

## Letter to Shareholders - Scheme Booklet

MOD Resources Limited (“the Company” or “MOD”) (ASX/LSE: MOD) advises that the attached letter and colour version of the Scheme Booklet announced on 22 August 2019 were dispatched to shareholders yesterday. Shareholders who have nominated an electronic address for the purposes of receiving notices of meetings will have received an email containing a link to the colour version of the Scheme Booklet last week.

-ENDS-

For and on behalf of the Board.

**Julian Hanna**  
Managing Director

**Mark Clements**  
Executive Chairman and Company Secretary

**Jeff Sansom**  
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### About MOD Resources

MOD Resources Ltd (**ASX/LSE: MOD**) is a dual listed copper exploration and development company with a dominant land position within the Kalahari Copper Belt in Botswana. The Company is focussed on the 100% MOD owned T3 Copper Project, expected to be a high-margin, low-cost copper mine. In parallel with the development of the T3 Copper Project, MOD is conducting exploration across several priority drill targets and within untested areas including extensive and potentially significant Electromagnetic and Cu-Zn soil anomalies.

MOD has a social licence to operate within Botswana as well as within the host community of Ghanzi. MOD will continue to work collaboratively with Government regulators and members of the Ghanzi District community to ensure that any social investments and developments are targeted to create a positive and lasting legacy.

On 25 June 2019, the Company announced Sandfire had made an offer to acquire 100% of MOD shares by way of a Scheme of Arrangement.

2 September 2019

Dear Shareholder

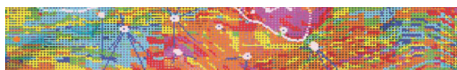
MOD Resources Limited recently delivered to you a black and white version of a scheme booklet ("Scheme Booklet") in relation to a proposal from Sandfire Resources NL to acquire 100% of MOD shares by way of a Scheme of Arrangement (the "Scheme"), including a notice convening a meeting of shareholders to consider the Scheme ("Scheme Meeting").

Enclosed is a colour version of the Scheme Booklet. The colour version is identical to the black and white version already delivered save for it is in colour. The personalised proxy form for the Scheme Meeting and the election forms were dispatched to MOD shareholders with the black and white version of the Scheme Booklet. This personalised proxy form should be used for your vote.

If you require further information or have questions in relation to the Scheme, please contact the MOD Shareholder Information Line on 1300 381 073 (within Australia) or +61 3 9415 4046 (outside Australia) Monday to Friday between 8:30am and 5:00pm (Melbourne time).

Yours sincerely

**MARK CLEMENTS**  
**Executive Chairman**





# MOD RESOURCES LIMITED

## SCHEME BOOKLET

for the proposed scheme of arrangement in relation to the proposed  
acquisition by Sandfire Resources NL  
of all your MOD Resources Limited shares

Your Directors unanimously recommend\* that you

## VOTE IN FAVOUR

of the Scheme, in the absence of a Superior Proposal and subject  
to the Independent Expert continuing to conclude that the Scheme  
is in the best interests of MOD Shareholders

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

If you require further information or have questions in relation to the Scheme, please contact the MOD Shareholder Information Line on 1300 381 073 (within Australia) or +61 3 9415 4046 (outside Australia) Monday to Friday between 8:30am and 5:00pm (Melbourne time).

\*See disclosure immediately following the Contents Page at the beginning of the document.

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## **MOD Directors' Recommendation - Important Disclosure**

\* In relation to the unanimous recommendation of the MOD Directors:

1. A MOD Director may change their recommendation if due to a change in fact or law occurring they reasonably determine (having obtained legal advice) that they should not provide or continue to maintain any recommendation because that they have an interest in the Scheme that renders it inappropriate to maintain any such recommendation.
2. If the Scheme is implemented, MOD Directors Mr Julian Hanna and Mr Steven McGhee will be entitled to an employment retention bonus payment on the date which is 12 months following the implementation of the Scheme, being a maximum cash payment of A\$95,813 and A\$82,500, respectively.
3. Certain MOD Directors hold MOD Performance Rights and MOD Options as detailed in Section 13.1, which are entitled to be dealt with in accordance with Sections 12.18 and 12.19 respectively.
4. MOD Director, Mr Michael McNeilly, is also a MOD Director and Chief Executive Officer of Metal Tiger. Details of MOD and Sandfire's arrangements with Metal Tiger are disclosed in Section 10.
5. MOD Shareholders should have regard to these arrangements when considering the MOD Director recommendations in relation to the Scheme, which appear throughout this Scheme Booklet. The MOD Directors consider that, despite these arrangements, it is appropriate for them to make a recommendation in relation to the Scheme. Refer to Section 5.10 for reasons as to why the MOD Directors believe it is appropriate for them to make this recommendation.

# Letter from the Chairman of MOD Resources Limited

## Dear MOD Shareholder

This Scheme Booklet sets out details of, and seeks your approval for, the transaction announced on 25 June 2019 whereby Sandfire Resources NL will acquire 100% of MOD Resources Limited by way of a MOD Scheme of Arrangement.

Under the Scheme, Sandfire is offering an implied consideration of A\$0.45 per MOD Share\*, with each MOD Shareholder receiving Scrip Consideration of 0.0664 New Sandfire Shares for every 1 MOD Share held. MOD Shareholders (other than European Shareholders, Ineligible Foreign Shareholders and MOD Shareholders who hold an unmarketable parcel) may instead make an election to receive cash consideration of A\$0.45 per MOD Share up to a maximum aggregate cash consideration of A\$41.6 million. This transaction with Sandfire offers a compelling value proposition for MOD Shareholders, representing an attractive premium of 45%\* to both MOD's closing price as at 24 June 2019 (being the last date prior to the announcement of the transaction), and MOD's 20-day VWAP up to and including 24 June 2019. Sandfire has agreed to extend its dividend record date to no later than 15 November 2019 to allow MOD Shareholders receiving Sandfire Shares to participate if the Scheme is completed by this date.

This Scheme provides the opportunity to de-risk the development of the T3 Project due to Sandfire's strong balance sheet and operating cash flows and development experience. It also provides MOD Shareholders the potential to retain on going exposure to MOD's assets including the underexplored Kalahari Copper Belt, through owning Sandfire Shares. The combination with Sandfire is intended to continue MOD's vision of conducting all development, mining and exploration activities through its Botswana operating companies to enable the expansion of employment, training, and skills transfer programs, and build on the excellent work being undertaken by the Community Relations team based in Ghanzi.

MOD has engaged an independent expert, Deloitte, to advise MOD Shareholders whether the Scheme is in the best interest of MOD Shareholders. Deloitte has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and is in the best interests of MOD Shareholders.

As of the date of this letter, your MOD Directors unanimously recommend that you vote in favour of the Scheme and each MOD Director presently intends to vote in favour of the Scheme with respect to the MOD Shares he or she holds or controls, in each case in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.<sup>1</sup> MOD Directors Mr Julian Hanna and Mr Steven McGhee will, if the Scheme is implemented, be entitled to an employment retention bonus payment on the date which is 12 months following the implementation of the Scheme, being a maximum cash payment of A\$95,813 and A\$82,500, respectively. Certain MOD Directors hold MOD Performance Rights and MOD Options as detailed in Section 13.1, which are entitled to be dealt with in accordance with Sections 12.18 and 12.19 respectively. MOD Director, Mr Michael McNeilly, is also a Director and Chief Executive Officer of Metal Tiger. Details of MOD and Sandfire's arrangements with Metal Tiger are disclosed in Section 10. MOD Shareholders should have regard to these arrangements when considering the Directors' recommendation in relation to the Scheme, which appears throughout this Scheme Booklet.<sup>2</sup>

This Scheme Booklet contains detailed information about the Scheme, including the reasons to vote in favour of, or against, the Scheme, and the risks of holding Sandfire Shares (refer to Section 9.4 in particular). The MOD Board encourages you to read this Scheme Booklet carefully, including the Independent Expert's Report. If you are in doubt as to what action you should take in relation to the Scheme you should contact your professional adviser. The Scheme Meeting is scheduled to be held on Tuesday, 1 October 2019 at 11:00am (Perth time). Details of how you may vote at the Scheme Meeting are set out in Section 4.2 of this Scheme Booklet and the Notice of Scheme Meeting (included as Annexure 5 of this Scheme Booklet).

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\*The implied consideration of A\$0.45 was calculated at 25 June 2019 when the Scheme was announced and will change with changes to the Sandfire share price.

<sup>1</sup> A MOD Director may also change their recommendation if due to a change in fact or law occurring they reasonably determine (having obtained legal advice) that they should not provide or continue to maintain any recommendation because that they have an interest in the Scheme that renders it inappropriate to maintain any such recommendation.

<sup>2</sup> Refer to Section 5.10 for reasons as to why the Directors believe it is appropriate for them to make this recommendation.

MOD will seek Shareholder approval at the General Meeting (which is scheduled to be held on the same day as the Scheme Meeting) for the:

- issue of 22,322,222 MOD Shares and the grant of a 2% net smelter royalty return to Metal Tiger as consideration for the acquisition of Metal Tiger's 30% interest in joint venture exploration assets;
- issue of up to 4,825,168 Shares to Metal Tiger upon the exercise of Options by Metal Tiger (the issue of the options was approved by Shareholders on 19 September 2018 as consideration for the T3 Acquisition); and
- the increase in voting power of Metal Tiger in MOD from 19.9% to a maximum of 25.6% as a result the above share issues.

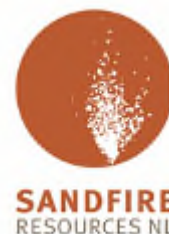
It is important that you vote at the General Meeting as it is a condition precedent to the Scheme becoming Effective that MOD Shareholders approve the resolution put forward at the General Meeting.

The MOD Board and executive management would like to thank MOD Shareholders and employees for their support which has made it possible for MOD to achieve its progress to date.

Yours sincerely

**Mark Clements**  
Executive Chairman

# Joint Letter from the Chairman and CEO of Sandfire



Dear MOD Shareholder

Sandfire Resources NL (**Sandfire**) looks forward to providing you with the opportunity to be part of the creation of a global mining company with a portfolio of producing and development assets across Asia Pacific, Europe, the Middle East and Africa (EMEA) and the Americas regions.

For MOD Shareholders who elect the Cash Consideration, the attractive premium of 45%\* to the closing price on the day before transaction announcement represents an opportunity to crystallise your investment in MOD upfront.

For others, this transaction provides the opportunity to gain exposure to Sandfire's development and operating expertise, strong balance sheet and a growing global portfolio of base metal development and exploration assets with the potential to deliver transformational growth for Sandfire over the next decade. It represents a significant opportunity for MOD Shareholders to realise the full potential of the T3 project and the underexplored Kalahari Copper Belt.

As of the date of this letter, the MOD Board has unanimously recommended that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders. The MOD Board has confirmed their present intention to vote in favour of the Scheme in respect of their shareholdings representing approximately 7.0% of MOD Shares (at the date of this scheme booklet), in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders. MOD's major shareholder, Metal Tiger, has agreed to vote in favour of the Scheme in respect of a maximum of 19.9% of MOD Shares, in the absence of a Superior Proposal. The Independent Expert's Report has also concluded that the Scheme is fair and reasonable and is in the best interests of MOD Shareholders, in the absence of a Superior Proposal. Therefore, we encourage you to vote in favour of the Scheme.

Sandfire looks forward to working with the Government of Botswana going forward to develop the T3 Project and unlocking the Kalahari Copper Belts potential.

We also encourage you to vote in favour of the resolution put forward at the General Meeting as it is a condition precedent to the Scheme becoming Effective that MOD Shareholders approve the Metal Tiger acquisition.

On behalf of the board and management of Sandfire, we look forward to welcoming you as a shareholder in Sandfire at the completion of the Scheme.

Yours sincerely,

**Derek La Ferla**  
Independent Non-Executive Chairman  
Sandfire Resources NL

**Karl Simich**  
Managing Director and CEO  
Sandfire Resources NL

\*The implied consideration of A\$0.45 was calculated at 25 June 2019 when the Scheme was announced and will change with changes to the Sandfire share price.



# Important Notices

## Date of this Scheme Booklet

This Scheme Booklet is dated 20 August 2019.

## Defined terms and interpretation

Capitalised terms used in this Scheme Booklet (other than in the Independent Expert's Report (including the Independent Technical Specialist's Report) contained in Annexure 1 and the Proxy Form accompanying this Scheme Booklet are either defined in brackets when first used or are defined in the Glossary in Section 14. The Glossary also sets out some rules of interpretation which apply to this Scheme Booklet. The Independent Expert's Report and the Independent Technical Specialist's Report contain their own defined terms which are sometimes different from those set out in the Glossary in Section 14.

## References to Scheme Booklet, Sections and Annexures

References to Sections and Annexures are to the named Sections and Annexures in this Scheme Booklet.

## Purpose of this Scheme Booklet

This Scheme Booklet includes the Explanatory Statement for the Scheme required by section 412(1) of the Corporations Act. The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which it will be implemented (if approved). This Scheme Booklet provides all information required to be given to MOD Shareholders or that is otherwise material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Director which has not previously been disclosed to MOD Shareholders.

## General

This Scheme Booklet is important. You should read this Scheme Booklet carefully before making a decision about how to vote on the Scheme Resolution to be considered at the Scheme Meeting.

## No investment advice

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to individual investment objectives, financial situation, taxation position or particular needs of any MOD Shareholder or any other person. It is important that you read this Scheme Booklet before making any decision, including a decision on whether or not to vote in favour of the Scheme. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to Sandfire Shares, MOD Shares or any other securities. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

MOD Shareholders should consult their taxation adviser as to the applicable tax consequences of the Scheme. A summary of the Australian taxation considerations is detailed in Section 11.

## Responsibility statement

The MOD Information has been prepared by MOD and is the responsibility of MOD. To the maximum extent permitted by law, neither Sandfire nor any of its Subsidiaries, directors, officers or advisers is responsible for the accuracy or completeness of the information contained in this Scheme Booklet other than the Sandfire Information and disclaim any liability in this regard.

The Sandfire Information has been prepared by Sandfire and is the responsibility of Sandfire. To the maximum extent permitted by law, neither MOD nor any of its Subsidiaries, directors, officers or

advisers is responsible for the accuracy or completeness of any Sandfire Information contained in the Scheme Booklet and disclaim any liability in this regard.

Deloitte has prepared, and is responsible for, the Independent Expert's Report contained in Annexure 1 of this Scheme Booklet. To the maximum extent permitted by law, none of MOD, Sandfire, their respective Subsidiaries or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Expert's Report and disclaim any liability in this regard.

Deloitte Technical Mining Advisory has prepared, and is responsible for, the Independent Technical Specialist's Report contained in Appendix 10 to the Independent Expert's Report. To the maximum extent permitted by law, none of MOD, Sandfire, their respective Subsidiaries or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Technical Specialist's Report and disclaim any liability in this regard.

## Role of ASIC

A copy of this Scheme Booklet has been lodged with, and registered by, ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2)(b) of the Corporations Act. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

## Role of ASX

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

## Court order under subsection 411(1) of the Corporations Act

### Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the Explanatory Statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Scheme or as to how you should vote (on this matter, you must reach your own decision); or
- (ii) has prepared, or is responsible for the content of, the Explanatory Statement.

## Notice to non-Australian resident taxpayers

This Scheme Booklet complies with Australian disclosure requirements. These disclosure requirements may be different to those in other countries. It is important that MOD Shareholders who are not Australian resident taxpayers or who are liable for tax outside Australia seek specific tax advice in relation to the Australian and overseas tax consequences of the Scheme.

## Notice to MOD Shareholders in Ineligible Jurisdictions

This Scheme Booklet complies with Australian disclosure requirements. These disclosure requirements may be different to those in other countries. It is important that MOD Shareholders who are not Australian resident taxpayers or who are liable for tax

outside Australia seek specific tax advice in relation to the Australian and overseas tax consequences of the Scheme.

Restrictions in the Ineligible Jurisdictions may make it impractical or unlawful for Sandfire Shares to be issued under the Scheme to, or received under the Scheme by, MOD Shareholders in those jurisdictions. A MOD Shareholder whose address shown in the MOD Register is in a jurisdiction outside Australia, New Zealand, the United Kingdom, Hong Kong and Singapore will be an Ineligible Foreign Shareholder for the purposes of the Scheme. MOD Shareholders recorded on the MOD Register as having an address within an Ineligible Jurisdiction should refer to Section 5.4 for more information.

This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

#### **Notice to MOD Shareholders in New Zealand**

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). The offer of New Sandfire Shares under the Scheme is being made to existing shareholders of MOD in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

#### **Notice to MOD Shareholders in the United Kingdom**

This Scheme Booklet does not constitute an offer of New Sandfire Shares in the United Kingdom and, accordingly, is not a prospectus (under the Financial Services and Markets Act 2000 ("FSMA")). Neither the information in this document, nor any other document relating to the offer, has been registered with, filed with, or approved by, any United Kingdom regulatory authority (including, for the avoidance of doubt, the Financial Conduct Authority) under or in accordance with FSMA (or any other relevant law of England and Wales). Therefore, this Scheme Booklet may not contain all the information that a prospectus under the law of England and Wales is required to contain.

