



15 February 2018

Company Announcements Office  
ASX Limited  
*By E-Lodgement*

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## ORCA TO ACQUIRE WESTERN AUSTRALIAN RESOURCE PROJECTS

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### HIGHLIGHTS

- Orca Energy Limited has entered into binding term sheets to acquire majority interests in 3 resource exploration tenements located in Western Australia (Projects).
- The Company will be renamed Fin Resources Limited upon completion of the Proposed Transaction.
- The Company will appoint two new experienced directors – Mr. Justin Tremain and Mr. Andrew Radonjic.
- The Company will issue a prospectus (Prospectus) to raise \$1m at \$0.02 per share.
- The Company will consolidate its capital on a 1:2 basis.
- The Proposed Transaction is subject to various conditions, including shareholder approval and re-compliance with Chapters 1 and 2 of the Listing Rules.

Orca Energy Limited (ASX: OGY) (Orca or Company) is pleased to announce that it has entered into 3 binding term sheets (Term Sheets) to acquire majority interests in exploration tenements located in Western Australia (Projects). They include:

- a term sheet with Sammy Resources Pty Ltd (a subsidiary of Cazaly Resources Limited (ASX: CAZ)) to acquire a 51% interest in exploration licence E80/4808 (McKenzie Springs Project), which is considered to be prospective for magmatic Ni-Cu sulphide and Platinum Group Element (PGE) mineralisation, and the right to farm-in to an additional 19% interest in the Project;
- a term sheet with Neon Space Pty Ltd to acquire a 51% interest in exploration licence E20/900 (South Big Bell Project), which is considered to be prospective for gold, and the right to farm-in to an additional 19% interest in the Project; and
- a term sheet with Crosspick Resources Pty Ltd to acquire a 51% interest in exploration licence E28/2652 (Sentinel Project), which is considered to be prospective for gold, and the right to farm-in to an additional 19% interest in the Project.

### BOARD & MANAGEMENT

Mr Greg Bandy  
MANAGING DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Nathan Rayner  
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti  
COMPANY SECRETARY

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### SHARE REGISTRY

Advanced Share Registry  
110 Stirling Highway  
Nedlands WA 6009

### ASX CODE

OGY



The Projects comprise exploration licences covering ground located in Western Australia which the Company intends to primarily explore for gold, base metals and graphite. Therefore, the Company proposes to change its direction from oil and gas exploration to mineral exploration.

Summaries of the Term Sheets are set out in schedule 1. The consideration payable for an initial interest of 51% in each Project and the right to farm-in to an additional 19% interest is set out below.

Project	Shares	New Options	Royalty	Farm-in right
McKenzie Springs Project	5,000,000	10,000,000	Nil	Additional 19% interest by spending \$500,000 within 18 months
South Big Bell Project	2,500,000	5,000,000	2% of net smelter return	Additional 19% interest by spending \$1,000,000 within 3 years
Sentinel Project	2,500,000	5,000,000	2% of net smelter return	Additional 19% interest by spending \$1,000,000 within 3 years
<b>Total</b>	<b>10,000,000</b>	<b>20,000,000</b>	<b>2% of net smelter return on South Big Bell and Sentinel Projects</b>	<b>\$2,500,000 for an additional 19% interest in the Projects</b>

The options will be exercisable at \$0.03 each and will expire 3 years after issue (**New Options**).

The parties intend to enter into formal and more comprehensive agreements to reflect the tenement sales, farm-in rights and joint ventures contemplated by the Term Sheets.

In connection with the proposed acquisitions under the Term Sheets, and subject to obtaining relevant shareholder approvals, the Company will:

- (a) consolidate its securities on a 1 for 2 basis;
- (b) issue approximately 50,000,000 shares at \$0.02 each to raise approximately \$1,000,000 via a public offer under the Prospectus (**Public Offer**);
- (c) appoint Mr. Justin Tremain and Mr. Andrew Radonjic as non-executive directors, with Mr. Greg Bandy and Mr. Nathan Rayner stepping down as directors;
- (d) issue 12,000,000 New Options to certain advisers and brokers;
- (e) issue 8,000,000 performance rights / options to proposed and continuing officers of the Company;
- (f) change its name to Fin Resources Limited; and
- (g) re-comply with Chapters 1 and 2 of the Listing Rules.

