whether future transactions are planned between the Company and the vendor or any of the vendor's associates. This is to identify any future transactions which may not be at arm's length or which may compensate the vendor from accepting a price for their shares which is too low.

6.8 The Company has confirmed that no future transactions between it and Syracuse (or any of Syracuse's associates) are planned.

### Takeover bid

6.9 If the Proposed Transaction proceeds, Syracuse and its associated entities will hold a relevant interest in the Company of greater than:

- 10%, giving it the ability to block a compulsory acquisition; and
- 25%, giving it the ability to block a special resolution;

Which, may deter any future takeover offer for the Company.

6.10 Takeover offers may be attractive to Shareholders as they are often made at a premium to the market price of shares and no other Shareholder currently has a relevant interest in the Company greater than 10%.

## Other matters

### *Escrow Period*

- 6.11 We note that the securities that are the subject of the Proposed Transaction are subject to a 12-month Escrow Period whether the Proposed Transaction proceeds or not.
- 6.12 Whilst the 12-month Escrow Period is likely to have a depreciative impact on the value of the securities held by the MQR Trust, this impact will be the same whether the Relevant Shares are transferred to Syracuse or sold on market.
- 6.13 Accordingly, we have determined that there is no requirement to calculate the potential value impact of the Escrow Period on the Proposed Transaction.

### *No further dilution of Non-Associated Shareholders*

- 6.14 There will be no further dilution of the voting interests of Non-Associated Shareholders whether the Proposed Transaction is approved or not, as no new Shares will be issued.

## 7. Advantages of the Proposed Transaction to Non-Associated Shareholders

### Advantages of approving the Proposed Transaction

#### *Potential for Broker Sale to place downward pressure on Company Share price*

7.1 Under the Broker Sale, the broker will be instructed to sell the Relevant Shares via the most appropriate sale method to secure the best available share price for the Relevant Shares within a maximum period of 3 months from expiry of the Escrow Period. Upon completion of the Tranche 2 Placement, the Relevant Shares will comprise approximately 15.42% of the Company's issued share capital assuming the Tranche 2 Placement completes (17.01% if the Tranche 2 Placement does not complete).

7.2 The selling of a large volume of shares over a restricted time period is generally understood to have a negative effect on a company's short-term share price due to the spread in bid and ask orders for a company's stock, partially diminished by the degree of the stock's liquidity.

7.3 We have analysed the Company's bid and ask spread reported at the close of trading on 24 April 2018 below. At the close of trading:

- The Company's last sale price was \$0.410;
- The first buy order for the Company's shares was for 7,500 shares at \$0.385;
- The first sell order for the Company's shares was for 13,121 shares at \$0.40; and
- There was a total of 392,011 shares with buy orders and 339,384 shares with sell orders.

7.4 If a sell order was placed on market at this time, the sale price received would be \$0.385 for the first 7,500 units, \$0.38 for the next 8,000 units, and so on; thereby decreasing the share price to match each buy order. To exhaust the total 392,011 outstanding buy orders, the seller would need to decrease their ask price to \$0.30. This suggests that the requirement for a broker to dispose of approximately 6.5 million Relevant Shares in a restricted period of time would, theoretically, place considerable downward pressure on the Company's share price.

7.5 As discussed in paragraph 5.20, the Company's securities are liquid. Given the 3-month period in which the broker will have to dispose of the Relevant Shares if the Proposed Transaction is not approved, we must therefore extend the above analysis to assess the volume of Marquee's securities traded over a 3-month period.

7.6 The volume of Marquee shares traded in the 3 months to 24 April 2018 was approximately 7 million shares, including 8 trading days during this period where the Company's securities were not traded at all.

7.7 If the Broker Sale had been conducted over this period, the number of Marquee shares traded in the 3 months would have broadly doubled. That is, there would have been approximately double the number of sell orders than had been successfully matched by corresponding buy orders in the 3-month period to 24 April 2018. Theoretically, the broker would be required to lower its sale price in order to match with a corresponding buy order to dispose of the Relevant Shares in the restricted time frame, thereby leading to a decrease in the company's share price.

7.8 In applying this theory to the Company's historical trading activity, with the exception of a significant period of trading in the 8 trading days immediately following the announcement of the Acquisition on 5 December 2018, the Company's securities did not experience a volume of trading in excess of 6.5 million in a 3-month period since listing on the ASX on 14 March 2017.