#### **Notice to MOD Shareholders in the Hong Kong**

**WARNING:** The contents of this Scheme Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of these securities, to the public in Hong Kong. The document is for the exclusive use of MOD Shareholders in connection with the Scheme, and no steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Scheme by the person to whom this Scheme Booklet is addressed.

#### **Notice to MOD Shareholders in Singapore**

This Scheme Booklet and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of New Sandfire Shares have not been and will not be registered as a prospectus with the Monetary Authority of Singapore and this offering is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act, Cap. 289 (the "SFA") will not apply.

This Scheme Booklet and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of New Sandfire Shares may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part XIII of the SFA, including the exemption under section 273(1)(c) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to New Sandfire Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

Neither this document nor any copy of it may be taken or transmitted into any country where the distribution or dissemination is prohibited. This document is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person.

The investments contained or referred to in this document may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

Neither Sandfire nor MOD is in the business of dealing in securities or hold itself out or purport to hold itself out to be doing so. As such, Sandfire and MOD are neither licensed nor exempted from

dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

#### Forward looking statements

Certain statements in this Scheme Booklet relate to the future, including forward looking statements and information ("forward looking statements"). The forward looking statements in this Scheme Booklet, including statements relating to the Merged Group and the transactions contemplated by the Scheme Implementation Deed, are not based on historical facts, but rather reflect the current views and expectations of MOD or, in relation to the Sandfire Information, Sandfire concerning future events and circumstances. These statements may generally be identified by the use of forward looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", qualifiers such as "may", "should", "likely" or "potential", or similar words. Similarly, statements that describe the expectations, goals, objectives, plans, targets, estimates of Ore Reserves and Mineral Resources and future costs of Sandfire or MOD are, or may be, forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performances or achievements of MOD, Sandfire or the Merged Group to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which MOD, Sandfire and the Merged Group will operate in the future, including the price of commodities, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, port access, customer risks, commodity price volatility, discrepancies between actual and estimated costs or production, Ore Reserves and Mineral Resources being inaccurate or changing over time, mining operational and development risk, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, the speculative nature of mining services, mineral exploration and production, the global economic climate, dilution, share price volatility, competition, loss of key directors and employees, additional funding requirements and defective title to mineral claims or property. See Section 9 for a (non-exhaustive) discussion of potential risk factors underlying, and other information relevant to, the forward looking statements and information. Forward looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on them. All forward looking statements should be read in light of such risks and uncertainties.

You should note that the historical performance of MOD and Sandfire is no assurance of their or the Merged Group's future financial performance. None of MOD, Sandfire and their respective directors, or any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur.

The forward looking statements in this Scheme Booklet reflect views and expectations held only at the date of this Scheme Booklet. MOD believes that all forward looking statements included in the MOD Information have been made on a reasonable basis and Sandfire believes that all forward looking statements included in the Sandfire Information have been made on a reasonable basis. However, none of MOD, Sandfire and their respective directors nor any other person gives any representation, assurance or guarantee that any outcome, performance or results expressed or implied by any forward looking statements in this Scheme Booklet will actually occur. MOD Shareholders should therefore treat all forward looking statements with caution and not place undue reliance on them.

Subject to any continuing obligations under law or the Listing Rules, MOD, Sandfire and their respective directors disclaim any obligation to revise or update, after the date of this Scheme

Booklet, any forward looking statements to reflect any change in views, expectations or assumptions on which those statements are based.

#### Diagrams, charts, maps, graphs and tables

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale.

#### Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet, including but not limited to those in respect of the Scheme Consideration, are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

#### No website is part of this Scheme Booklet

MOD and Sandfire each maintain websites at <https://www.modresources.com.au/> and <https://www.sandfire.com.au/> respectively. Any references in this Scheme Booklet to those or other internet sites are for information purposes only and do not form part of this Scheme Booklet.

#### Currency

All references in this Scheme Booklet to:

"A\$", "AUD", "Australian dollars" are to Australian currency; and

"US\$", "USD" and "US dollars" are to the United States' currency.

#### Privacy and personal information

MOD and Sandfire will need to collect personal information to implement the Scheme. The personal information may include the names, contact details and details of shareholdings of MOD Shareholders together with contact details of individuals appointed by MOD Shareholders as proxies, body corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

MOD Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and may contact the MOD Share Registry if they wish to exercise those rights.

The information may be disclosed to print and mail service providers, and to MOD, Sandfire and their respective advisers and agents to the extent necessary to effect the Scheme. If the information outlined above is not collected, MOD may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme effectively, or at all.

MOD Shareholders who appoint an individual as their proxy, body corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

Persons are entitled, under section 173 of the Corporations Act, to inspect and copy the MOD Register. The MOD Register contains personal information about MOD Shareholders.

## Important dates and times for the Scheme<sup>(1)</sup>

Last time and date for Eligible Shareholders to make a Cash Election under the Scheme <sup>(2)</sup>	5:00pm (WST) on 19 September 2019
ASX announcement of total amount of Cash Elections received and the expected percentage of Cash Consideration	25 September 2019
Latest time for MOD Depositary Interest Holders to submit their voting instructions to the MOD Depositary	5:00pm (WST) on 25 September 2019
Latest time and date for lodgement of completed Proxy Form for the General Meeting	10:00am (WST) on 29 September 2019
Latest time and date for lodgement of completed Proxy Form for the Scheme Meeting	11:00am (WST) on 29 September 2019
Time and date for determining eligibility of MOD Shareholders to vote at the General Meeting and Scheme Meeting	5:00pm (WST) on 29 September 2019
Time and date of the General Meeting	10:00am (WST) on 1 October 2019
Time and date of the Scheme Meeting	11:00am (WST) on 1 October 2019
Court hearing for approval of the Scheme	8 October 2019
Effective Date of the Scheme	9 October 2019
Last date of trading of MOD Shares on ASX and LSE	9 October 2019
Last time and date for UMP Shareholders to make an election under the Scheme <sup>(3)</sup>	10 October 2019
Cancellation of MOD Depositary Interests and rematerialisation of the underlying MOD Shares	14 October 2019
Record Date for determining entitlements to the Scheme Consideration	16 October 2019
Implementation Date for the Scheme and issue of the Scheme Consideration	23 October 2019
Last day of deferred settlement trading on ASX in Sandfire Shares issued as Scheme Consideration	23 October 2019
Sandfire Shares commence trading on T+2 settlement basis	24 October 2019
Dispatch of Holding Statements for Sandfire Shares issued as Scheme Consideration	28 October 2019
Delisting on ASX and cancellation of listing on LSE	29 October 2019

(1) All stated dates and times are indicative only. The actual timetable will depend on many factors outside the control of MOD and Sandfire, including the Court approval process and the satisfaction or waiver of the conditions precedent to the completion of the Scheme by each of MOD and Sandfire. Any changes to the above timetable will be announced to ASX and will be available under MOD's profile on ASX at [www.asx.com.au](http://www.asx.com.au).

(2) Refer to Section 5.3 for further details.

(3) Refer to Section 5.6 for further details.



# 1. Summary of the Scheme

## 1.1 Introduction

This summary identifies key features of the Scheme but must be read in conjunction with the additional detailed information for MOD Shareholders set out in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

On 25 June 2019, MOD and Sandfire announced to ASX that they had entered into the Scheme Implementation Deed under which, subject to the satisfaction or waiver, as applicable, of defined conditions, Sandfire will acquire all of the MOD Shares held by Scheme Participants through a scheme of arrangement for the Scheme Consideration.

If the Scheme is approved by the Requisite Majority of MOD Shareholders and by the Court, and if all other conditions to the Scheme are satisfied or waived (where applicable), all MOD Shares (which Sandfire does not already own) will be transferred to Sandfire with effect from the Implementation Date and without the need for any further act by MOD Shareholders (other than acts required to be performed by MOD, its Directors or officers, as attorney or agent for MOD Shareholders). From the Implementation Date, MOD will become a wholly-owned Subsidiary of Sandfire. MOD Shares are expected to be delisted from ASX, subject to satisfaction of any conditions under the Listing Rules (as modified or waived), and the trading of MOD Shares on LSE is expected to be cancelled, in each case shortly after the Implementation Date.

## 1.2 What you will receive if the Scheme becomes Effective

If the Scheme is approved and becomes Effective, on the Implementation Date Scheme Participants (other than those MOD Shareholders who make a cash election, Ineligible Foreign Shareholders and Shareholders who hold an unmarketable parcel who do not, or are unable to, make an election to receive Sandfire Shares) will be issued Scrip Consideration in return for the transfer to Sandfire of the MOD Shares held by them on the Record Date and will receive evidence of ownership in respect of the Sandfire Shares to which that MOD Shareholder is entitled. Those MOD Shareholders that are able to, and elect to, receive the Cash Consideration in return for the transfer to Sandfire of the MOD Shares held by them on the Record Date will receive the Cash Consideration and potentially an amount of New Sandfire Shares (depending on the uptake of Cash Consideration) on the Implementation Date.

If you are an Ineligible Foreign Shareholder or a holder of an unmarketable parcel of MOD Shares (who does not elect to receive New Sandfire Shares or is unable to do so) (**Non-Electing UMP Shareholder**) and the Scheme becomes Effective, on the Implementation Date, the Sandfire Shares which would have been issued to you will be issued to the Sale Agent. If you are an Ineligible Foreign Shareholder or a Non-Electing UMP Shareholder, Sandfire must procure that the Sale Agent sells those Sandfire Shares as soon as reasonably practicable and in any event within 15 Business Days following the Implementation Date and remits the net sale proceeds (minus applicable taxes, transfer duty, charges, brokerage costs and other selling costs) to Sandfire. Sandfire must promptly remit to you your pro rata share of the net proceeds from the sale of Scheme Consideration sold through the Sale Facility.

Further details about the Scheme Consideration, Electing Eligible Shareholders, European Shareholders, Ineligible Foreign Shareholders and UMP Shareholders are set out in Sections 5.2, 5.3, 5.4, 5.5 and 5.6 respectively. MOD Shareholders should also refer to Section 11 for important information in relation to certain Australian taxation matters.

## 1.3 MOD Directors' recommendation

Your Directors unanimously recommend\* that you vote in favour of the Scheme and each MOD Director presently intends to vote, or procure the voting of any MOD Shares controlled or held by, or on behalf of, them at the time of the Scheme Meeting in favour of the Scheme, in each case in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.

The reasons to vote in favour of or against the Scheme as considered by the Directors are set out in Section 2. A summary of implications for MOD Shareholders if the Scheme does not proceed are set out in Section 3 under the heading titled, "What happens if the Scheme is not approved".

\*See disclosure immediately following the Contents Page at the beginning of the document.

## 1.4 Independent Expert

MOD has commissioned Deloitte as the Independent Expert to prepare a report to ascertain whether the Scheme is in the best interests of MOD Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of MOD Shareholders.

The Independent Expert's Report is set out in Annexure 1.

## 1.5 Implementation, timetable and procedures

If the Scheme is approved by MOD Shareholders and the Court, and all other conditions to the Scheme are satisfied or (where applicable) waived, it is expected that the Scheme will be implemented on or around 23 October 2019. The key dates and times in relation to the Scheme are set out at the beginning of this Scheme Booklet. These key dates are indicative only and are subject to change.

## 1.6 Conditions to the Scheme

Implementation of the Scheme is subject to a number of outstanding conditions precedent that are summarised in Section 12.14(a).

A description of all of the conditions to the Scheme is included in the Scheme Implementation Deed in Annexure 2.

## 1.7 Scheme Meeting

The Scheme Meeting, to approve the Scheme, is scheduled to be held at 11:00am on 1 October 2019. Voting eligibility for the Scheme Meeting will be determined as at 5:00pm (WST) on 29 September 2019.

Further details of the Scheme Meeting, including how to vote, are contained in Section 4. The Notice of Scheme Meeting is contained in Annexure 5.

## 1.8 Approvals

### (a) Scheme Meeting

The Scheme must be approved by the Requisite Majority, being:

- (i) unless the Court orders otherwise, a majority in number (more than 50%) of MOD Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and
- (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting.

### (b) Court Approval

If the Scheme is approved at the Scheme Meeting, and all other conditions of the Scheme have been satisfied or (where applicable) waived, the Court will be asked to approve the Scheme on the Second Court Date in accordance with section 411(4)(b) of the Corporations Act. The Second Court Date is expected to be on or around 8 October 2019.

## 1.9 Tax implications

The transfer of your MOD Shares in accordance with the Scheme may have tax implications for you. You should seek your own professional advice regarding your individual tax consequences. A summary of relevant Australian tax implications for Scheme Participants is contained in Section 11.

## 1.10 What to do next

- (a) Read the remainder of this Scheme Booklet

Read the remainder of this Scheme Booklet in full before making any decision on the Scheme.

- (b) Consider your options

MOD Shareholders should refer to Section 2 for further guidance on the reasons to vote in favour of or against the Scheme and Section 9 for guidance on the risk factors associated with the Scheme.

If you have any questions in relation to the Scheme or the Scheme Meeting, please contact the MOD Shareholder Information Line on 1300 381 073 (within Australia) or +61 3 9415 4046 (outside Australia) Monday to Friday between 8:30am and 5:00pm (Melbourne time) or consult your legal, investment, taxation, financial, taxation or other professional adviser.

- (c) Vote at the Scheme Meeting

Your Directors urge you to vote on the Scheme at the Scheme Meeting. The Scheme affects your shareholding and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

Your Directors unanimously recommend\* that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.

\*See disclosure immediately following the Contents Page at the beginning of the document.

## 2. Reasons to vote in favour of or against the Scheme

### 2.1 Reasons to vote in favour of the Scheme

<p><b>Your Directors recommend the Scheme in the absence of a Superior Proposal</b></p>	<p>Your Directors unanimously recommend* that you vote in favour of the Scheme and each MOD Director presently intends to vote in favour of the Scheme with respect to the MOD Shares he or she holds or controls, in each case in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.</p> <p>*See disclosure on immediately following the Contents Page at the beginning of the document.</p>
<p><b>The Independent Expert, Deloitte, has concluded that the Scheme is fair and reasonable to MOD Shareholders</b></p>	<p>The Independent Expert, Deloitte, has concluded that the Scheme is fair and reasonable and in the best interests of MOD Shareholders.</p> <p>The Independent Expert's Report is set out in Annexure 1.</p>
<p><b>The Scheme Consideration represents a compelling premium to MOD's current trading values</b></p>	<p>The Scheme Consideration represents a premium of:</p> <ul style="list-style-type: none"> <li>• 45% to MOD's closing price of A\$0.31 per share on 24 June 2019; being the last day of trading of MOD Shares prior to the announcement of the Scheme;</li> <li>• 45% to MOD's 20-day VWAP of A\$0.31 up to and including 24 June 2019; and</li> <li>• 108% to the undisturbed closing price on 18 January 2019, being the date prior to the confirmation of Sandfire's preliminary, indicative and non-binding approach to MOD as reported in the media.</li> </ul> <p>The implied consideration of A\$0.45 was calculated at 25 June 2019 when the Scheme was announced and will change with changes to the Sandfire share price.</p>
<p><b>The Scheme Consideration provides the flexibility for MOD Shareholders to elect to receive Sandfire Shares or Cash (up to the Maximum Cash Consideration)</b></p>	<p>The flexibility for MOD Shareholders (other than European Shareholders, Ineligible Foreign Shareholders and UMP Shareholders) to elect Cash Consideration (up to the Maximum Cash Consideration) provides them with the opportunity to realise certain value for all or a proportion of their MOD shareholding. This means that such MOD Shareholders' exposure to the risks associated with an investment in MOD (refer to Section 9) will either cease to exist or will be reduced.</p>
<p><b>No Superior Proposal has emerged</b></p>	<p>There is the potential for a proposal that is superior to the Scheme to emerge. However, as at the date of this Scheme Booklet, no Superior Proposal has emerged.</p> <p>If a Competing Proposal is received, this will be announced to the ASX and LSE, and the MOD Board will carefully consider the proposal and advise MOD Shareholders of their recommendation.</p>
<p><b>On going exposure to MOD's assets (if receiving Sandfire Shares) with potential to benefit from Sandfire's strong balance sheet, operating cash flow and expertise to support the development of the T3 Project and further exploration of the Kalahari</b></p>	<p>If you receive Sandfire Shares as consideration (either by electing the Scrip Consideration or due to the Maximum Cash Consideration being fully utilised), you will have on going exposure to MOD's assets through the ownership of Sandfire Shares. Notably, Sandfire's group cash on hand as at 30 June 2019 was A\$247.4 million (unaudited) with a market capitalisation of approximately A\$929 million as at 15 August 2019 (being the last practicable date prior to the date of this Scheme Booklet). Sandfire also reported profit before income tax expense in 2018 of approximately</p>