The proposed acquisitions and the steps and transactions referred to above comprise the **Proposed Transaction**.

The Company notes that the Proposed Transaction requires shareholder approval under the Listing Rules and the Corporations Act. The Proposed Transaction will not proceed if the relevant resolutions are not passed.



Completion of the Proposed Transaction will constitute a significant change to the nature and scale of the Company's activities. Therefore, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules in order to complete the Proposed Transaction. Accordingly, the Company is seeking approval under Listing Rule 11.1.2 and will take the necessary steps to meet the requirements of Chapters 1 and 2 as if the Company were applying for admission to the official list of ASX.

## **Projects**

Under the Term Sheets, the Company proposes to acquire the McKenzie Springs Project, the South Big Bell Project and the Sentinel Project, brief summaries of which are set out below. The Prospectus to be issued by the Company in connection with the Proposed Transaction will include further information on the Projects, including an independent geologist's report and a legal title report.

### **McKenzie Springs Project**

The McKenzie Springs Project is located 85km northeast of the township of Halls Creek in the Kimberley region of Western Australia. The Project comprises a single granted Exploration Licence, namely E80/4808.

The Project hosts mafic and ultramafic intrusions that are prospective for magmatic Ni-Cu sulphide and Platinum Group Element (PGE) mineralisation. Additionally, the Tickalara Metamorphic geology within the project is prospective for graphite mineralisation.

Nickel mineralisation within the McKenzie Springs Project is associated with the basal contact of mafic-ultramafic rocks in a similar geological setting to the Savannah Nickel Mine owned by Panoramic Resources Ltd (ASX: PAN) to the north. Rockchip sampling of gossan outcrops in conjunction with limited historical drilling has confirmed the potential for the presence of nickel mineralisation within the Project.

Recent work completed by Cazaly Resources Ltd (Cazaly, ASX: CAZ) includes the acquisition and processing of historic airborne electromagnetic (GEOTEM) data which covers the majority of the prospective area within the McKenzie Springs Project. The geophysical interpretation, coupled with known geology and geochemical survey results highlighted numerous conductive targets within both the prospective nickel and graphite corridors.

During a reconnaissance field trip at the McKenzie Springs Project, Cazaly located and sampled an outcrop of graphitic schist. Subsequent research of historical data identified further evidence of graphite bearing units associated with high grade metamorphic rocks of the Tickalara Metamorphic suite which trend through the tenement for approximately 15km. Petrographic analysis of a composite sample confirmed that the graphite is high grade flake graphite with the potential to be chemically converted into graphene. One of the targets highlighted from the GEOTEM survey included conductive stratigraphy which is considered potentially representative of shallow, high conductive graphite units being the same stratigraphic continuation of the graphitic schist sampled by Cazaly. Orca is currently reviewing all available data, details of this review will be included in the Prospectus.

Exploration work will focus on defining drill targets for both nickel and graphite mineralisation.

### **South Big Bell Project**

The South Big Bell Project is located 25km west of the township of Cue in the Murchison Goldfields. The Project comprises a single granted Exploration Licence, namely E20/0900.

The Project lies to the south of the Big Bell Gold Mine, currently held by Westgold Resources Ltd (ASX: WGX) which forms part of their Central Murchison Gold Project. The South Big Bell tenement covers the southern extension of the Mount Magnet-Meekatharra Greenstone Belt. Limited exploration work has been completed on the Project.



## Sentinel Project

The Sentinel Project is located 130km east-northeast of the township of Kalgoorlie in the Eastern Goldfields. The Project comprises a single granted Exploration Licence, namely E28/2652.

The Project lies within the southern Laverton Tectonic Zone, a regional scale shear/fault system that extends as a set of NNE and NNW trending structures from Laverton toward the Pinjin area.

The area has been explored for gold by a number of companies since the 1980s, exploration including predominantly reconnaissance and surface geochemical programs, and limited geochemical drill traverses through covered terrain. Mapping has located minor gold diggings at the Sentinel Prospect on the northern margin of Lake Rebecca.

Further details of the Projects will be contained in the Prospectus.

### Capital structure

Below is a table showing the Company's current capital structure (post-consolidation) and the capital structure on completion of the Proposed Transaction.