7.9 This illustrates that the requirement to sell the Relevant Shares via a Broker Sale would theoretically place considerable downward pressure on the short-term share price.

- 7.10 In our view, the potential risk of a Broker Sale is not likely to be priced into the Company's share price until such time that the Shareholder meeting to approve or not approve the Proposed Transaction has been completed.

*Potential for an additional significant shareholder that would be able to block a compulsory takeover*

- 7.11 If a Broker Sale is initiated, the sale of the Relevant Shares to a third party may give rise to another Shareholder with a voting power of greater than 10%, which would give that third party the right to block a compulsory acquisition of the Company, which may in turn deter a takeover offer for the Company.

- 7.12 Such a scenario could result in a third party holding 15.4% and Syracuse holding 16.4% of Marquee shares if the Tranche 2 Placement completes and the securities are sold in their entirety to an unidentified third party (on an undiluted basis).

*Greater likelihood of Syracuse introducing new opportunities to the Company which may add value to Shareholders*

- 7.13 If the Proposed Transaction proceeds, by holding a greater stake in the Company Syracuse will be more likely to introduce new opportunities to the Company than if the Proposed Transaction does not proceed, which may add value to Shareholders, based on the appreciation in the Company's Share price since the announcement of the Acquisition on 5 December 2017.

- 7.14 The potential for Syracuse to add further value to shareholders is based on the historical movement in the Company's share price since the Acquisition was announced; we note that there are no future transactions between the Company and Syracuse contemplated at this time.

## 8. Disadvantages of the Proposed Transaction to Non-Associated Shareholders

### Disadvantages of approving the Proposed Transaction

*Syracuse will obtain a significant interest in the Company without paying a Control Premium*

8.1 If the Proposed Transaction proceeds, Syracuse and its associated entities will increase its relevant interest in the Company from approximately 18.05% to 35.07%. This scenario has several key implications regarding the commercial influence that Syracuse will be granted over the Company.

- Syracuse will increase its relevant interest in the Company to greater than 20%, representing control for the purposes of section 611 (7) of the Act, without paying a control premium;
- Syracuse will increase its relevant interest in the Company to greater than 25%, giving it the ability to unilaterally block the approval of a takeover conducted by a scheme of arrangement, because one of the scheme voting thresholds is approval by at least 75% of the votes cast on the scheme resolution; and
- By increasing its relevant interest in the Company to greater than 25%, Syracuse will have the ability to unilaterally block the approval of a special resolution, because it requires approval by at least 75% of the votes cast on the resolution.

8.2 Together, these factors will reduce the influence of Non-Associated Shareholders over the Company whilst also potentially discouraging any new cornerstone investors.

*Broker Sale may increase the Company's liquidity*

8.3 A Broker Sale would be expected to broaden the Company's Shareholder base, which provides a slightly more liquid market for the Company's Shares than if the Relevant Shares were transferred to Syracuse; noting that with 143% of the Company's issued capital traded over the 12 months prior to 6 April 2018, the Company's securities are already highly liquid.

Yours faithfully

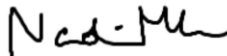
**RSM CORPORATE AUSTRALIA PTY LTD**

**A GILMOUR**



Director

**N MARKE**



Director

## APPENDICES



# A. DECLARATIONS AND DISCLAIMERS

## Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

## Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Mr Andy Gilmour and Ms Nadine Marke are directors of RSM Corporate Australia Pty Ltd. Both Mr Gilmour and Ms Marke are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

## Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

## Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Marquee Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

## Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Andy Gilmour, Nadine Marke, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$15,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Marquee Resources Limited receives Shareholder approval for the Proposed Transaction, or otherwise. RSM was previously commissioned by the Company to prepare an IER for Shareholders in relation to the Acquisition, and also to prepare a valuation of performance rights and options that will be issued subject to Shareholder approval as set out in the Notice. Both these engagements were conducted under normal commercial arrangements, which had no bearing on the opinions disclosed in this Report in relation to the Proposed Transaction.

## Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

## B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited and audit reviewed financial statements for Marquee for the period ended 30 June 2017 and six months ended 31 December 2018 respectively;
- ASX announcements of Marquee;
- S&P Capital IQ database; and
- Discussions with Directors and management of Marquee.