<b>Copper Belt</b>	<p>A\$176 million for the 12 months ending 30 June 2018.</p> <p>There is potential to benefit from Sandfire's strong balance sheet and operating cash flow and expertise to support the development of the T3 Project and further exploration of the Kalahari Copper Belt.</p>
<b>MOD currently does not have the capital to fully develop the T3 Project</b>	<p>MOD currently does not have the capital to fully develop its T3 Project, and would require significant funding to develop the T3 Project and other exploration assets.</p> <p>Any additional equity funding may be dilutive to MOD Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit MOD's operations and business strategy. Whilst progress has been made to attain funding, no assurances can be given that appropriate capital or funding, if and when needed, will be available on terms favourable to MOD or at all. Development capital expenditure required to fund the T3 Project is US\$182 million (excluding sustaining capital expenditure) compared to MOD's group cash balance of A\$8.3 million as at 30 June 2019.</p>
<b>Provides exposure to Sandfire's asset portfolio</b>	<p>If you receive Sandfire Shares as consideration (either by electing the Scrip Consideration or due to the Maximum Cash Consideration being fully utilised), you will have on going exposure Sandfire's assets – the high-grade DeGrussa and Monty mines (100% owned) that reported combined production of 69,394 tonnes of contained copper and 44,455 ounces of contained gold for the 12 month period ended 30 June 2019 and C1 unit costs of US\$0.83/lb over the same period.</p> <p>You will also gain exposure to Sandfire's global portfolio of development projects, exploration projects and early stage investments, including the Black Butte Copper Project (of which Sandfire has an 85.45% interest).</p>
<b>There are risks to not voting for the Scheme</b>	<p>The MOD Board considers if the Scheme does not complete, and no alternative proposal emerges, the MOD share price may decline. The Scheme Consideration is significantly above the closing price of MOD prior to the announcements of both the preliminary, indicative and non-binding approach by Sandfire, and the announcement of the Scheme.</p> <p>If the Scheme does not proceed, MOD will need to raise further capital to fund short term working capital and long term capital expenditure to resume its development of the T3 Project. The lack of capital may defer the approval of the grant of a mining licence for the T3 Project.</p>

## 2.2 Reasons to vote against the Scheme

<b>You may disagree with your Directors' unanimous recommendation or the Independent Expert's conclusion</b>	<p>You may disagree with the unanimous recommendation of your MOD Directors and the conclusion of the Independent Expert, who has concluded that the Scheme is fair and reasonable and in the best interests of MOD Shareholders, in the absence of a Superior Proposal. Refer to Annexure 1 for a copy of the Independent Expert's Report.</p>
<b>Dilution to MOD's assets</b>	<p>Following implementation of the Scheme, MOD Shareholders will hold approximately 10.3%-13.4% of the issued share capital of Sandfire (range assuming 0% and 100% of the Maximum Cash Consideration is utilised). Accordingly, MOD Shareholders will have a reduced entitlement to any potential proceeds which may be generated by MOD's existing project portfolio.</p> <p>It is possible that you may wish MOD to remain a standalone entity because you specifically invested in MOD to seek exposure to a company with the specific characteristics of MOD.</p>

<p><b>Changing risk profile</b></p>	<p>In addition, the risk profile and risk of investment for MOD Shareholders will change and you may consider the risk profile and risk of investment of the Merged Group to be disadvantageous relative to that of MOD as a standalone entity. Whilst the commodity exposure will remain unchanged, other key aspects including the capital structure, ownership and board and management of the Merged Group will differ.</p>
<p><b>A Superior Proposal for MOD, if it were to continue as a stand-alone entity, may materialise in the future</b></p>	<p>You may believe that there is a possibility that a Superior Proposal could emerge in the foreseeable future. However, since the announcement of the execution of the Scheme Implementation Deed on 25 June 2019 and up to the date of this Scheme Booklet, no Superior Proposal has been received.</p> <p>If a Superior Proposal emerges, this will be announced to the ASX and LSE, and the MOD Directors will carefully reconsider the Scheme and advise MOD Shareholders of their recommendation (subject to the exclusivity provisions of the Scheme Implementation Deed).</p>
<p><b>The potential tax consequences of the Scheme may not suit your current financial position or tax circumstances</b></p>	<p>If the Scheme is implemented, you may incur tax on the transfer of your MOD Shares. Please refer to Section 11 for further information on Australian tax implications.</p> <p>All MOD Shareholders are advised to seek independent professional advice about their particular circumstances including, for non-resident MOD Shareholders, the foreign tax consequences.</p>
<p><b>The exact value of the Scrip Consideration is not certain and will depend on the price at which Sandfire's Shares trade on ASX after the Implementation Date</b></p>	<p>The Scrip Consideration is not certain and the exact value that you receive for your MOD Shares may move adversely from the market value of the Scrip Consideration on the date of this Scheme Booklet or the Scheme Meeting.</p> <p>Alternatively, if there is an increase in the relative price of Sandfire Shares, the effective value you receive for your MOD Shares may move favourably from the market value of the Scrip Consideration on the date of this Scheme Booklet or the Scheme Meeting.</p> <p>In addition, the Sale Agent will be issued the MOD Shares that would otherwise be issued to Sale Facility Shareholders and will sell them as soon as reasonably practicable after the Implementation Date. Although the quantum of these sales is expected to be limited, it is possible that such sales may exert downward pressure on the share price of Sandfire during the applicable period.</p>

## 2.3 Other relevant considerations

- (a) No brokerage or stamp duty will be payable on the transfer of your MOD Shares pursuant to the Scheme

You will not incur any brokerage or transfer duty costs on the transfer of your MOD Shares pursuant to the Scheme.

Brokerage fees will however be incurred by Sale Facility Shareholders whose attributable Sandfire Shares will be issued to and sold by the Sale Agent, and the cash proceeds of the sale remitted to them.

- (b) The Scheme may be implemented even if you do not vote, or vote against the Scheme

Even if you do not vote, or if you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majority of MOD Shareholders and by the Court. If this occurs and you are a MOD Shareholder, your MOD Shares will be transferred to Sandfire (as applicable) and

you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

(c) Costs of the Scheme

MOD has already incurred, and will incur, significant costs in responding to the proposed transaction and revisions of that proposal to the point that it is capable of being provided to MOD Shareholders as a scheme of arrangement for their consideration. These costs include negotiation with Sandfire, retention of advisers, provision of information to Sandfire, facilitating Sandfire's access to due diligence, engagement of the Independent Expert and the preparation of this Scheme Booklet. If the Scheme is not implemented in circumstances where no Superior Proposal emerges and is completed, MOD will not receive any material value for the costs it has incurred in connection with the Scheme.

Under the Scheme Implementation Deed, a break fee of A\$1,660,000 may become payable by MOD to Sandfire, in certain circumstances. Failure by MOD Shareholders to approve the Scheme at the Scheme Meeting will not trigger an obligation to pay the break fee. Further details of the circumstances in which a break fee may become payable are in Section 12.17.

(d) Relationship between the Scheme and the General Meeting

It is important that you vote at the General Meeting as it is a condition precedent to the Scheme becoming Effective that MOD Shareholders approve the resolution put forward at the General Meeting. If MOD Shareholders do not approve the resolution put forward at the General Meeting, there is a risk that the Scheme will not proceed.

See Section 10 for further information in relation to the General Meeting and MOD and Sandfire's arrangements with Metal Tiger.

### 3. Frequently Asked Questions

The following table provides brief answers to questions you may have in relation to the Scheme, but must be read in conjunction with the more detailed information included in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

Questions about the Scheme	
<b>What is the Scheme?</b>	<p>The Scheme is a proposed merger of MOD and Sandfire to be implemented by way of a scheme of arrangement between MOD and the MOD Shareholders under which all of the MOD Shares held by Scheme Participants will be transferred to Sandfire in consideration for the issuance by Sandfire of the Scheme Consideration.</p> <p>The Scheme requires the approval of both the Requisite Majority of MOD Shareholders at the Scheme Meeting and the Court.</p> <p>The terms of the Scheme are set out in full in Annexure 3.</p>
<b>What is the Scheme Consideration?</b>	<p>Under the Scheme, Sandfire is offering an implied consideration of A\$0.45 per MOD Share (this implied consideration was calculated at 25 June 2019 when the Scheme was announced and will change with changes to the Sandfire share price), under which each MOD Shareholder (other than European Shareholders, Ineligible Foreign Shareholders and MOD Shareholders who hold an unmarketable parcel) can receive Scrip Consideration of 0.0664 New Sandfire shares for every 1 MOD Share held.</p> <p>MOD Shareholders (other than European Shareholders and Ineligible Foreign Shareholders) may instead make an election to receive Cash Consideration of A\$0.45 per MOD Share up to a maximum aggregate Cash Consideration of A\$41.6 million. Further details in respect of the entitlements of MOD Shareholders is set out in Section 5.</p> <p>If MOD receives Cash Elections for a total exceeding the Maximum Cash Consideration, all MOD Shareholders who have made a Cash Election will have their Cash Consideration scaled back on a pro rata basis so that the total amount of the Cash Consideration payable to these MOD Shareholders equals to the Maximum Cash Consideration. The remainder of the consideration to be received will be payable in New Sandfire Shares.</p> <p>A worked example of how the scale back will operate, and the basis for the calculation, are detailed in Section 5.3.</p> <p>The form of the consideration to be received by a MOD Shareholder who makes a Cash Election will depend on the Cash Elections made by all other MOD Shareholders. Three business days before the proxy lodgement cut-off date for the Scheme Meeting, MOD will announce to ASX the total amount of Cash Elections received and the expected percentage of Cash Consideration to be paid to those MOD Shareholders who elected to receive Cash Consideration assuming the Scheme is implemented - this announcement is currently scheduled to be made on 25 September 2019.</p> <p>Eligible Shareholders that do not make a valid Cash Election by 5:00pm (WST) by 19 September 2019 (or such later date agreed by MOD and Sandfire) will not receive Cash Consideration and will be issued Scrip Consideration if the Scheme becomes Effective.</p>
<b>Will Sandfire pay a dividend to Sandfire shareholders?</b>	<p>If, at its sole discretion, the directors of Sandfire decide to pay an ordinary dividend to Sandfire shareholders for the 2019 FY Final period (in an amount to be determined), Sandfire has agreed (per the SID), to use reasonable endeavours to set the dividend record date after the Implementation Date so that</p>

## Questions about the Scheme

Scheme Participants will be entitled to any dividend, provided that the Implementation Date occurs on or prior to 15 November 2019.

There is no guarantee that Sandfire will pay a dividend for FY 2019 and as to the amount of any dividend. If the Implementation Date occurs after the record date for any Sandfire dividend, MOD Shareholders receiving Sandfire Shares will not receive any Sandfire dividend.

### Who is entitled to participate in the Scheme? What will they receive and what are they required to do?

Each person (other than Sandfire or a wholly-owned Subsidiary of Sandfire) who is a MOD Shareholder as at 5:00pm (WST) on the Record Date (expected to be 16 October 2019) will be entitled to participate in the Scheme.

The following table details the Scheme Consideration each shareholder will receive pursuant to the Scheme.

Shareholder	Consideration	Further Details
Eligible Shareholders	If you are an Eligible Shareholder, you will receive Scrip Consideration or may elect to receive Cash Consideration (up to the Maximum Cash Consideration).  Eligible Shareholders who wish to receive Cash Consideration will need to sign and return a Cash Election Form.	Section 5.3
Ineligible Foreign Shareholder	If you are an Ineligible Foreign Shareholder, you will have the Sandfire Shares which would have been issued to you issued to the Sale Agent and sold with the net sale proceeds remitted to you.	Sections 5.4 and 5.7
European Shareholder	If you are a European Shareholder and an Ineligible Foreign Shareholder, you will be treated as an Ineligible Foreign Shareholder under the Scheme.  If you are a European Shareholder who is not an Ineligible Foreign Shareholder, you will be issued Scrip Consideration and will not be able to make a Cash Election (however, if you are a Shareholder who holds an unmarketable parcel then the New Sandfire Shares that would have been issued to you will be issued to the Sale Agent and sold with the net sale proceeds remitted to you).	Sections 5.5 and 5.7
Shareholders who hold an unmarketable parcel of MOD Shares	If you hold an unmarketable parcel of MOD Shares, the New Sandfire Shares that would have been issued to you will be issued to the Sale Agent and sold with the net sale proceeds remitted to you. However, you may elect to receive Scrip Consideration if you:	Sections 5.6 and 5.7

## Questions about the Scheme

	<p>(a) are not an Ineligible Foreign Shareholder or European Shareholder; and</p> <p>(b) would be entitled to receive at least one whole Sandfire Share as Scheme Consideration.</p> <p>Shareholders who are eligible and wish to make an election to receive Scrip Consideration will need to sign and return a Scrip Election Form.</p>
<p><b>What will be the effect of the Scheme?</b></p>	<p>If the Scheme is approved by the Requisite Majority of MOD Shareholders and the Court:</p> <ul style="list-style-type: none"> <li>• all your MOD Shares will be transferred to Sandfire;</li> <li>• in exchange, you will receive the Scheme Consideration for each MOD Share you hold; and</li> <li>• MOD will become a wholly-owned Subsidiary of Sandfire and will be removed from the official list of ASX and LSE.</li> </ul>
<p><b>What value does the Scheme imply for my MOD Shares?</b></p>	<p>The Scheme Consideration implies a value of A\$0.45 per MOD Share.</p> <p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the Sandfire Share price. Please refer to Section 7.10 for the recent price history of Sandfire Shares.</p>
<p><b>Are there conditions that need to be satisfied before the Scheme can proceed?</b></p>	<p>Implementation of the Scheme is subject to satisfaction or waiver (where applicable) of a number of conditions contained in the Scheme Implementation Deed, set out in Annexure 2.</p> <p>There are a number of conditions that remain outstanding as at the date of this Scheme Booklet as described in Section 0.</p>
<p><b>How will the existing MOD Options be dealt with?</b></p>	<p>MOD and Sandfire have entered into Option Cancellation Deeds with each of the MOD Optionholders (except for Metal Tiger). The material terms of the Option Cancellation Deeds are summarised below:</p> <ul style="list-style-type: none"> <li>• each MOD Optionholder has agreed to the cancellation of their MOD Options for cash (refer to Section 12.19 in relation to the cash amounts the MOD Optionholders will receive pursuant to the Option Cancellation Deeds);</li> <li>• Sandfire must provide, or procure the provision of, the consideration to the MOD Optionholders on the Implementation Date;</li> <li>• the cancellation of the MOD Options is conditional on: <ul style="list-style-type: none"> <li>• the Scheme becoming Effective;</li> <li>• the necessary regulatory approvals, consents and waivers having been obtained by MOD; and</li> <li>• the MOD Optionholder not having dealt with the MOD Options contrary to the terms of the Option Cancellation Deed.</li> </ul> </li> </ul>
<p><b>What is the MOD Directors' recommendation and what</b></p>	<p>Your Directors have carefully considered the advantages and disadvantages of the Scheme and unanimously recommend that you vote in favour of the Scheme,</p>



## Questions about the Scheme

<p><b>benefits will the Directors receive if the Scheme is Implemented?</b></p>	<p>in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.</p> <p>In relation to the recommendations of the MOD Directors, MOD Shareholders should have regard to the fact that, if the Scheme is implemented, MOD Directors Mr Julian Hanna and Mr Steven McGhee will be entitled to an employment retention bonus payment on the date which is 12 months following the implementation of the Scheme, being a maximum cash payment of A\$95,813 and A\$82,500, respectively. Certain MOD Directors hold MOD Performance Rights and MOD Options as detailed in Section 13.1, which are entitled to be dealt with in accordance with Sections 12.18 and 12.19 respectively. MOD Director, Mr Michael McNeilly, is also a Director and Chief Executive Officer of Metal Tiger. Details of MOD and Sandfire's arrangements with Metal Tiger are disclosed in Section 10.</p> <p>MOD Shareholders should have regard to these arrangements when considering the Directors' recommendation in relation to the Scheme, which appears throughout this Scheme Booklet. The MOD Directors consider that, despite these arrangements, it is appropriate for them to make a recommendation in relation to the Scheme. Refer to Section 5.10 for reasons as to why the Directors believe it is appropriate for them to make this recommendation.</p>
<p><b>How do the Directors intend to vote in respect of their own MOD Shares?</b></p>	<p>Each Director presently intends to vote, or procure the voting, in favour of the Scheme with respect to any MOD Shares controlled or held by, or on behalf of, them, in the absence of a Superior Proposal that remains a Superior Proposal after giving effect to any matching rights available to Sandfire under the SID and subject to the Independent Expert opining (and continuing to opine) that the Scheme is in the best interests of MOD Shareholders.</p> <p>At the date of this scheme booklet, your Directors collectively control the voting rights attaching to approximately 7.0% of the total number of MOD Shares on issue.</p>
<p><b>Are there any major shareholders who support the Scheme?</b></p>	<p>Metal Tiger, a substantial shareholder of MOD, has agreed to vote in favour of the Scheme in respect of approximately 10.46% of MOD Shares currently held and MOD Shares that it will hold after the exercise of Options prior to the Scheme Meeting to a maximum of 19.9% of MOD Shares, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.</p> <p>See Section 10 for further information in relation to MOD and Sandfire's arrangements with Metal Tiger.</p>
<p><b>What are the reasons to vote in favour of the Scheme?</b></p>	<p>The Directors have described in Section 2.1 the reasons why MOD Shareholders should vote in favour of the Scheme.</p>
<p><b>What are the reasons to vote against the Scheme?</b></p>	<p>The Directors have described in Section 2.2 the reasons why you may decide to vote against the Scheme.</p>
<p><b>What are the risks for me if the Scheme is implemented</b></p>	<p>If the Scheme is implemented, you will be entitled to receive the Scheme Consideration in the form of Sandfire Shares (unless you are an Ineligible Foreign Shareholder or a Non-Electing UMP Shareholder). MOD Shareholders who receive and retain Sandfire Shares under the Scheme may be subject to certain risks, including as detailed in Section 9.</p> <p>The Scheme Consideration for eligible Shareholders who elect to receive Cash Consideration may comprise a portion of New Sandfire Shares if the Maximum Cash Consideration is exceeded.</p>