Capital structure	Existing <sup>1</sup>	Completion
Existing Shares <sup>2</sup>	231,691,438	231,691,438
Shares to Vendors <sup>3</sup>	-	10,000,000
Shares under Public Offer <sup>4</sup>	-	50,000,000
<b>Total Shares</b>	<b>231,691,438</b>	<b>291,691,438</b>
Existing options	-	-
New Options to Vendors <sup>5</sup>	-	20,000,000
New Options to advisers and brokers <sup>6</sup>	-	12,000,000
Performance rights / options to officers <sup>7</sup>		8,000,000
<b>Fully diluted Share capital</b>	<b>231,691,438</b>	<b>331,691,438</b>

#### Notes:

1. Assumes completion of the consolidation of securities on a 1 for 2 basis.
2. Assumes no additional shares are issued between the date of this announcement and completion of the Proposed Transaction.
3. Shares to be issued to the Vendors under the Term Sheets in partial consideration for interests in the Projects. See schedule 1 for further information on the Term Sheets.
4. See below for further information on the Public Offer.
5. New Options to be issued to the Vendors under the Term Sheets in partial consideration for interests in the Projects. New Options will have an exercise price of \$0.03 and expire 3 years from issue. See schedule 1 for further information on the Term Sheets.



6. New Options to be issued to advisers and brokers to be identified by the Company in full or partial consideration of providing services in connection with, or otherwise facilitating, the Proposed Transaction. New Options will have an exercise price of \$0.03 and expire 3 years from issue.
7. Performance rights / options to be granted to continuing and proposed officers of the Company as partial remuneration for facilitating the Proposed Transaction, and to incentive their performance. Exercise of the performance rights / options will be subject to a nil or nominal exercise price, certain vesting conditions and other standard terms and conditions to be disclosed in the notice of meeting sent to shareholders.

### Financial effect of the Proposed Transaction

The anticipated effect of the Proposed Transaction on the Company's total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax is set out below.

Item	Existing	Change	Completion	% change
Total assets <sup>1</sup>	\$3,695,528	\$700,000	\$4,395,528	18.9%
Total equity interests <sup>1</sup>	\$3,610,345	\$1,246,051	\$4,856,396	34.5%
Annual revenue <sup>2</sup>	-	-	-	-
Annual expenditure <sup>3</sup>	-	-	TBC	-
Annual profit before tax <sup>2</sup>	-	-	-	-

#### Notes:

1. The existing figures are drawn from the Company's reviewed statement of financial position as at 31 December 2017. See schedule 2 for further information. The change figures assume a market price for Shares of \$0.02 each, being the issue price under the Public Offer.
2. The Company is in the growth stage of its development and has not generated material revenue or profits, or incurred material expenditure, as a mineral exploration company. The Company's revenues and profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future revenues and profits (if any) and the time required to achieve sustained revenues and profits are uncertain and cannot be reliably predicted.
3. The Company has not incurred any material expenditure in relation to operations over the past 12 months. The proposed annual expenditure is still to be determined by the Company and will be included in the notice of meeting to be issued in connection with the Proposed Transaction.

### Public Offer

To facilitate the Company's re-compliance with Chapters 1 and 2 of the Listing Rules and to support the proposed exploration program following completion of the Proposed Transaction (as further described below), the Company intends to, subject to shareholder approval, offer approximately 50,000,000 shares to the public at an issue price of \$0.02 each under the Prospectus to raise approximately \$1,000,000 before costs (**Public Offer**). The Prospectus will include an independent geologist's report and a legal title report on the Projects.

It is not currently proposed that the Public Offer will have a minimum subscription or be underwritten.

### Control issues

Upon completion of the Proposed Transaction, no person will have a voting power of 20% or more in the Company.



## Board changes

At completion of the Proposed Transaction, Greg Bandy and Nathan Rayner will step down as directors, and Justin Tremain and Mr. Andrew Radonjic will be appointed as non-executive directors. Brief profiles of the proposed directors are set out below.

### Justin Tremain

Mr Justin Tremain graduated from University of Western Australia with a Bachelor of Commerce degree. Mr Tremain co-founded ASX listed Renaissance Minerals Limited in June 2010 and served as Managing Director until its takeover by Emerald Resources NL in November 2016.