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## C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Acquisition	The acquisition of 100% of the issued capital of Co27 by Marquee
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
ATF	as trustee for
Broker Sale	The process in which, if the Proposed Transaction is not approved, a broker will be instructed to sell the Relevant Shares via the most appropriate sale method to secure the best available share price for the Relevant Shares within a maximum period of 3 months.
C\$	Canadian dollar
Clayton Valley Project	100% interest in the Clayton Valley lithium project located in the Nevada, USA
Co27	Canadian Co27 Pty Ltd
Co27 Vendors	Syracuse, Jet Capital, Ninety Three and Vonross
Company or Marquee	Marquee Resources Limited
Consideration Shares	11 million ordinary Shares issued to Co27 by the
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
Escrow Period	The ASX imposed escrow period for 12 months from the date the Relevant Shares were issued to the MQR Trust expiring 14 March 2019
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
Ha	Hectares
GTT	GTT Ventures Pty Ltd ACN 601 029 636
IER	This Independent Expert Report
IPO	Initial public offer
Jet Capital	Jet Capital Pty Ltd
Mounts Bay	Mounts Bay Investments Pty Ltd
MQR Trust	MQR Shareholding Co Pty Ltd ATF MQR Shareholding Trust
Ninety Three	Ninety Three Pty Ltd
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction

Term or Abbreviation	Definition
<b>Option or Options</b>	Unlisted options to acquire Shares with varying vesting conditions
<b>Placement</b>	A placement to raise approximately \$2,650,000 (before costs) through the issue of 7,571,428 Shares at an issue price of \$0.35 each, together with 1 free attaching Option for every 2 Shares issued
<b>Projects</b>	The Werner Lake Project (which includes the former Werner Lake East/West Project) and the Skeleton Lake Project, located in Ontario Canada
<b>Proposed Transaction</b>	The transfer of the Relevant Shares from the MQR Trust to Syracuse and its associated entities
<b>Quoted Options</b>	8,000,000 quoted options, exercisable at \$0.20 and expiring on 30 September 2020
<b>Relevant Shares</b>	The portion of Shares issued to the MQR Trust under the Acquisition that were to be issued to Syracuse; and will be transferred to Syracuse if the Proposed Transaction is approved.
<b>Report</b>	This Independent Expert's Report prepared by RSM dated 7 May 2018
<b>Resolution</b>	The resolutions set out in the Notice
<b>RG 111</b>	ASIC Regulatory Guide 111 Content of Expert Reports
<b>RSM</b>	RSM Corporate Australia Pty Ltd
<b>S&amp;P Capital IQ</b>	An entity of Standard and Poors which is a third party provider of company and other financial information
<b>Share or Marquee Share</b>	Ordinary fully paid share in the capital of the Company
<b>Shareholder</b>	A holder of Share
<b>Sellers</b>	The shareholders of Co27, comprising Syracuse Pty Ltd, Jet Capital Pty Ltd, Vonross Nominees Pty Ltd, and Ninety Three Pty Ltd.
<b>SRK</b>	SRK Consulting (Australasia) Pty Ltd
<b>Syracuse</b>	Syracuse Capital Pty Ltd
<b>Tranche 1 Placement</b>	The issue of 3,582,500 Shares on 29 March 2018 at an issue price of \$0.35 each under the Placement to raise a total of \$1,253,875 (before costs) and, subject to subject to Shareholder approval, 1 free attaching Option for every 2 Shares issued
<b>Tranche 2 Placement</b>	Subject to Shareholder approval, the issue of 3,988,500 Shares at an issue price of \$0.35 each under the Placement to raise a total of \$1,395,975 (before costs) and 1 free attaching Option for every 2 Shares issued
<b>Broker Options</b>	The issue of 2,000,000 Options to the lead manager, Hartleys Limited as consideration for broking services provided in connection with the Placement
<b>US\$</b>	US dollar
<b>Unquoted Options</b>	9,000,000 unquoted options, exercisable at \$0.30 and expiring on 10 March 2020 held by the three Directors
<b>VALMIN Code</b>	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
<b>Vonross</b>	Vonross Nominees Pty Ltd
<b>VWAP</b>	Volume weighted average share price

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