## Questions about the Scheme

<p><b>What is the Independent Expert's conclusion?</b></p>	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of MOD Shareholders.</p> <p>The Independent Expert's Report is set out in Annexure 1.</p>
<p><b>If I wish to support the Scheme, what should I do?</b></p>	<p>See Section 4 for directions on how to vote and important voting information generally.</p>
<p><b>What happens if I vote against the Scheme?</b></p>	<p>If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is approved by the Requisite Majority of MOD Shareholders and by the Court, and all other conditions to the Scheme are satisfied or waived (where applicable), your MOD Shares will be transferred to Sandfire in consideration for Sandfire issuing to you or the Sale Agent on your behalf, as applicable, the Scheme Consideration. This will occur even if you voted against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is not approved by the Requisite Majority of MOD Shareholders or the Court, MOD will remain an independent company and you will remain a MOD Shareholder.</p>
<p><b>How will the Scheme be implemented?</b></p>	<p>If the Scheme becomes Effective, no further action is required on the part of the Scheme Participants in order to implement the Scheme. Under the Scheme, MOD is given authority to effect a valid transfer of all MOD Shares to Sandfire and to enter the name of Sandfire in the MOD Register as holder of all MOD Shares.</p> <p>If the Scheme becomes Effective, each MOD Shareholder (other than those MOD Shareholders who make a cash election, Ineligible Foreign Shareholders and Shareholders who hold an unmarketable parcel who do not, or are unable to, make an election) will be deemed to have agreed to become a holder of Sandfire Shares in accordance with the Scheme and to have accepted the Sandfire Shares issued to that holder under the Scheme subject to, and to be bound by, Sandfire's constitution.</p>
<p><b>What happens if the Scheme is not approved?</b></p>	<p>If the Scheme is not approved by the Requisite Majority of MOD Shareholders or the Court, the Scheme will not be implemented.</p> <p>Further, if any of the conditions to the Scheme are not satisfied or waived (where applicable), including if the Scheme is not approved by the Requisite Majority of MOD Shareholders and by the Court, the Scheme Implementation Deed may be terminated and the Scheme will not be implemented.</p> <p>The consequences of the Scheme not being implemented include:</p> <ul style="list-style-type: none"> <li>you will retain your MOD Shares, you will not be issued the Scheme Consideration, and you will continue to be exposed to the risks associated with your investment in MOD Shares (see Section 9.3);</li> <li>the MOD Board and management will continue to operate MOD's business;</li> <li>the expected benefits of the Scheme (set out in Section 2.1) will not be realised;</li> <li>MOD's Share price may decline to the extent that the market reflects an assumption that the Scheme will be completed;</li> <li>MOD will have incurred significant costs and management time and resources for no outcome;</li> </ul>



## Questions about the Scheme

	<p>working capital will be significantly depleted and MOD will need to raise further capital to fund short term working capital requirements;</p> <p>MOD will need to recommence the process of attempting to secure project funding for the development of the T3 Project;</p> <p>MOD may be liable to pay the MOD Break Fee (A\$1,660,000) to Sandfire.</p>
<p><b>Is MOD liable to pay a break fee?</b></p>	<p>MOD may become liable to pay Sandfire a break fee of A\$1,660,000 in certain circumstances, including where:</p> <p>any Director changes, withdraws or qualifies his or her voting intention or his or her recommendation of the Scheme, other than where the Independent Expert concludes that the Scheme is not in the best interests of MOD Shareholders;</p> <p>a Competing Proposal is disclosed to MOD or publicly announced by a third party and within 12 months thereafter, a Competing Proposal is entered into or completed involving that third party or any of its associates;</p> <p>Sandfire terminates the Scheme Implementation Deed because MOD materially breaches an exclusivity arrangement or there is a breach or non-fulfilment of a MOD Prescribed Occurrence.</p> <p>For further details in relation to the MOD Break Fee, see Section 12.17.</p>
<p><b>Has MOD entered into exclusivity arrangements?</b></p>	<p>The Scheme Implementation Deed contains certain exclusivity arrangements which are customary for an agreement of this type. During the Exclusivity Period, MOD and its representatives are restricted from, directly or indirectly:</p> <p>soliciting, inviting, encouraging or initiating any Competing Proposal;</p> <p>responding to or facilitating any enquiries, proposals, negotiations or discussions with any third party or entering into any letter of intent, memorandum of understanding or other agreement or negotiating or entering into or participating in negotiations or discussions with any person in relation to, or which may reasonably be expected to lead to a Competing Proposal; or</p> <p>soliciting, inviting, initiating, encouraging, facilitating or permitting any person (other than Sandfire or its representatives) to undertake due diligence investigations on MOD, its related bodies corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.</p> <p>During the Exclusivity Period, MOD must also:</p> <p>disclose certain information to Sandfire in the event a Competing Proposal emerges, including all material details such as consideration, timing, conditions, structure, due diligence requirements, financing and the identity of the person making the approach; and</p> <p>give Sandfire the right, but not the obligation, to match a Superior Proposal, to amend the terms of the Scheme including increasing the amount of consideration offered under the Scheme or proposing any other form of Scheme.</p> <p>For further details in relation to the exclusivity arrangements entered into by MOD, see Section 12.15.</p>

## Questions about the Scheme

<p><b>Is a Superior Proposal likely? What happens if a Superior Proposal emerges?</b></p>	<p>At the date of this Scheme Booklet, no Superior Proposal for MOD has emerged.</p> <p>Until the Scheme becomes Effective, there is nothing preventing third parties from making unsolicited proposals for MOD.</p> <p>It is possible that, if MOD were to continue as an independent company, a Superior Proposal for MOD may materialise in the future.</p> <p>Further details regarding Competing Proposals and Superior Proposals are set out in Sections 5.8 and 12.15.</p>
<p><b>What are the tax implications of the Scheme?</b></p>	<p>Section 11 provides a description of the general Australian tax consequences of the Scheme and it is recommended that you seek professional tax advice.</p> <p>MOD Shareholders who are not resident in Australia should seek their own independent tax advice on the tax consequences, in their country of residence, of the Scheme as Section 11 is limited to the Australian tax consequences for MOD Shareholders.</p>
<p><b>Who will manage the Merged Group following the implementation of the Scheme?</b></p>	<p>Following implementation of the Scheme, Sandfire will continue to be managed by the current Board of directors and senior management. Details of which are provided in Section 7.7.</p>
<p><b>When will MOD be delisted from ASX and LSE?</b></p>	<p>After the Scheme has been fully implemented, MOD will request ASX and the UKLA and LSE to remove MOD from their respective exchanges on or shortly following the Implementation Date.</p>

## Questions about your entitlements

<p><b>What if I am an Eligible Shareholder?</b></p>	<p>MOD Shareholders (other than European Shareholders, Ineligible Foreign Shareholders and UMP Shareholders) may make an election to receive Cash Consideration of A\$0.45 per MOD Share up to a maximum aggregate cash consideration of A\$41.6 million. If the Scheme becomes Effective, Sandfire will issue the Cash Consideration to Scheme Participants on the Implementation Date.</p> <p>If MOD receives Cash Elections for a total exceeding the Maximum Cash Consideration, all MOD Shareholders who have made a Cash Election will have their Cash Consideration scaled back on a pro rata basis so that the total amount of the Cash Consideration payable to these MOD Shareholders equals to the Maximum Cash Consideration. The remainder of the consideration to be received will be payable in New Sandfire Shares.</p> <p>The form of the consideration to be received by a MOD Shareholder who makes a Cash Election will depend on the Cash Elections made by all other MOD Shareholders. Three business days before the proxy lodgement cut-off date for the Scheme Meeting, MOD will announce to ASX the total amount of Cash Elections received and the expected percentage of Cash Consideration to be paid to those MOD Shareholders who elected to receive Cash Consideration assuming the Scheme is implemented - this announcement is currently scheduled to be made on 25 September 2019.</p> <p>See Section 5.3 for further details.</p>
<p><b>What if I am an Ineligible Foreign Shareholder?</b></p>	<p>If you are a MOD Shareholder whose address shown in the MOD Register is in an Ineligible Jurisdiction or who is otherwise determined to be an Ineligible Foreign Shareholder, Sandfire will not issue Sandfire Shares to you. However,</p>

## Questions about your entitlements

	<p>your MOD Shares will be part of the Scheme.</p> <p>The number of Sandfire Shares that would otherwise have been issued to you under the Scheme will be issued to the Sale Agent, who will sell those Sandfire Shares and remit the proceeds of such sale to Sandfire or the Sandfire Share Registry, net of costs. Sandfire or the Sandfire Share Registry will promptly remit to you your pro rata share of the net proceeds from the sale of Scheme Consideration sold through the Sale Facility.</p> <p>See Section 5.4 for further details.</p>
<p><b>What if I am a resident in the European Economic Area?</b></p>	<p>Due to regulatory restrictions, European Shareholders are unable to make any election (i.e. Scrip Election if a UMP Shareholder or Cash Election). European Shareholders who are not Ineligible Foreign Shareholders will be issued Scrip Consideration. European Shareholders who are Ineligible Foreign Shareholders or would be entitled to receive less than a Marketable Parcel of Sandfire Shares will have the New Sandfire Shares, to which they would otherwise be entitled, handled by the Sale Facility as outlined in Section 5.7 of this Scheme Booklet.</p> <p>See Section 5.5 for further details.</p>
<p><b>What are Depository Interests?</b></p>	<p>Depository Interests are securities constituted under English law and are held on a register maintained by a depository. Computershare UK holds the MOD Shares on trust for the MOD Depository Holders and issues dematerialised MOD Depository Interests to CREST accounts representing the underlying MOD Shares.</p>
<p><b>How will the Depository Interests be impacted by the Scheme?</b></p>	<p>Subject to the Scheme becoming Effective, the MOD Depository Interests will be cancelled by Computershare UK and the Depository Interest Holders will be entered as shareholders on MOD's share register in Australia. These shareholders will then be subject to the Scheme as a registered shareholder and will receive the consideration under the Scheme directly.</p> <p>In the event that this rematerialisation of the underlying MOD Shares does not occur prior to the Record Date, Computershare UK will direct the issue of the Scheme Consideration to the MOD Depository Interest Holders, but no new depository interests will be created representing Sandfire Shares.</p> <p>If the Scheme does not become Effective, the MOD Depository Interests will not be cancelled and Computershare's Depository Interest service will continue.</p>
<p><b>What if I am a MOD Shareholder who hold an unmarketable parcel of MOD Shares?</b></p>	<p>If you are a MOD Shareholder who, based on your holding of MOD Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a Marketable Parcel of Sandfire Shares (assessed by reference to the last traded price of Sandfire Shares on ASX on the trading day prior to the Record Date) as Scheme Consideration, Sandfire will not issue Sandfire Shares to you and if, on implementation of the Scheme, you would be entitled to receive at least one whole Sandfire Share as Scheme Consideration and you elect to receive your Scheme Consideration in the form of Sandfire Shares, you will receive the Scrip Consideration.</p> <p>If you do not elect, or are not entitled to elect, to receive Sandfire Shares, then the number of Sandfire Shares that would otherwise have been issued to you under the Scheme will be issued to the Sale Agent, who will sell those Sandfire Shares and remit the proceeds of such sale to Sandfire or the Sandfire Share Registry, net of costs. Sandfire or the Sandfire Share Registry will promptly remit to you your pro rata share of the net proceeds from the sale of those Sandfire Shares sold through the Sale Facility.</p> <p>See Section 5.6 for further details.</p>

## Questions about your entitlements

<p><b>What happens if the market price of Sandfire Shares increases or decreases?</b></p>	<p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the Sandfire Share price.</p>
<p><b>How will fractional entitlements to Sandfire Shares be treated?</b></p>	<p>If, pursuant to the calculation of your Scrip Consideration, you would be entitled to a fraction of a Sandfire Share your fractional entitlement will be rounded up or down to the nearest whole number of Sandfire Shares (or rounded up in the case of an entitlement to exactly half of a Sandfire Share).</p> <p>Refer to Section 5.7 for an explanation of how fractional entitlements will be dealt with for Ineligible Foreign Shareholders and UMP Shareholders.</p>
<p><b>What warranties do I give?</b></p>	<p>Under the Scheme, each Scheme Participant is deemed to have warranted to Sandfire that:</p> <p>all MOD Shares (including any rights and entitlements attaching to those MOD Shares) will, at the date of the transfer of them to Sandfire, be fully paid and free from all mortgages, charges, security interests, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and</p> <p>they have the power and capacity to sell and to transfer their MOD Shares, and all rights and entitlements attaching to those MOD Shares to Sandfire.</p>
<p><b>When will I be issued the Scheme Consideration?</b></p>	<p>If the Scheme is implemented, Sandfire will issue your Sandfire Shares to you (or in the case of an Ineligible Foreign Shareholder or a Non-Electing UMP Shareholder, to the Sale Agent) on the Implementation Date, which is expected to be 23 October 2019. MOD will procure that evidence of ownership is sent to MOD Shareholders (except Ineligible Foreign Shareholders and Non-Electing UMP Shareholders) in respect of the Scheme Consideration within three Business Days following the Implementation Date.</p> <p>The Scheme Consideration for eligible Shareholders who elect to receive Cash Consideration will receive A\$0.45 per MOD Share for each MOD Share held on the Implementation Date, which is expected to be 23 October 2019. The Scheme Consideration for Electing Eligible Shareholders may comprise a portion of New Sandfire Shares if the Maximum Cash Consideration is exceeded.</p>
<p><b>Will I have to pay brokerage fees on the disposal of my MOD Shares?</b></p>	<p>Eligible Shareholders will not pay brokerage fees on the disposal of their MOD Shares.</p> <p>If you are an Ineligible Foreign Shareholder or a Non-Electing UMP Shareholder, the Sale Agent will deduct brokerage and other costs from the sale of Sandfire Shares that would otherwise have been issued to you and pay Sandfire the net amount. Sandfire will then promptly remit to you your pro rata share of the net proceeds from the sale of Scheme Consideration sold through the Sale Facility.</p>
<p><b>When can I trade my Sandfire Shares?</b></p>	<p>Once you have received the Scrip Consideration, you can trade your Sandfire Shares on ASX.</p> <p>For further details, see Section 12.11.</p>

## Questions about voting

<p><b>Who can vote?</b></p>	<p>If you are registered as a MOD Shareholder at 5:00pm (WST) on 29 September 2019 you will be entitled to vote on the Scheme Resolution to be proposed at the</p>
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Questions about voting	
	<p>Scheme Meeting.</p> <p>For further details, see Section 4.</p>
<b>When and where will the Scheme Meeting be held?</b>	<p>The Scheme Meeting to approve the Scheme is scheduled to be held on 1 October 2019 commencing at 11:00am (WST).</p> <p>Further details of the Scheme Meeting, including how to vote are contained in Section 4. The Notice of Scheme Meeting is contained in Annexure 5.</p>
<b>What vote is required to approve the Scheme?</b>	<p>The Scheme needs to be approved by the Requisite Majority of MOD Shareholders, which is:</p> <p>unless the Court orders otherwise, a majority in number (more than 50%) of MOD Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and</p> <p>at least 75% of the total number of votes cast on the resolution at the Scheme Meeting.</p>
<b>Is voting compulsory?</b>	<p>No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting scheduled to be held on 1 October 2019 at 11:00am (WST) you should complete and return the Proxy Form enclosed with this Scheme Booklet.</p> <p>For further details regarding voting and submitting Proxy Forms for the Scheme Meeting, see Section 4.</p>
<b>Why should I vote?</b>	<p>Your vote will be important in determining whether the Scheme will proceed.</p> <p>Your Directors unanimously recommend* that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.</p> <p>*See disclosure immediately following the Contents Page at the beginning of the document.</p>
<b>What happens if I do not vote?</b>	<p>If you do not vote and the Scheme is approved by a Requisite Majority of MOD Shareholders and the Court and becomes Effective, your MOD Shares will be transferred to Sandfire in consideration for Sandfire issuing to you the Scheme Consideration for your MOD Shares unless you are an Ineligible Foreign Shareholder or a Non-Electing UMP Shareholder, in which case the Sale Agent will sell your Sandfire Shares and remit the proceeds to Sandfire or the Sandfire Share Registry, net of costs. Sandfire or the Sandfire Share Registry will then promptly remit to you your pro rata share of the net proceeds from the sale of Scheme Consideration sold through the Sale Facility. Electing Eligible Shareholders will receive Cash Consideration in return for the transfer to Sandfire of the MOD Shares held by them on the Record Date. The Scheme Consideration for Electing Eligible Shareholders may comprise a portion of New Sandfire Shares if the Maximum Cash Consideration is exceeded.</p> <p>If the Scheme is not approved, MOD will remain an independent company and you will remain a MOD Shareholder.</p>
<b>Can I attend the Court and oppose the Court approval of the Scheme?</b>	<p>If you wish to oppose approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date, you may do so by filing with the Court, and serving on MOD, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on MOD at least one Business Day (in Perth, Western Australia) before the Second Court Date.</p>