Mr Tremain is the Managing Director of ASX listed Novo Lito Limited (ASX:NLI), a Non-Executive Director of Emerald Resources NL (ASX:EMR) and the Non-Executive Chairman of Berkut Minerals Limited (ASX:BMT).

Prior to founding Renaissance Minerals, he had over 10 years' investment banking experience in the natural resources sector. He has held positions with Investec, NM Rothschild & Sons and Macquarie Bank and has extensive experience in the funding of natural resource projects in the junior to mid-tier resource sector.

Mr Tremain has undertaken numerous advisory assignments for resource companies, including acquisition and disposal assignment and project advisory roles.

### Andrew Radonjic

Mr Radonjic is a geologist and holds a master's degree in Mineral Economics. He has over 30 years of experience in mining and exploration, with a specific focus on gold and nickel in the Eastern Goldfields of Western Australia. During Mr Radonjic's career he has been instrumental in the discovery of three significant gold deposits as well as a major tin/tungsten deposit.

## Name change

Upon completion of the Proposed Transaction, the Company will change its name to Fin Resources Limited.

## Timetable

An indicative timetable for the Proposed Transaction is set out below.

Event	Date
Announcement of the Proposed Transaction	15 February 2018
Notice of meeting sent to shareholders	5 March 2018
Lodgement of the Prospectus with ASIC	12 March 2018
Public Offer opens	20 March 2018
General meeting to approve the Proposed Transaction	4 April 2018
Public Offer closes	10 April 2018
Re-commencement of trading of the Company's securities on the ASX	24 April 2018

**Note:** This timetable is indicative only and the Company reserves the right to amend the timetable subject to applicable laws and regulations.

## Key risks

The key risks regarding the Company and the Proposed Transaction are summarised below.



(a) Completion risk

Pursuant to the Term Sheets, the Company has agreed to acquire interests in the Projects completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Proposed Transaction cannot be fulfilled and, in turn, that completion of the Proposed Acquisition does not occur.

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

(b) Re-quotation of securities on ASX

As part of the Company's change to the nature and scale of its activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. It is anticipated that the Company's securities will be suspended from the date of the Meeting convened to seek Shareholder approval for the Proposed Transaction until completion of the Proposed Transaction, the Public Offer, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation.

(c) Liquidity risk

On completion of the Proposed Transaction, the Company proposes to issue securities to the Vendors. The Company understands that ASX will treat some of these securities as restricted securities in accordance with Chapter 9 of the Listing Rules.

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) Risks associated with operations

(i) Government and political risk

The Company's operating activities will be subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Company believes that it will be in substantial compliance with all material current laws and regulations affecting its proposed exploration activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities, development or mining operations or material fines, penalties or other liabilities.

(ii) Tenements

The Company's proposed operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in



connection with obtaining all necessary renewals of licences/permits from any existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, the Company must receive licences/permits from appropriate Governmental authorities.

There is no certainty that the Company will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

(iii) Government regulation of the mining industry

The activities of the Company will be subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

(e) Early stages of exploration

The Projects are at an early stage of exploration and success will depend on the Company's ability to implement its exploration strategy and define exploration results from its Projects that are compliant with the JORC Code 2012 Edition. There can be no guarantee that the Company can or will be able, or that it will be commercially advantageous for the Company, to develop the Projects.

Other risks regarding the Proposed Transaction and the Company can be considered typical risks with respect to an investment in securities of a mineral exploration company whose securities are listed on the ASX.

### **Key dependencies**

The key dependencies influencing the viability of the Proposed Transaction are:

- (a) the Company's capacity to re-comply with Chapters 1 and 2 of the Listing Rules to enable re-admission to quotation of the Company's securities;
- (b) completion of the Proposed Transaction; and
- (c) raising sufficient funds to implement the proposed exploration program on the Projects.

### **Use of funds**

The manner in which cash reserves (both existing and those raised under the Public Offer) are proposed to be applied to the Projects and general working capital is still to be determined by the Company. However, the Company anticipates that it will have approximately \$4,690,000 available upon completion of the Proposed Transaction, of which a portion will be applied to costs associated with the Proposed Transaction.

### **Accounts**

The Company's pro forma statement of financial position as at 30 June 2017, based on reviewed 31 December 2017 accounts for the Company and completion of the Proposed Transaction, is set out in schedule 2.