## Questions about voting

<b>Can I split my shares?</b>	<p>If Sandfire forms the opinion that two or more MOD Shareholders have, before the Record Date, been a party to:</p> <p>splitting a holder of MOD Shares into two or more parcels of MOD Shares whether or not it results in any change in beneficial ownership of the MOD Shares (<b>Share Splitting</b>); or</p> <p>division in an attempt to obtain unfair advantage by reference to rounding (in respect to fractional entitlements),</p> <p>Sandfire may give notice to such MOD Shareholders attributing the MOD Shares held by all of them to one of them (specifically identified in such notice). This notice deems the MOD Shareholder identified in such notice to be the holder of all those shares the subject of the Share Splitting.</p> <p>If the Scheme is not approved by MOD Shareholders at the Scheme Meeting, by reason only of the non-satisfaction of the Headcount Test and MOD or Sandfire considers that Share Splitting may have caused or contributed to the Headcount Test not having been satisfied then MOD will apply for an order of the Court to disregard the Headcount Test and seek Court approval of the Scheme, notwithstanding that the Headcount Test has not been satisfied.</p>
<b>What are my options?</b>	<p>You may:</p> <p>vote in favour of the Scheme at the Scheme Meeting;</p> <p>vote against the Scheme at the Scheme Meeting;</p> <p>sell your MOD Shares on market at any time before the close of trading on ASX on the Record Date; or</p> <p>do nothing.</p> <p>See Section 5.12 for further information.</p>
<b>What if I cannot, or do not wish to, attend the Scheme Meeting?</b>	<p>If you cannot, or do not wish to, attend the Scheme Meeting, you may appoint a proxy, corporate representative or attorney to vote on your behalf. For further details regarding voting and submitting Proxy Forms for the Scheme Meeting, see Section 4.</p>

## Questions about the General Meeting and MOD and Sandfire's arrangements with Metal Tiger

<b>Who is Metal Tiger?</b>	<p>Metal Tiger is a company incorporated in the UK and listed on the AIM market operated by the LSE (<b>AIM</b>). Metal Tiger invests in high potential opportunities in the mineral exploration and development sector.</p> <p>As at the date of this Scheme Booklet, Metal Tiger holds a 10.46% interest and 40,673,566 Options in MOD.</p>
<b>What is the Joint Venture with Metal Tiger and the JV Consolidation Option?</b>	<p>On 16 December 2015, MOD and Metal Tiger acquired a number of prospecting licences and subsequently formed a joint venture, 70% owned by MOD and 30% by Metal Tiger.</p> <p>On 18 July 2018, MOD announced that it had executed a binding agreement (<b>Sale and Demerger Agreement</b>) to acquire Metal Tiger's 30% interest in the T3 Project (<b>T3 Acquisition</b>). To affect the Sale and Demerger Agreement, the prospecting licences other than PL 190 that is associated with the T3 Project (<b>Exploration Assets</b>) were transferred to Metal Capital Exploration Limited, a</p>



Questions about the General Meeting and MOD and Sandfire's arrangements with Metal Tiger

	<p>new joint venture entity owned 70% by MOD and 30% by Metal Tiger.</p> <p>The Sale and Demerger Agreement was implemented in November 2018 and culminated in the T3 Project and its prospecting licence PL190/2008 being owned 100% by MOD through Tshukudu Metals, and the Exploration Assets being owned by Metal Capital Exploration Limited through its wholly owned subsidiary Tshukudu Exploration (Pty) Ltd.</p> <p>The T3 Acquisition was approved by MOD Shareholders on 19 September 2018.</p> <p>Pursuant to the Sale and Demerger Agreement, MOD has the option (subject to any requisite MOD Shareholder and regulatory approvals/waivers) to purchase Metal Tiger's 30% interest in Metal Capital Exploration Limited in the event of a Board endorsed change of control of MOD (<b>JV Consolidation Option</b>) for consideration comprising cash (calculated according to a formula attributing value to MCEL) and a royalty. The payment of cash and a royalty was approved by MOD Shareholders.</p>
<p><b>What is the interaction between the JV Consolidation Option and the Scheme?</b></p>	<p>As a result of the MOD Board recommending the Scheme, which is a change of control offer, MOD is now entitled to exercise the JV Consolidation Option and under the SID, MOD is required to exercise the JV Consolidation Option to acquire Metal Tiger's 30% interest in Metal Tiger Capital Exploration (<b>JV Acquisition</b>) after the Scheme becomes Effective.</p> <p>In order for Metal Tiger to participate as a MOD Shareholder under the Scheme and to avoid the need for MOD to pay cash, MOD and Metal Tiger agreed that the consideration payable upon exercise of the JV Consolidation Option would comprise:</p> <ul style="list-style-type: none"> <li>• the issue of 22,322,222 MOD Shares (<b>Consideration Shares</b>) (rather than cash as was initially agreed in the Sale and Demerger Agreement); and</li> <li>• the grant of a 2% net smelter return royalty in respect of any future production from the Exploration Assets.</li> </ul> <p>MOD applied for, and was granted, a waiver of Listing Rule 10.7 in respect of the consideration to be given to Metal Tiger.</p>
<p><b>What is the Support Agreement?</b></p>	<p>Pursuant to an agreement between Metal Tiger and Sandfire, Metal Tiger has agreed to:</p> <ul style="list-style-type: none"> <li>• exercise such number of Options it currently holds prior to the Scheme Meeting that will result in Metal Tiger having a voting power at the time of the Scheme Meeting of 19.9%. Following the exercise of these Options, Metal Tiger will have 4,825,168 Options remaining;</li> <li>• vote in favour of the Scheme in respect of approximately 10.46% of MOD Shares currently held and MOD Shares that it will hold after the exercise of options prior to the scheme meeting to a maximum of 19.9% of MOD Shares; and</li> <li>• receive Scrip Consideration under the Scheme.</li> </ul> <p>Metal Tiger is not obliged to vote in favour of the Scheme if a Superior Proposal emerges, that remains a Superior Proposal after giving effect to any matching rights available to Sandfire under the SID.</p> <p>The Support Agreement will terminate on the termination of the SID.</p>

## Questions about the General Meeting and MOD and Sandfire's arrangements with Metal Tiger

<p><b>Why is MOD holding a General Meeting?</b></p>	<p>The JV Acquisition requires approval by MOD Shareholders at a general meeting pursuant to ASX Listing Rule 10.1 and item 7 of section 611 of the Corporations Act.</p> <p>MOD will also seek Shareholder approval to issue 4,825,168 Shares to Metal Tiger upon the exercise of 4,825,168 existing Options held by Metal Tiger (the issue of which was previously approved by MOD Shareholders as consideration for the T3 Acquisition) (<b>Option Exercise</b>) and the increase in voting power of Metal Tiger as a result of the JV Acquisition and Option Exercise. Pursuant to the terms and conditions of Options issued to Metal Tiger, these Options will automatically exercise if the Court approves the Scheme at the second court hearing. MOD must issue the corresponding number of Shares to Metal Tiger.</p> <p>The completion of the JV Acquisition (and issue of the Consideration Shares) is conditional of the Scheme becoming Effective. The Option Exercise is not conditional on the Scheme becoming Effective. If MOD Shareholders approve the resolution put forward at the General Meeting, but the Scheme does not become Effective:</p> <ul style="list-style-type: none"> <li>• the JV Acquisition will not complete and the Consideration Shares will not be issued; and</li> <li>• Metal Tiger will have the ability, but not the obligation, to exercise the 4,825,168 Options that it continues to hold following exercise of the Options under the Support Agreement and if it does so will increase its voting power from 19.9% to approximately 21.0%.</li> </ul>
<p><b>What is the MOD Directors' recommendation?</b></p>	<p>Your Directors (other than Mr Michael McNeilly who abstains from making a recommendation) recommend that you vote in favour of the resolution put forward to MOD Shareholders at the General Meeting to approve:</p> <ul style="list-style-type: none"> <li>• the JV Acquisition;</li> <li>• the Option Exercise; and</li> <li>• the increase in voting power of Metal Tiger from 19.9% to a maximum of 25.6% as a result of the JV Acquisition and Option Exercise.</li> </ul> <p>Your Directors intend to vote, or procure the voting, in favour of the resolution put forward at the General Meeting with respect to any MOD Shares controlled or held by, or on behalf of, them.</p>
<p><b>Why should I vote?</b></p>	<p>It is important that you vote at the General Meeting as it is a condition precedent to the Scheme becoming Effective that MOD Shareholders approve:</p> <ul style="list-style-type: none"> <li>• the JV Acquisition;</li> <li>• the Option Exercise; and</li> <li>• the increase in voting power of Metal Tiger from 19.9% to a maximum of 25.6% as a result of the JV Acquisition and Option Exercise.</li> </ul> <p>If MOD Shareholders do not approve the resolution relating to the JV Acquisition, there is a risk that the Scheme will not proceed.</p> <p>Your Directors (other than Mr Michael McNeilly who abstains from making a recommendation) recommend that you vote in favour of the resolution put forward at the General Meeting.</p>



## Questions about Sandfire

### Who is Sandfire?

Sandfire is a leading mid-tier Australian mining company based in Perth, Western Australia. Sandfire is an explorer for and producer of copper. In addition to copper, Sandfire also produces a significant amount of gold.

See Section 7 for further information on Sandfire and Section 8 for further information on the Merged Group.

### Why does Sandfire wish to implement the Scheme?

The acquisition of MOD adds the near-term T3 Project in Botswana to Sandfire's global development pipeline whilst also adding a significant landholding on the highly prospective and underexplored Kalahari Copper Belt. Sandfire is taking major steps towards diversifying its global copper development pipeline, expanding its reserve base and strengthening its exploration and growth portfolio.

The development of T3 and Black Butte is expected to position Sandfire to realise its vision to become a truly international mining house, with growing production and exploration hubs spanning the world's three major time zones.

### What are Sandfire's intentions in relation to the Merged Group if the Scheme proceeds?

If the Scheme is approved, Sandfire will undertake a review of MOD's operations with a view to maximising the benefits of the Scheme for its shareholders. It is expected that this review will focus on:

T3 Project and the regional exploration potential;

opportunities for cost savings through corporate head office rationalisation;

the future roles of the existing management and employees of MOD.

Sandfire expects to offer continuing employment within the Merged Group to MOD's operational employees.

See Section 8 for further information on the Merged Group. MOD Shareholders should be aware that if the Scheme proceeds, there will be various risks associated with an investment in Sandfire, which are described (non-exhaustively) in Section 9.

## General questions

### What other information is available?

You should read the detailed information in relation to the Scheme provided in this Scheme Booklet.

Further information in relation to MOD can be obtained from ASX on its website [www.asx.com.au](http://www.asx.com.au) or on MOD's website <https://www.modresources.com.au/>.

Further information in relation to Sandfire can be obtained from ASX on its website [www.asx.com.au](http://www.asx.com.au) or on Sandfire's website <https://www.sandfire.com.au/>.

### Who can help answer my questions about the Scheme?

If you have questions in relation to the Scheme or the Scheme Meeting, please contact the MOD Shareholder Information Line on 1300 381 073 (within Australia) or +61 3 9415 4046 (outside Australia) Monday to Friday between 8:30am and 5:00pm (Melbourne time) or consult your legal, investment, financial, taxation or other professional adviser.

## 4. Scheme Meeting and voting information

This Section contains information relating to voting entitlements and information on how to vote at the Scheme Meeting for MOD Shareholders.

### 4.1 Scheme Meeting

(a) Time and location

The Scheme Meeting to approve the Scheme is scheduled to be held at 1304 Hay Street, West Perth, Western Australia on 1 October 2019 at 11:00am (WST).

(b) Requisite Majority

At the Scheme Meeting, the Scheme Resolution will be proposed to the Scheme Meeting which must be approved by:

- (i) unless the Court orders otherwise, a majority in number (more than 50%) of MOD Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and
- (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting, (the **Requisite Majority**), for the Scheme to become Effective.

(c) Notice of Scheme Meeting

The Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure 5.

### 4.2 Entitlement and ability to vote at the Scheme Meeting

If you are registered as a MOD Shareholder as at 5:00pm (WST) on 29 September 2019, you will be entitled to vote on the Scheme Resolution at the Scheme Meeting. Voting on the Scheme Resolution will be by poll.

(a) Voting in person

If you wish to vote in person, you should attend the Scheme Meeting.

(b) Voting by proxy

Your personalised Proxy Form for the Scheme Meeting accompanies this Scheme Booklet.

You can appoint a proxy by completing and returning to MOD the enclosed Proxy Form for the Scheme Meeting. The Proxy Form must be received by MOD by no later than 11:00am (WST) on 29 September 2019.

You must return the Proxy Form to MOD by either posting it in the reply paid envelope provided (only for use in Australia) or by sending, delivering or faxing it as follows:

(i) Online at:

[www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions provided

(ii) Mail to:

Computershare Investor Services Pty Limited, GPO Box 1282, Melbourne Victoria 3001, Australia

(iii) Fax to:

1800 783 447 (within Australia)

+61 3 9473 2555 (outside Australia)

(iv) Mobile voting:

Scan the QR Code on your Proxy form and follow the prompts

(v) Custodian voting:

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions

If a proxy appointment is signed by or validly authenticated by a MOD Shareholder but does not name the proxy or proxies in whose favour it is given, the chairman of the Scheme Meeting may act as proxy.

If:

- (i) a MOD Shareholder nominates the chairman of the Scheme Meeting as the MOD Shareholder's proxy; or
- (ii) a proxy appointment is signed by a MOD Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the Proxy Form,

the person acting as chairman in respect of an item of business at the Scheme Meeting must act as proxy under the appointment in respect of that item of business.

Proxy appointments in favour of the chairman of the Scheme Meeting, the MOD company secretary or any Director which do not contain a direction will be voted in support of the Scheme Resolution at the Scheme Meeting.

A MOD Shareholder who wishes to submit a proxy has the right to appoint a proxy (who need not be a MOD Shareholder) to represent him, her or it at the Scheme Meeting, other than the chairman of the Scheme Meeting, by inserting the name of his chosen proxy in the space provided for that purpose on the Proxy Form.

A MOD Shareholder 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 the votes. The MOD Shares represented by proxy will be voted for or against or withheld from voting in accordance with the instructions of the MOD Shareholder on any ballot that may be called for, and if the MOD Shareholder specifies a choice with respect to any matter to be acted upon, the MOD Shares will be voted accordingly.

A MOD Shareholder who has deposited a Proxy Form may revoke it prior to its use, by instrument in writing executed by the MOD Shareholder or by his, her or its attorney duly authorised in writing or, if the MOD Shareholder is a company, executed by a duly authorised officer or attorney in compliance with applicable law and deposited at the MOD Share Registry by 11:00am (WST time) on 29 September 2019 or with the chairman of the Scheme Meeting on the day of, and prior to the start of, the Scheme Meeting. A MOD Shareholder may also revoke a proxy in any other manner permitted by law.

If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the MOD Share Registry at the same time as the Proxy Form (unless you have already provided a certified copy of the power of attorney to MOD).

(c) Undirected proxies

A MOD Shareholder who has submitted a proxy has the right to appoint the chairman of the Scheme Meeting, or another person (who need not be a MOD Shareholder) to represent him, her or it at the Scheme Meeting and vote on the Scheme Resolution, by inserting the name of his, her or its desired representative in the space provided for that purpose on the Proxy Form.

Any instrument of proxy in which the name of the appointee is not filled in will be deemed to have been given in favour of the chairman of the Scheme Meeting.

The chairman of the Scheme Meeting intends to vote all undirected proxies in favour of the Scheme Resolution.

(d) Voting by corporate representative

To vote in person at the Scheme Meeting, a MOD Shareholder or proxy, which is a body corporate, may appoint an individual to act as its representative.

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate MOD Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A certificate with or without the seal of the body corporate MOD Shareholder, signed by two directors of that body corporate or signed by one director and one secretary, or any other document as the chairman of the Scheme Meeting in his sole discretion considers sufficient, will be evidence of the appointment, or of the revocation of the appointment, as the case may be, of a representative.

(e) Voting by attorney

A MOD Shareholder may appoint a person (whether a MOD Shareholder or not) as its attorney to attend and vote at the Scheme Meeting.

An instrument appointing an attorney must be in writing executed under the hand of the appointer or the appointer's attorney duly authorised in writing, or if the appointer is a corporation, under its common seal (if any) or the hand of its duly authorised attorney or executed in a manner permitted by the Corporations Act. The instrument may contain directions as to the manner in which the attorney is to vote on a particular resolution(s) and subject to the Corporations Act, may otherwise be in any form as the Directors may prescribe or accept. A fax of a written power of attorney is valid provided it has been provided to MOD on the fax number in Section 4.2(b) by no later than 11:00am (WST) on 29 September 2019. Such fax will be deemed to have been served on MOD upon the receipt of a transmission report confirming successful transmission of that fax.

## 5. Key considerations

The purpose of this Section 5 is to identify significant issues for you to consider in relation to the Scheme.

Before deciding how to vote at the Scheme Meeting, you should carefully consider the factors discussed below and the risk factors outlined in Section 9, as well as the other information contained in this Scheme Booklet.

### 5.1 Background

If the Scheme is implemented, Sandfire will acquire all of the MOD Shares held by Scheme Participants through a MOD scheme of arrangement.

The Scheme is subject to, among other things, approval by the Requisite Majority of MOD Shareholders at the Scheme Meeting and approval by the Court pursuant to section 411(4)(b) of the Corporations Act on the Second Court Date. For further details of the conditions, refer to Section 0.

If the Scheme becomes Effective, MOD will become a wholly-owned Subsidiary of Sandfire and will request that ASX and the UKLA and LSE remove MOD from the official list of ASX and LSE respectively on or shortly after the Implementation Date.

### 5.2 What you will receive under the Scheme

The following table details the consideration to be issued by Sandfire to Scheme Participants (**Scheme Consideration**).

Shareholder	Consideration	Further Details
Eligible Shareholders	<p>If you are an Eligible Shareholder, you will receive Scrip Consideration or may elect to receive Cash Consideration (up to the Maximum Cash Consideration).</p> <p>Eligible Shareholders who wish to receive Cash Consideration will need to sign and return a Cash Election Form.</p>	Section 5.3
Ineligible Foreign Shareholder	If you are an Ineligible Foreign Shareholder, you will have the Sandfire Shares which would have been issued to you issued to the Sale Agent and sold with the net sale proceeds remitted to you.	Sections 5.4 and 5.7
European Shareholder	<p>If you are a European Shareholder and an Ineligible Foreign Shareholder, you will be treated as an Ineligible Foreign Shareholder under the Scheme.</p> <p>If you are a European Shareholder who is not an Ineligible Foreign Shareholder, you will be issued Scrip Consideration and will not be able to make a Cash Election (unless you hold an unmarketable parcel in which case the New Sandfire Shares that would have been issued to you will be issued to the Sale Agent and sold with the net sale proceeds remitted to you).</p>	Sections 5.5 and 5.7
Shareholders who hold an unmarketable parcel of MOD Shares	<p>If you hold an unmarketable parcel of MOD Shares, the New Sandfire Shares that would have been issued to you will be issued to the Sale Agent and sold with the net sale proceeds remitted to you. However, you may elect to receive Scrip Consideration if you:</p> <p>(c) are not an Ineligible Foreign Shareholder or European Shareholder; and</p>	Sections 5.6 and 5.7

Shareholder	Consideration	Further Details
	<p>(d) would be entitled to receive at least one whole Sandfire Share as Scheme Consideration.</p> <p>Shareholders who are eligible and wish to make an election to receive Scrip Consideration will need to sign and return a Scrip Election Form.</p>	

### 5.3 Eligible Shareholders

Sandfire has executed the Deed Poll pursuant to which Sandfire has agreed, subject to the Scheme becoming Effective, to acquire the MOD Shares held by Scheme Participants. Under the terms of the Scheme, each MOD Shareholder (other than Ineligible Foreign Shareholders and Non-Electing UMP Shareholders) will receive 0.0664 Sandfire Shares for every 1 MOD Share held by the Scheme Participant (**Scrip Consideration**).

MOD Shareholders other than Ineligible Foreign Shareholders, European Shareholders and UMP Shareholders (**Eligible Shareholders**) may make an election to receive Cash Consideration of A\$0.45 per MOD Share (**Cash Consideration**) (**Cash Election**) up to a maximum aggregate Cash Consideration of A\$41.6 million (**Maximum Cash Consideration**), representing approximately 25% of the overall consideration.

If the Scheme becomes Effective, Sandfire will issue the Cash Consideration to Scheme Participants on the Implementation Date.

If MOD receives Cash Elections for a total exceeding the Maximum Cash Consideration, all MOD Shareholders who have made a Cash Election will have their Cash Consideration scaled back on a pro rata basis so that the total amount of the Cash Consideration payable to these MOD Shareholders equals to the Maximum Cash Consideration. The remainder of the consideration to be received will be payable in New Sandfire Shares.

The form of the consideration to be received by a MOD Shareholder who makes a Cash Election will depend on the Cash Elections made by all other MOD Shareholders. Three business days before the proxy lodgement cut-off date for the Scheme Meeting, MOD will announce to ASX the total amount of Cash Elections received and the expected percentage of Cash Consideration to be paid to those MOD Shareholders who elected to receive Cash Consideration assuming the Scheme is implemented - this announcement is currently scheduled to be made on 25 September 2019.

Detailed below is an example of the amount of Cash Consideration a MOD shareholder who makes a Cash Election will receive under different scenarios depending on the Cash Elections made by all other MOD Shareholders. For the purposes of the worked example, we have assumed that the MOD Shareholder currently holds 1,000,000 Shares.

% shareholders electing cash consideration	20%	25%	35%	60%	80%
Total number of MOD shares under Scheme	370,332,018	370,332,018	370,332,018	370,332,018	370,332,018
Number of MOD Shares pursuant to which a Cash Election has been made	74,066,404	92,583,005	129,616,206	222,199,211	296,265,614
Implied cash value (A\$)	33,329,882	41,662,352	58,327,293	99,989,645	133,319,526
Maximum Cash Consideration (A\$)	41,600,000	41,600,000	41,600,000	41,600,000	41,600,000

% shareholders electing cash consideration	20%	25%	35%	60%	80%
Maximum Cash Consideration exceeded?	No	Yes	Yes	Yes	Yes
Number of MOD Shares owned	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Implied total value of shareholding under the offer price (A\$)	450,000	450,000	450,000	450,000	450,000
Cash received by MOD Shareholder (A\$)	450,000	449,327	320,948	187,219	140,415
Remaining value to be paid in New Sandfire Shares (A\$)	Nil	673	129,052	262,781	309,585
Number of New Sandfire Shares received	Nil	99	19,042	38,775	45,681

If Cash Elections are received totalling more than the Maximum Cash Consideration of A\$41.6m, then MOD Shareholders who elect to receive Cash Consideration will receive:

- (a) Cash for each MOD Share held by them equal to A\$41.6m divided by the total number of shares held by all MOD Shareholders who made a Cash Election to receive the Cash Consideration\*; plus
- (b) Such number of New Sandfire Shares based on the following formula:

*Total MOD Shares held by the relevant MOD Shareholder MULTIPLIED BY the 'Factor'*

Where the 'Factor' = A\$0.45 less the amount of cash per MOD Share received in (a) above divided by X. Where X is the fixed Sandfire Share price of A\$0.45 divided by 0.0664 (the exchange ratio).

\*The total number of MOD Shares held by MOD Shareholders who make a Cash Election will be announced to the ASX by MOD three business days before the proxy lodgement cut-off date for the Scheme Meeting - this announcement is currently scheduled to be made on 25 September 2019.

To make a Cash Election, Eligible Shareholders should complete and return the Cash Election Form accompanying this Scheme Booklet, in accordance with the instructions on that form. The deadline for receipt of a Cash Election Form by the MOD Share Registry is 5:00pm (WST) on 19 September 2019 (or such later date agreed by MOD and Sandfire).

Eligible Shareholders that do not make a valid Cash Election by 5:00pm (WST) by 19 September 2019 (or such later date agreed by MOD and Sandfire) will not receive Cash Consideration and will be issued Scrip Consideration if the Scheme becomes Effective.

Unless you are a trustee or nomineee:

- (a) you may only make a Cash Election under the Scheme in respect of all your MOD Shares; and
- (b) if you make a Cash Election under the Scheme, it will be deemed to apply to all your MOD Shares regardless of whether the number of relevant MOD Shares you hold at 5:00pm (WST) on the Record Date is greater or less than the number you held at the time you made your election.

If you hold one or more parcels of MOD Shares as trustee or nomineee for, or otherwise on account of, another person, you may establish separate and distinct holdings for each of your beneficiaries and make individual Cash Elections for each holding. However, you may not accept instructions from a beneficiary to make a Cash Election unless it is in respect of the Scrip Consideration attributable to all parcels of MOD Shares held by you on behalf of that beneficiary.



You may withdraw a Cash Election following the instructions on the Cash Election Form. The deadline for receipt by the MOD Share Registry of instructions to withdraw a Cash Election is 5:00pm (WST) on 19 September 2019 (or such later date agreed by MOD and Sandfire). If your valid instructions are not received by this time, you will be treated in accordance with your last valid Cash Election Form, or if no valid Cash Election Form has been received and the Scheme becomes Effective, Sandfire will issue you Scrip Consideration.

If Sandfire converts all or any of the Sandfire Shares into a larger or smaller number of Sandfire Shares or conducts a Bonus Issue or a Rights Issue, in each case before the time at which the Sandfire Shares to be issued as Scrip Consideration would participate in such conversion, Bonus Issue or Rights Issue, then the number of Sandfire Shares to comprise the Scrip Consideration would be adjusted to reflect the position assuming they participated in such conversion, Bonus Issue or Rights Issue.

If the Scheme becomes Effective, Sandfire will issue the Scrip Consideration to Scheme Participants (or to the Sale Agent on behalf of the Ineligible Foreign Shareholders and Non-Electing UMP Shareholders) on the Implementation Date, and Sandfire will register the registered holders of the Scrip Consideration in the Sandfire Register. No later than three Business Days after the Implementation Date, Sandfire will send, or procure the sending of, evidence of ownership for those Sandfire Shares to Scheme Participants (except Ineligible Foreign Shareholders and Non-Electing UMP Shareholders).

If, pursuant to the calculation of your Scrip Consideration, you would be entitled to a fraction of a Sandfire Share, your entitlement will be rounded up or down to the nearest whole number of Sandfire Shares (or rounded up in the case of an entitlement to exactly half of a Sandfire Share). Refer to Section 5.7 for details of rounding in respect of Sandfire Shares to be issued to the Sale Agent.

The value of the Sandfire Shares may increase or decrease after the Implementation Date if the market price of Sandfire Shares moves.

Details on certain Australian tax considerations in relation to the Scrip Consideration can be found in Section 11.

## 5.4 Ineligible Foreign Shareholders

Restrictions in certain foreign countries may make it impractical or unlawful for Sandfire Shares to be issued under the Scheme to MOD Shareholders in countries where these restrictions apply. Scheme Participants whose address is shown in the MOD Register as being in an Ineligible Jurisdiction which Sandfire has determined, acting reasonably, is a place that it is unlawful or unduly onerous to issue the Sandfire Shares, will be regarded as Ineligible Foreign Shareholders for the purposes of the Scheme.

Sandfire is under no obligation to issue and allot, and will not issue, any Sandfire Shares to any Ineligible Foreign Shareholder. Instead, if the Scheme becomes Effective, Sandfire will issue the Sandfire Shares to which the Ineligible Foreign Shareholder would otherwise have been entitled to the Sale Agent, for sale on market through the Sale Facility. Refer to Section 5.7 for more information about the Sale Facility.

## 5.5 European Shareholders

Shareholders resident in the European Economic Area (**European Shareholders**) are unable to make any election (i.e. Scrip Election if a UMP Shareholder or Cash Election). European Shareholders who are not Ineligible Foreign Shareholders will be issued Scrip Consideration and will not be able to make a Cash Election. European Shareholders who are Ineligible Foreign Shareholders or would be entitled to receive less than a Marketable Parcel of Sandfire Shares will have the New Sandfire Shares, to which they would otherwise be entitled, handled by the Sale Facility as outlined in Section 5.7 of this Scheme Booklet.

## 5.6 Unmarketable Parcel Shareholders

Scheme Participants who, based on their holding of MOD Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a Marketable Parcel of Sandfire Shares (assessed by reference to the last traded price of Sandfire Shares on ASX on the trading day prior to Record Date) as Scheme Consideration, will be regarded as unmarketable parcel shareholders (**UMP Shareholders**) for the purposes of the Scheme.



UMP Shareholders may elect to receive Scrip Consideration (**Scrip Election**) if:

- (a) they are not Ineligible Foreign Shareholders or European Shareholders; and
- (b) would be entitled to receive at least one whole Sandfire Share as Scheme Consideration.

To make a Scrip Election, UMP Shareholders should complete and return the Scrip Election Form accompanying this Scheme Booklet, in accordance with the instructions on that form. The deadline for receipt of a Scrip Election Form by the MOD Share Registry is 5:00pm (WST) on 10 October 2019 (or such later date agreed by MOD and Sandfire).

UMP Shareholders that do not make a valid Scrip Election, or are unable to make a Scrip Election (**Non-Electing UMP Shareholders**), to receive the Scheme Consideration in the form of Sandfire Shares, by 5:00pm (WST) on 10 October 2019 (or such later date agreed by MOD and Sandfire) will not be issued any Sandfire Shares. Instead, if the Scheme becomes Effective, Sandfire will issue the Sandfire Shares to which the Non-Electing UMP Shareholder would otherwise have been entitled to the Sale Agent for sale on market through the Sale Facility. See Section 5.7 for more information about the Sale Facility.

Unless you are a trustee or nominee:

- (a) you may only make a Scrip Election under the Scheme in respect of all your MOD Shares; and
- (a) if you make a Scrip Election under the Scheme, it will be deemed to apply to all your MOD Shares regardless of whether the number of relevant MOD Shares you hold at 5:00pm (WST) on the Record Date is greater or less than the number you held at the time you made your election.

If you hold one or more parcels of MOD Shares as trustee or nominee for, or otherwise on account of, another person, you may establish separate and distinct holdings for each of your beneficiaries and make individual Scrip Elections for each holding. However, you may not accept instructions from a beneficiary to make a Scrip Election unless it is in respect of the Scrip Consideration attributable to all parcels of MOD Shares held by you on behalf of that beneficiary.

You may withdraw a Scrip Election following the instructions on the Scrip Election Form. The deadline for receipt by the MOD Share Registry of instructions to withdraw a Scrip Election is 5:00pm (WST) on 10 October 2019 (or such later date agreed by MOD and Sandfire). If your valid instructions are not received by this time, you will be treated in accordance with your last valid Scrip Election Form, or if no valid Scrip Election Form has been received, you will not be issued any Sandfire Shares. Instead, if the Scheme becomes Effective, Sandfire will issue the Sandfire Shares to which the Non-Electing UMP Shareholder would otherwise have been entitled to the Sale Agent, on trust for the Non-Electing UMP Shareholder, for sale on market through the Sale Facility. See Section 5.7 for more information about the Sale Facility.

The decision whether to make a Scrip Election will depend on the individual circumstances of UMP Shareholders. UMP Shareholders should seek advice from their own financial, legal, taxation or other professional adviser before deciding whether to make this Scrip Election.

Sandfire is under no obligation to issue and allot, and will not issue, any Sandfire Shares to UMP Shareholders who do not make a valid Scrip Election or are not entitled to make a Scrip Election. Instead, if the Scheme becomes Effective, Sandfire will issue the Sandfire Shares to which that UMP Shareholder would otherwise have been entitled to the Sale Agent, on trust for that Non-Electing UMP Shareholder, for sale on market through the Sale Facility. Refer to Section 5.7 for more information about the Sale Facility.

Sandfire will be under no obligation under the Scheme or Deed Poll to issue any New Sandfire Shares to any UMP Shareholder who is a European Shareholder and has made a Scrip Election.

## 5.7 Sale Facility

If you are an Ineligible Foreign Shareholder or a Non-Electing UMP Shareholder (Sale Facility Shareholders), the entire Scheme Consideration that would otherwise have been issued to you (inclusive of any fraction of a Sandfire Share) will be issued to the Sale Agent, as your nominee, for sale through the Sale Facility and you will receive a pro rata share of the net proceeds from the sale of all Scheme Consideration sold through the Sale Facility. The proceeds received by Sale Facility Shareholders will be after deductions for applicable brokerage, transfer duty and other selling costs, taxes and charges.

The Sale Agent will sell the Sandfire Shares in the ordinary course of trading of Sandfire Shares on the ASX. The market price of Sandfire Shares is subject to change from time to time. Up-to-date information on the market price of Sandfire Shares is available from [www.asx.com.au](http://www.asx.com.au) (using the code "SFR").