The Company's annual report for the financial year ended 30 June 2017 was released to ASX on 20 September 2017 and is available at the following link:

<https://www.asx.com.au/asx/statistics/announcements.do?by=asxCode&asxCode=ogy&timeframe=Y&year=2017>

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

Since the Proposed Transaction will amount to a significant change in the nature and scale of the Company's activities, the Company is required to obtain the approval of its shareholders for the Proposed Transaction, and must re-comply with Chapters 1 and 2 of the Listing Rules.

### **Shareholder approvals**

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Proposed Transaction will be sent to shareholders in due course. It is expected that the general meeting to be held in March 2018. Resolutions will include approval for:

- (a) the consolidation of the Company's securities on a 1 for 2 basis;
- (b) the change in nature and scale of the Company's activities;
- (c) the issue of shares and New Options to the Vendors;
- (d) the issue of shares under the Public Offer;
- (e) the change of the Company's name to Fin Resources Limited;
- (f) the election of Justin Tremain and Andrew Radonjic as non-executive directors;
- (g) the ability for existing and proposed directors to participate in the Public Offer;
- (h) the issue of 20,000,000 New Options to advisers and brokers;
- (i) the issue of performance rights / options to Jason Bontempo, Justin Tremain, Andrew Radonjic and Aaron Bertolatti;
- (j) the adoption of a new constitution for the Company; and
- (k) an increase to the maximum aggregate remuneration that can be paid to non-executive directors.

On the date of the general meeting, the Company's securities will be suspended from quotation on ASX and, subject to shareholder approval being obtained, will remain suspended until the Company has re-complied with Chapters 1 and 2 of the Listing Rules and the Proposed Transaction has completed.

### **ASX waivers**

The Company intends to seek the following waivers from ASX:

- (a) a waiver with respect to Listing Rule 1.1 condition 12, to enable the Company to issue the New Options with an exercise price of \$0.03 each, being a price that is less than \$0.20;
- (b) a waiver with respect to Listing Rule 2.1 condition 12 to enable the Company to issue shares under the Public Offer at \$0.02 each, being a price that is less than \$0.20; and
- (c) a waiver with respect to Listing Rule 10.13.3 (or Listing Rule 14.7) to enable the Company to issue shares and performance rights / options to related parties up to 3 months after the general meeting, instead of 1 month.

### **General**

The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement and, in the case of estimates of mineral resources, all material assumptions and



technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed.

The Company has undertaken appropriate enquiries into the Projects to be satisfied that the Proposed Transaction is in the interests of the Company and its shareholders. The Company will continue to undertake due diligence into the Projects for the purposes of preparing the Prospectus.

The Company notes that:

- (a) the Proposed Transaction requires shareholder approval under the Listing Rules and the Corporations Act and therefore may not proceed if the relevant approvals are not forthcoming;
- (b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Proposed Transaction may not proceed if those requirements are not met; and
- (c) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Proposed Transaction may not proceed if ASX exercises that discretion; and

Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Furthermore, the Company:

- (a) notes that ASX takes no responsibility for the contents of this announcement; and
- (b) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

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A handwritten signature in black ink, appearing to read 'DA Bertolatti', with a stylized flourish underneath.

Aaron Bertolatti  
Company Secretary  
**Orca Energy Limited**



## SCHEDULE 1 – TERM SHEETS

The Company has entered into a separate binding term sheet (each, a Term Sheet) with each of Sammy Resources Pty Ltd ACN 117 304 006 (Sammy Resources), Neon Space Pty Ltd ACN 148 157 975 (Neon Space) and Crosspick Resources Pty Ltd ACN 114 895 886 (Crosspick Resources) (each, a Vendor) under which the Company will initially acquire 51% interests in:

- Western Australian exploration licence E80/4808 (McKenzie Springs Project) from Sammy Resources;
- Western Australian exploration licence E20/900 (South Big Bell Project) from Neon Space; and
- Western Australian exploration licence E28/2652 (Sentinel Project) from Crosspick Resources.

On completion of the Term Sheets, the Company and each of the Vendors agree to establish unincorporated joint ventures (each, a Joint Venture) for the primary purposes of conducting exploration and, potentially, development activities on the Projects. The Company will also obtain the right to earn an additional 19% interest in each Project (for a total interest of 70%) by incurring further expenditure on the Projects (as applicable).