The Sale Facility will operate as follows:

- (a) as soon as reasonably practicable, but no more than 15 Business Days after the Implementation Date, the Sale Agent will arrange for the sale of all the Sandfire Shares allotted to it, held for the benefit of the Sale Facility Shareholders. The sales will be effected in the ordinary course of trading of Sandfire Shares on the ASX at the sole risk of the Sale Facility Shareholders; and
- (b) the Sale Agent will then remit the sale proceeds, less any applicable brokerage, transfer duty and other selling costs, taxes and charges, to Sandfire which will then account to each Sale Facility Shareholder for their pro rata share of the aggregate sale proceeds by sending to each Sale Facility Shareholder an A\$ cheque drawn on an Australian bank for the relevant amount, no later than eight weeks following 1 October 2019. The amount of cash proceeds received by each Sale Facility Shareholder may be less than the actual proceeds received by the Sale Agent for that person's Sandfire Shares.

Each Sale Facility Shareholder will receive their pro rata share of the aggregate sale proceeds on an averaged basis so that all Sale Facility Shareholders will receive the same A\$ equivalent price per Sandfire Share (subject to rounding down to the nearest whole cent (in Australian currency)).

The actual price received by a Sale Facility Shareholder for their Sandfire Shares that are sold under the Sale Facility may be more or less than the actual price that is received by the Sale Agent for those Sandfire Shares, less any applicable brokerage, transfer duty and other selling costs, taxes and charges in respect of those Sandfire Shares. Sale Facility Shareholders will receive the proceeds of the sale of their Sandfire Shares as soon as practicable after implementation of the Scheme, by either:

- (a) a cheque in A\$ sent by prepaid post (at the risk of the Sale Facility Shareholders) to their address as it appears on the MOD Register on the Record Date; or
- (b) deposit into an account with any Australian bank notified by the relevant Sale Facility Shareholders to Sandfire (or the Sandfire Share Registry) and recorded in or for the purposes of the MOD Register at the Record Date.

## 5.8 Competing Proposals

During the Exclusivity Period, the Scheme Implementation Deed prohibits MOD, any of its Related Bodies Corporate, and any of their respective Authorised Persons from soliciting, inviting, encouraging or initiating any Competing Proposal or any enquiries, proposals, discussions or negotiations with any third party in relation to (or that could reasonably be expected to lead to) a Competing Proposal, or communicate any intention to do any of these things.

There are also certain restrictions in the Scheme Implementation Deed in relation to discussions, providing due diligence access and entering into certain agreements, arrangements and understandings relevant to Competing Proposals (with certain exceptions relevant to the fiduciary duties of MOD Directors).

During the Exclusivity Period, MOD must as soon as reasonably practicable (and in any event within 2 Business Days) notify Sandfire of:

- (a) an approach, inquiry or proposal or request for information made by a third party to MOD, any of its Related Bodies Corporate or any of their respective Authorised Persons, to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, a Competing Proposal; and
- (b) any request made by any person to MOD, any of its Related Bodies Corporate, or any of their respective Authorised Persons, for any information relating to MOD, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

As at the date of this Scheme Booklet, MOD has not received any Competing Proposals.

Your Directors will carefully consider any Competing Proposal received from a third party (provided it does not breach the terms of the Scheme Implementation Deed) and inform you of any material developments. However, presently your Directors are not aware of any such proposals.

Further details on Competing Proposals are described in Section 12.15.

## 5.9 Sandfire Dividend

If, at its sole discretion, the directors of Sandfire decide to pay an ordinary dividend to Sandfire shareholders for the 2019 FY Final period (in an amount to be determined), Sandfire has agreed (per the SID), to use reasonable endeavours to set the dividend record date after the Implementation Date so that Scheme Participants will be entitled to any dividend, provided that the Implementation Date occurs on or prior to 15 November 2019.

There is no guarantee that Sandfire will pay a dividend for FY 2019 and as to the amount of any dividend. If the Implementation Date occurs after the record date for any Sandfire dividend, MOD Shareholders receiving Sandfire Shares will not receive any Sandfire dividend.

## 5.10 MOD Directors' recommendation

Your Directors believe that the Scheme is in the best interests of MOD Shareholders, and they unanimously recommend that MOD Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.<sup>3</sup>

Your Directors have formed their conclusion and made their recommendation on the Scheme based on the reasons outlined in Section 2.1.

In relation to the recommendations of the MOD Directors, MOD Shareholders should have regard to the fact that, if the Scheme is implemented, MOD Directors Mr Julian Hanna and Mr Steven McGhee will be entitled to an employment retention bonus payment on the date which is 12 months following the implementation of the Scheme, being a maximum cash payment of A\$95,813 and A\$82,500, respectively. Certain MOD Directors hold MOD Performance Rights and MOD Options as detailed in Section 13.1, which are entitled to be dealt with in accordance with Sections 12.18 and 12.19 respectively. MOD Director, Mr Michael McNeilly, is also a Director and Chief Executive Officer of Metal Tiger. Details of MOD and Sandfire's arrangements with Metal Tiger are disclosed in Section 10.

MOD Shareholders should have regard to these arrangements when considering the Directors' recommendation in relation to the Scheme. These arrangements are disclosed throughout this Scheme Booklet to allow MOD Shareholders to consider the arrangements in the context of the Directors' recommendation. The MOD Directors consider that, despite these arrangements, it is appropriate for them to make a recommendation in relation to the Scheme. In coming to this conclusion, each of the Directors:

- (a) took independent legal advice as to the relevant factors to be considered based on recent judicial guidance regarding material personal interests and conflicts of interest;
- (b) who holds Options (which were previously approved by MOD Shareholders), considered the valuation of the Options provided by the Independent Expert which showed that the consideration payable for the cancellation of these Options did not impart a material benefit on those Directors;
- (c) receiving an employment retention payment, considered that this would not be an unreasonable reward for a senior manager remaining employed by Sandfire for 12 months and less than the short and long term incentives those Directors could be able to earn if they continued as employees of MOD; and
- (d) concluded that:

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<sup>3</sup> A MOD Director may also change their recommendation if due to a change in fact or law occurring they reasonably determine (having obtained legal advice) that they should not provide or continue to maintain any recommendation because that they have an interest in the Scheme that renders it inappropriate to maintain any such recommendation.

- (i) there was no substantial benefit that would be received by them entirely as a consequence of entry into or approval of the scheme of arrangement;
- (ii) these arrangements were commercially reasonable and not out of the ordinary practice;
- (iii) the existence of these arrangements would not make it inappropriate for them to make a recommendation.

Each of the Directors presently intends to vote or procure the voting of, any MOD Shares controlled or held by, or on behalf of, such Director at the time of the Scheme Meeting, in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders.

The reasons MOD Shareholders might elect to vote against the Scheme are set out in Section 2.2.

## 5.11 Independent Expert's Report

The Independent Expert, Deloitte, has reviewed the terms of the Scheme and concluded that the Scheme is fair and reasonable and in the best interests of MOD Shareholders.

More information in relation to these risks is set out in Section 9 and in the Independent Expert's Report.

The Independent Expert's Report is set out in Annexure 1 and should be read in its entirety, including the assumptions on which the conclusions are based.

## 5.12 What are your options and what should you do?

You have the following four options in relation to your MOD Shares. MOD encourages you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your MOD Shares.

- (a) Vote in favour of the Scheme at the Scheme Meeting

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MOD Shareholders. The reasons for your Directors' unanimous recommendation are set out in Section 2.1 and the MOD Directors' recommendation is set out in Section 5.10.

If you wish to support the Scheme, you can do so by voting in favour of the Scheme Resolution at the Scheme Meeting. For directions on how to vote at the Scheme Meeting, and important voting information generally, please refer to Section 4.

- (b) Vote against the Scheme at the Scheme Meeting

If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting.

However, you should note that if all of the conditions to the Scheme are satisfied or waived (where applicable), the Scheme will bind all MOD Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

- (c) Sell your MOD Shares on market

The Scheme does not preclude you from selling your MOD Shares on market for cash, if you wish, provided you do so before close of trading in MOD Shares on ASX on the Effective Date and suspension of trading in MOD Shares on LSE at market opening on the Effective Date (currently expected to be 9 October 2019) when trading in MOD Shares will end.

If you are considering selling your MOD Shares on ASX or LSE you should have regard to the prevailing trading prices of MOD Shares at that time.

If you sell your MOD Shares on market for cash, you:

- (i) will not be entitled to receive the Scheme Consideration;
  - (ii) may incur a brokerage charge;
  - (iii) may incur CGT; and
  - (iv) will not be able to participate in a Superior Proposal, if one emerges, noting that, at the date of this Scheme Booklet, your Directors have not received notice from any third party of an intention to make any Competing Proposal or Superior Proposal.
- (d) Do nothing

If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you decide to do nothing, you should note that if all of the conditions to the Scheme are satisfied or waived (where applicable), the Scheme will bind all MOD Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

Remember, if you want to receive the Scheme Consideration, your vote is important. If the Scheme is not approved by the Requisite Majority of MOD Shareholders, you will not be entitled to receive any Scheme Consideration.

### 5.13 Dealing with your Sandfire Shares

If the Scheme is implemented, all of the MOD Shares held by Scheme Participants at 5:00pm (WST) on the Record Date will be transferred to Sandfire on the Implementation Date and in exchange, each Scheme Participant (other than those who have made a Cash Election and Sale Facility Shareholders) will be issued Sandfire Shares. If you wish to sell the Sandfire Shares issued to you, you may do so on ASX.

### 5.14 UK and Depositary Interest Holders

Depositary interests are securities constituted under English law and are held on a register maintained by a Depositary. Computershare UK, as depositary, holds the MOD Shares in respect of which MOD Depositary Interests have been issued on trust for the persons who hold those Depositary Interests and issues dematerialised Depositary Interests to CREST accounts representing the underlying MOD Shares.

Subject to the Scheme becoming Effective, the MOD Depositary Interests will be cancelled by Computershare UK after the Effective Date and prior to the Record Date and the MOD Depositary Interest Holders will be entered as shareholders on MOD's share register in Australia. These shareholders will then be subject to the Scheme as a registered shareholder and will receive the consideration under the Scheme directly.

In the event that this rematerialisation of the underlying MOD Shares does not occur prior to the Record Date, Computershare UK will direct the issue of the Scheme Consideration to the MOD Depositary Interest Holders, but no new depositary interests will be created representing Sandfire Shares.

If the Scheme does not become Effective, the MOD Depositary Interests will not be cancelled and Computershare's Depositary Interest service will continue.

## 6. Information about MOD

### 6.1 Introduction

The information contained in this Section 6 has been prepared by MOD. The information concerning MOD, and the intentions, views and opinions contained in this Section 6 are the responsibility of MOD. Sandfire and Sandfire's Authorised Persons do not assume any responsibility for the accuracy or completeness of the information in this Section 6.



## 6.2 Overview of MOD

MOD is a copper exploration and development company with a substantial licence holding within the Kalahari Copper Belt in Botswana.

The MOD Group's primary focus is the development of its wholly owned T3 Project, a robust copper project located in Botswana. The MOD Group completed a Pre-Feasibility Study for the T3 Project in January 2018, which was followed by the completion of a positive Feasibility Study in March 2019, confirming the outstanding project economics for the T3 Project. The T3 Project forms part of the MOD Group's wider licence position of approximately 14,853 km<sup>2</sup> along an estimated 200 km long geological trend in the central part of the Kalahari Copper Belt.

MOD owns 100% of the share capital of Metal Capital Limited, whose wholly owned subsidiary, Tshukudu Metals Botswana (Pty) Ltd, a Botswana operating company, wholly owns the flagship T3 Project and the Prospecting Licence PL190/2008. The part of this Prospecting Licence outside of the T3 Project is held on trust for Tshukudu Exploration (Pty) Ltd.

A further eighteen of the MOD Group's Prospecting Licences in the Kalahari Copper Belt are held through Metal Capital Exploration Limited's (**MCEL**) fully held subsidiary Tshukudu Exploration (Pty) Ltd. MOD has a 70% interest in MCEL, with the remaining 30% held by AIM listed Metal Tiger. MOD also owns 100% of MOD Resources Botswana (Pty) Ltd, which owns a further twelve Prospecting Licences.

MOD also has an 80% interest in the Sams Creek gold venture in New Zealand, held through MOD Resources (NZ) (Pty) Ltd. The MOD Group considers the Sams Creek Project non-core.

MOD has been listed on the ASX since January 1997. MOD is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the Listing Rules. MOD has been listed on the LSE since November 2018, and is subject to the disclosure obligations under the Listing Rules published by the UK's Financial Conduct Authority, the Market Abuse Regulation (596/2014) and the Disclosure Guidance and Transparency Rules published by the UK's Financial Conduct Authority. See Section 6.11 for further information.

### (a) Joint Venture with Metal Tiger

Prior to 15 November 2018, the majority of the MOD Group's Prospecting Licences, including the T3 Project, were operated under a 70/30 joint venture with Metal Tiger since acquiring these licences (**JV Exploration Licences**) in December 2015.

On 15 November 2018, MOD and Metal Tiger completed a transaction whereby:

- (i) MOD acquired Metal Tiger's 30% interest in the T3 Project via the acquisition of Metal Tiger's 30% interest in a UK company called Metal Capital Limited, which indirectly owns the T3 Project through full subsidiary Tshukudu Metals Botswana (Pty) Ltd; and
- (ii) Metal Capital Limited demerged the JV Exploration Licences into a new 70/30 joint venture structure between MOD and Metal Tiger, with the holding company in that joint venture structure being MCEL.

In consideration for the acquisition, Metal Tiger was issued 17,090,000 Shares and 40,673,566 Options. The consideration for the T3 Acquisition was approved by Shareholders on 19 September 2018.

Accordingly, the T3 Project is now wholly owned by MOD, and the other exploration joint venture assets are held by Tshukudu Exploration, which is wholly owned subsidiary of MCEL. Metal Tiger retained a 2% net smelter return royalty over the T3 Project (capped at an aggregate value of US\$2 million).

MOD has rights (subject to any requisite MOD Shareholder and regulatory approvals/waivers) to purchase:

- (i) 100% of further discoveries on Prospecting Licences held by Tshukudu Exploration (Pty) Ltd which progress to an announced scoping study (**Mineral Resource Option**);
- (ii) Metal Tiger's 30% interest in MCEL, three years after the completion of the Sale and Demerger Agreement (**JV Roll-Up Option**); and



- (iii) Metal Tiger's 30% interest in MCEL following the MOD Board recommending a change of control of MOD (**JV Consolidation Option**).

(b) JV Consolidation Option

As a result of the MOD Board recommending the Scheme, which is a change of control offer, MOD is now entitled to exercise the JV Consolidation Option and under the SID, MOD is required to exercise the JV Consolidation Option to acquire Metal Tiger's 30% interest in MCEL (**JV Acquisition**) after the Scheme becomes Effective.

The consideration payable by MOD on exercise of the JV Consolidation Option under the Sale and Demerger Agreement, which was approved by MOD Shareholders on 19 September 2018, would be the grant of a 2% net smelter return royalty in respect of any future production from the Exploration Assets (**Royalty**) and cash (calculated according to a formula attributing value to MCEL).

In order for Metal Tiger to participate as a MOD Shareholder under the Scheme and to avoid the need for MOD to pay cash, MOD and Metal Tiger agreed that the consideration payable upon exercise of the JV Consolidation Option would comprise:

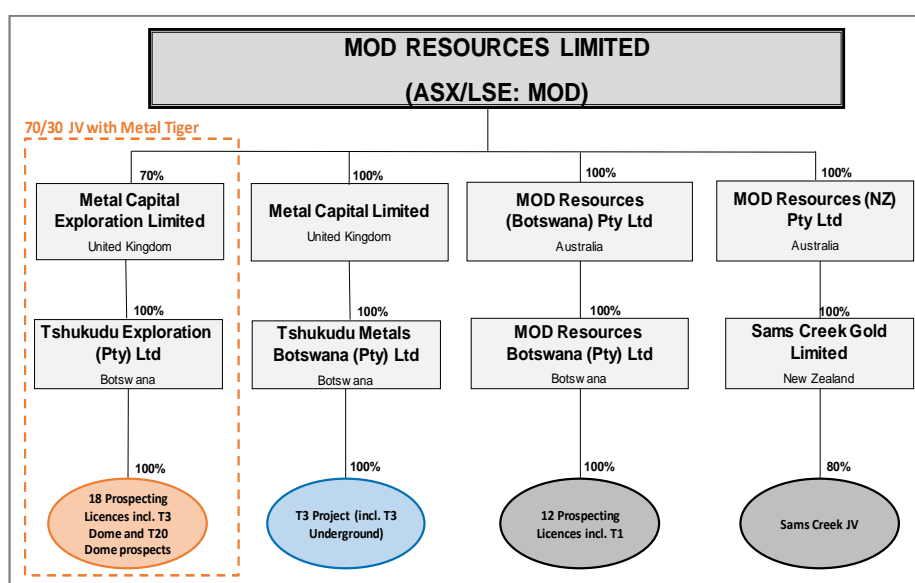
- (i) the issue of 22,322,222 Shares (**Consideration Shares**) rather than cash (as was initially agreed in the Sale and Demerger Agreement); and
- (ii) the grant of the Royalty.