Completion of the Term Sheets and the establishment of Joint Ventures with respect to the Projects is subject to the material terms set out in (a) to (d) below.

### (a) McKenzie Springs Project

The key terms of the Term Sheet pursuant to which the Company has agreed to acquire a 51% interest in the McKenzie Springs Project from Sammy Resources are as follows:

- (i) **(Consideration)**: As consideration for the acquisition of a 51% interest in the McKenzie Springs Project, the Company has agreed to issue to Sammy Resources on completion (on a post-Consolidation basis) 5,000,000 Shares and 10,000,000 Options exercisable at \$0.03 each on or before that date that is 3 years after issue.
- (ii) **(Additional earn-in)**: The Company may earn a further 19% interest (for an aggregate of 70%) in the McKenzie Springs Project by spending \$500,000 on the Project within 18 months from completion.
- (iii) **(Free carry period)**: From completion until the earlier to occur of the satisfaction of the earn-in commitment by the Company or the expiry of the earn-in period, the Company agrees to solely fund all costs incurred in connection with the activities of exploration on and development of the McKenzie Springs Project (as applicable) and free carry Sammy Resources' remaining Joint Venture interest. Upon expiry of the free carry period, the Company and Sammy Resources must contribute to expenditure made or incurred in respect of the McKenzie Springs Project in proportion to their then current Joint Venture interests. If the Company or Sammy Resources does not contribute expenditure in accordance with the Joint Venture terms, the relevant party's Joint Venture interest will dilute in accordance with a standard dilution formula.

### (b) South Big Bell Project

The key terms of the Term Sheet pursuant to which the Company has agreed to acquire a 51% interest in the South Big Bell Project from Neon Space are as follows:

- (i) **(Consideration)**: As consideration for the acquisition of a 51% interest in the South Big Bell Project, the Company has agreed to issue to Neon Space at completion (on a post-Consolidation basis) 2,500,000 Shares and 5,000,000 Options exercisable at \$0.03 each on or before that date that is 3 years after issue.
- (ii) **(Royalty)**: On and from completion, the Company grants to Neon Space a right to a net smelter royalty of 2% of any future production from the South Big Bell Project.



- (iii) **(Additional earn-in):** The Company may earn a further 19% interest (for an aggregate of 70%) in the South Big Bell Project by spending \$1,000,000 on the Project within 3 years from completion.
- (iv) **(Free carry period):** From completion and until an announcement by the Company of a definitive feasibility study (to be based on a JORC-compliant Mineral Resource or Ore Reserve and to cost estimate accuracy of +/- 15%) and the Board resolving to commence development of a mine on the South Big Bell Project, the Company agrees to solely fund all costs incurred in connection with the activities of exploration on and development of the Project (as applicable) and free carry Neon Space's remaining Joint Venture interest. Upon expiry of the free carried period, the Company and Neon Space must contribute to expenditure made or incurred in respect of the South Big Bell Project in proportion to their then current Joint Venture interests. If the Company or Neon Space does not contribute expenditure in accordance with the Joint Venture terms, the relevant party's Joint Venture interest will dilute in accordance with a standard dilution formula.

### (c) Sentinel Project

The key terms of the Term Sheet pursuant to which the Company has agreed to acquire a 51% in the Sentinel Project from Sammy Resources are as follows:

- (i) **(Consideration):** As consideration for the acquisition of a 51% interest in the Sentinel Project, the Company has agreed to issue to Crosspick Resources at completion (on a post-Consolidation basis) 2,500,000 Shares and 5,000,000 Options exercisable at \$0.03 each on or before that date that is 3 years after issue.
- (ii) **(Royalty):** On and from completion, the Company grants to Crosspick Resources a right to a net smelter royalty of 2% of any future production from the Sentinel Project.
- (iii) **(Additional earn-in):** The Company may earn a further 19% interest (for an aggregate of 70%) in the Sentinel Project by spending \$1,000,000 on the Project within 3 years from completion.
- (iv) **(Free carry period):** From completion and until an announcement by the Company of a definitive feasibility study (to be based on a JORC-compliant Mineral Resource or Ore Reserve and to cost estimate accuracy of +/- 15%) and the Board resolving to commence development of a mine on the Sentinel Project, the Company agrees to solely fund all costs incurred in connection with the activities of exploration on and development of the Sentinel Project (as applicable) and free carry Crosspick Resource's remaining Joint Venture interest. Upon expiry of the free carried period, the Company and Crosspick Resources must contribute to expenditure made or incurred in respect of the Sentinel Project in proportion to their then current Joint Venture interests. If the Company or Crosspick Resources does not contribute expenditure in accordance with the Joint Venture terms, the relevant party's Joint Venture interest will dilute in accordance with a standard dilution formula.

### (d) Conditions precedent

Completion each Term Sheet is subject to and conditional upon the following conditions precedent (as applicable):

- (i) completion of due diligence on the Project to the sole satisfaction of the Company in its absolute discretion;
- (ii) the Company and the Vendor obtaining all necessary shareholder and regulatory approvals required to give effect to the transactions contemplated in the Term Sheet;
- (iii) the Company receiving valid applications for Shares required to complete a capital raising of the minimum amount required by ASX to ensure the Company can satisfy the readmission criteria pursuant to Chapters 1 and 2 of the Listing Rules;



- (iv) execution by the Vendors (and/or their nominees) of restriction agreements required by ASX with respect to the Consideration Securities;
- (v) there being no material adverse change with respect to the Vendor or the Project; and
- (vi) execution of a formal sale and joint venture agreement consistent with the Term Sheet.

The Term Sheets otherwise contain terms and conditions which are typical for agreements of their nature, including rights of first refusal, drag along and exclusivity provisions.

The parties intend to enter into formal and more comprehensive agreements to reflect the tenement sales, farm-in rights and joint ventures, as well as the royalties, contemplated by the Term Sheets.



## SCHEDULE 2 – PRO FORMA STATEMENT OF FINANCIAL POSITION

The pro-forma Balance Sheet has been prepared to provide information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The pro forma includes the proposed fundraising of \$1,000,000 under the Public Offer reflected in cash, capitalised exploration and evaluation expenditure, and issued capital.

31 December 2017	Notes	OGY (Reviewed) \$	Pro Forma after Acquisition and Capital Raising (Unaudited) \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1	3,692,220	4,392,220
Trade and other receivables		3,208	3,208
Other assets		-	-
Other financial assets		100	100
<b>Total Current Assets</b>		<b>3,695,528</b>	<b>4,395,528</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		-	-
Deferred exploration and evaluation expenditure	2	-	606,051
Other		-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>606050.9452</b>
<b>TOTAL ASSETS</b>		<b>3,695,528</b>	<b>5,001,579</b>
<b>CURRENT LIABILITIES</b>			
Creditors and borrowings		24,038	84,038
Provisions		61,145	61,145
<b>Total Current Liabilities</b>		<b>85,183</b>	<b>145,183</b>
<b>TOTAL LIABILITIES</b>		<b>85,183</b>	<b>145,183</b>
<b>NET ASSETS</b>		<b>3,610,345</b>	<b>4,856,396</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued Capital	3	28,786,786	29,686,786
Reserves		2,297,449	2,643,500
Retained Losses		(27,473,890)	(27,473,890)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,610,345</b>	<b>4,856,396</b>

### NOTES TO PRO FORMA BALANCE SHEET:

<b>1 Cash &amp; cash equivalents</b>	<b>\$</b>
Opening balance	3,692,220
Placement	950,000
Compliance costs	(250,000)
<b>Closing balance</b>	<b>4,392,220</b>



<b>2 Exploration and evaluation assets</b>	<b>\$</b>
Opening balance	-
<u>Add:</u>	
McKenzie Springs Project consideration	208,141
Sentinel Gold consideration	104,070
South Big Bell consideration	104,070
Options to advisers and brokers	129,769
Geological services	60,000
<b>Closing balance</b>	<b>606,051</b>

<b>3 Issued Capital</b>	<b>\$</b>
Opening balance	28,786,786
<u>Add:</u>	
McKenzie Springs Project Consideration Shares	100,000
Sentinel Gold Consideration Shares	50,000
South Big Bell Consideration Shares	50,000
Placement	1,000,000
Costs of issue	(300,000)
<b>Closing balance</b>	<b>29,686,786</b>