The Consideration Shares to be issued to Metal Tiger will allow Metal Tiger to participate in the Scheme and will be acquired by Sandfire on the Implementation Date, being 23 October 2019.

If the Scheme fails to complete, the completion of the JV Consolidation Option will not occur but the JV Consolidation Option will not be extinguished for any future change of control events.

MOD and Metal Tiger have agreed that from the date of signing the SID up until the earlier of MOD acquiring all the shares in MCEL or the termination of the SID, MOD will sole fund all expenditures required on the JV Exploration Licences. If the SID is terminated, Metal Tiger is required to contribute its pro rata share of the amount incurred by MOD during the period from signing the SID until termination.

### 6.3 Corporate Structure



The Prospecting Licence held by Tshukudu Metals includes the T3 Project and a large part of the surrounding T3 Expansion Project. The area of the Prospecting Licence outside the T3 Project is held in trust on behalf of Tshukudu Exploration. All exploration activities on this area of the T3 Expansion Project will be undertaken by Tshukudu Exploration as part of the joint venture agreement between MOD and Metal Tiger.

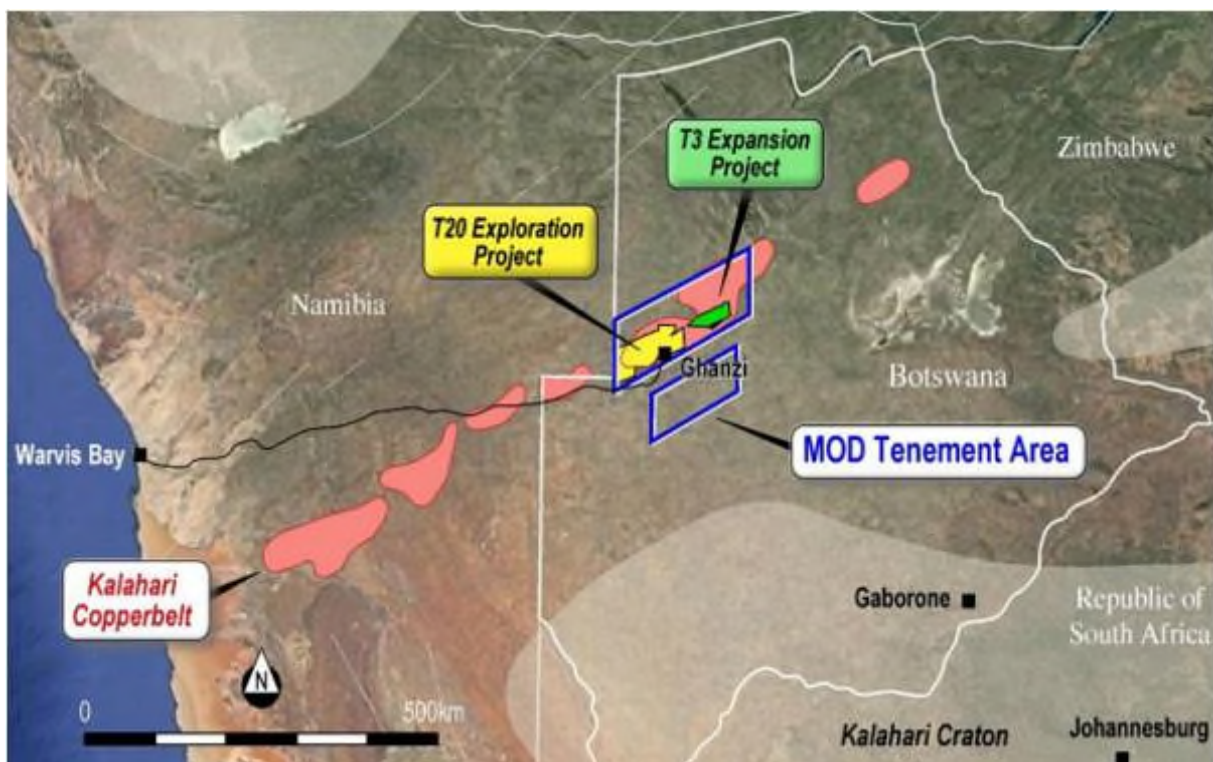
## 6.4 Key Assets and Operations

### (a) Overview of MOD's Key Assets and Operations

MOD's Botswana Prospecting Licences cover 14,853 km<sup>2</sup>, of which MOD has identified a number of exploration targets considered to have potential for economic mineralisation along a 200km section of the central structural corridor. The licence area is approximately 100km south-west of the Zone 5 deposit which hosts a sulphide Mineral Resource (Measured, Indicated and Inferred) of 91.7Mt @ 2.1% Cu and 22g/t Ag which is currently being developed as a substantial underground mine by the private company Cupric Canyon Capital.<sup>4</sup>

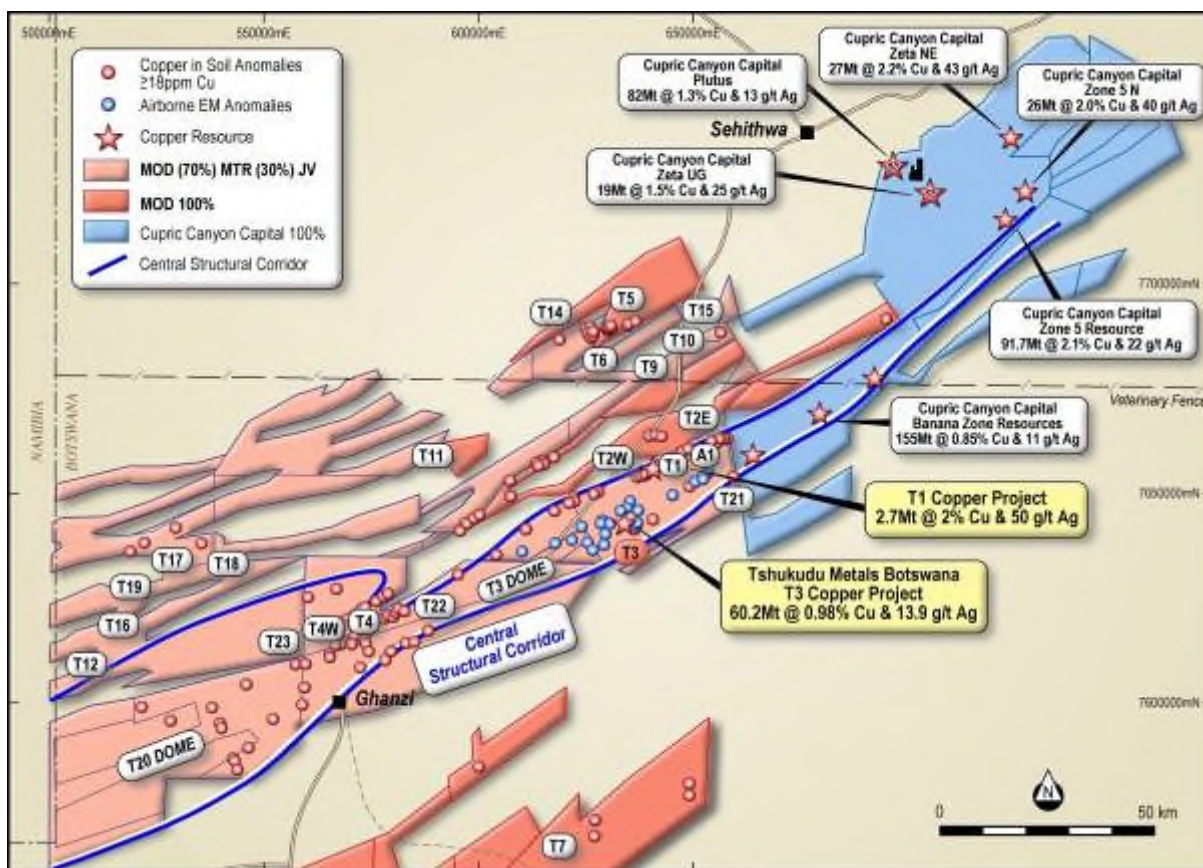
MOD is currently active at five key projects comprising three planned resource development projects and two main exploration areas. The Group's three resource development projects are the T3 Project, the T3 Underground project and the T1 Project. Its two main exploration projects are the T3 Expansion Project and T20 Exploration Project.

Figure 1: Kalahari Copper Belt, stretching from Namibia to Northern Botswana. The Blue outlines denote the approximate location of the MOD licence areas



<sup>4</sup> Refer to Cupric Canyon website: <https://www.cupriccanyon.com/>

Figure 2: Location of MOD's projects and the neighbouring Cupric Canyon's Zone 5 Project



Refer to MOD Resources Limited ASX announcement "High Grade Mineral Resource Exceeds Target at Mahumo" release dated 25 March 2015 in relation to the T1 Resource and MOD Resources Limited ASX Announcement "13% Increase to T3 Indicated Resource Category" release date 16 July 2018 for the T3 Resource

### T3 Project

MOD's flagship T3 Project is a significant new vein hosted and disseminated copper and silver deposit in the central part of the Kalahari Copper Belt. The T3 Project is located within Ghanzi District, approximately 80km north-east of the substantial regional town of Ghanzi and 200km south-west of Maun in northern Botswana.

A scoping study was completed on the T3 Project in December 2016. The scoping study was based on the T3 Project's maiden Mineral Resource estimate, comprising 28.36Mt grading 1.24% Cu and 15.7g/t Ag, and assessed a project processing 2 Mtpa of ore using a conventional copper concentrator.<sup>5</sup>

MOD progressed the T3 Project from discovery to completion in January 2018 of a Pre-Feasibility Study in under two years. In May 2018 MOD commenced a major regional exploration campaign to test a number of previously undrilled conductive dome structures within the T3 Dome Complex.

The T3 Resource remains open along strike and at depth. A program of resource infill drilling was completed during Q1 2018, and an upgraded resource at the T3 Project was announced in July 2018, leading to a 44% increase in contained copper. The revised Mineral Resource comprises 60Mt at 0.98% Cu and 13.9g/t Ag, containing 590Kt of copper and 27Moz silver at 0.4%Cu cut-off grade. Drilling is ongoing testing for potential underground resource and strike extensions outside and below the planned pit.<sup>6</sup>

<sup>5</sup> MOD Resources Limited ASX Announcement "MOD Delivers Robust Scoping Study for T3 Project" release dated 6 December 2016. Available online at [www.modresources.com.au](http://www.modresources.com.au)

<sup>6</sup> MOD Resources Limited ASX Announcement "13% Increase to T3 Indicated Resource Category" release dated 16 July 2018. Available online at [www.modresources.com.au](http://www.modresources.com.au)

On 15 November 2018, MOD completed the acquisition of Metal Tiger's 30% interest in the T3 Project, giving MOD a 100% interest in the T3 Project and rights to purchase (at MOD's election), Metal Tiger's 30% interest in all other joint venture exploration assets that reach scoping study level, or after three years from the completion of the transaction, being November 2021.

The T3 Project is held within Prospecting Licence PL190/2008, which is 100% held by Tshukudu Metals, an indirect wholly-owned subsidiary of MOD. The area outside the T3 Project on Prospecting Licence PL 190/2008 is held on trust on behalf of the joint venture entity Tshukudu Exploration.

The Government of Botswana has a right to acquire up to 15% fully contributing interest in the T3 Project and must make that decision on or before the date a mining licence is granted.

#### *Pre-Feasibility Study and Feasibility Study*

Only 22 months after the initial discovery of the T3 Project, in January 2018, MOD released results of the Pre-Feasibility Study for the T3 Project which confirmed a robust, long-life copper mine based on a base case process plant throughput of 2.5Mtpa. The Pre-Feasibility Study was also modelled using a 4Mtpa processing plant as an expansion case.

The outcome of the Pre-Feasibility Study was followed by the compelling results of the Feasibility Study for the T3 project announced in March 2019. This Feasibility Study demonstrated the opportunity for MOD to develop a copper mine that is expected to generate revenue of US\$2.3 billion at a margin of over 47% across the 11.5 year mine life using a long-term consensus copper price of US\$3.08/lb.

Further, the Feasibility Study identified that the T3 Project is underpinned by strong fundamentals including a LOM average copper grade of 1.0%, an ore body geometry that facilitates a simple, six-stage open pit design and metallurgy that requires a relatively moderate capital investment, producing high grade copper concentrates with an average copper grade of 30.4% Cu, reaching a maximum of 33.4% Cu. The NPV for the T3 Copper Project was US\$368 million (pre-tax) with an IRR of 33% and an All in Sustaining Cost of US\$1.56/lb.

This premium grade concentrate contains minimal deleterious elements, presenting an opportunity to blend and improve lower quality smelter feedstock, which has generated significant interest from numerous metal traders and smelters.

*Table 1: Summary of T3 Project Feasibility Study*

Ore Tonnes Mined	34.4 Mt
Average Grade (Cu)	1.00%
Copper in Concentrate	318.4kt
Concentrate Grade (Cu)	30.40%
Recovery (Cu)	92.90%
Strip Ratio	5.7 : 1
Production (LOM Average)	28ktpa Cu in conc.
C1 Costs / AISC (LOM Average)	US\$1.35/lb / US\$1.56/lb Cu (net of Ag by-prod credits)
Plant Capacity	3.0Mtpa
Mine Life (Processing)	11.5 years
Development Capital	US\$182m

Notes:

1. MOD Resources Limited ASX Announcement "Feasibility Study Confirms Outstanding T3 Project" release dated 28 March 2019. Available online at [www.modresources.com.au](http://www.modresources.com.au)

#### *T3 Ore Reserve*

SRK Consulting derived the updated Ore Reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, JORC Code 2012.



The Ore Reserves are presented in the following table. The Probable Ore Reserve is based on the indicated category of the Mineral Resources. None of the Inferred category of the Mineral Resources has been included in the Ore Reserves.

Table 2: Open Pit Ore Reserve:

Ore Reserve Category	Tonnes (Mt)	Copper		Silver	
		Grade (%)	Kt	Grade (g/t)	Moz
Proven	-	-	-	-	-
Probable	34.4	1.0	342.7	13.2	14.6
<b>Total Ore Reserve</b>	<b>34.4</b>	<b>1.0</b>	<b>342.7</b>	<b>13.2</b>	<b>14.6</b>

Notes:

1. The Probable Ore Reserve is based on the Indicated category of the Mineral Resource. No Inferred category has been included.
2. The lowest grade of ore added to the process plant feed was 0.22% Cu.
3. Ore Reserves are calculated based on a copper price of US\$2.91/lb and a silver price of US\$16.81/oz.
4. Ore loss and dilution were applied to the Mineral Resource model in a two-step process which resulted in an ore loss of approximately 9% and a diluted tonnage addition of approximately 8%.
5. Metallurgical testwork recoveries were applied in accordance to the recovery algorithms developed from the variability testwork program conducted during the feasibility study
6. Appropriate modifying factors were applied.
7. MOD Resources Limited ASX Announcement "MOD delivers 61% increase in T3 Ore Reserve to 34,4Mt" release dated 25 March 2019. Available online at [www.modresources.com.au](http://www.modresources.com.au)

### T3 Mineral Resources

The T3 Project's Mineral Resources announced in July 2018 are detailed in the Table below:<sup>7</sup>

Table 3: T3 Mineral Resources:

JORC Category	Cut off Cu (%)	Million Tonnes (Mt)	Grade Total Cu %	Grade Ag (g/t)	Contained Cu (Kt)	Contained Ag (Moz)
Indicated	0.40	36.6	1.14	16.0	417.0	18.6
Inferred	0.40	23.5	0.74	11.0	173.3	8.3
<b>Total</b>	<b>0.40</b>	<b>60.2</b>	<b>0.98</b>	<b>13.9</b>	<b>590.3</b>	<b>26.9</b>

Source: CPR

### Access

A property sale and purchase agreement and compensation agreement have been entered into by Tshukudu Metals and the seller for a 50% portion of Farm 153-NL for the T3 Project (located within PL 190/2008). The property, sale and purchase agreement has since received Ministerial consent (Ministry of Land Management, Water and Sanitation Services) for subdivision and transfer, and approval from the Competition Authority. Further, a lease agreement has been entered into by Tshukudu Metals and the lessor for a portion of Farm NL-111 (located within PL 190/2008) for a nine year, 11 month period for the construction and utilisation of an access road as well as power line. An additional sale agreement has been entered into by Tshukudu Metals and the seller for Portion 7 and Portion 26 of Farm Grasspan 54-NK (associated with the T3 Project).

<sup>7</sup> MOD Resources Limited ASX Announcement "13% Increase to T3 Indicated Resource Category" release dated 16 July 2018. Available online at [www.modresources.com.au](http://www.modresources.com.au)

## MDCB

MOD has previously engaged with and provided information to the Mineral Development Company of Botswana (Pty) Ltd (**MDCB**). Notwithstanding the exclusivity provisions in Section 12.15, MOD may engage with or provide information to MDCB or its representatives or MDCB (or its nominees) may acquire up to a 15% interest in Tshukudu Metals Botswana (Pty) Ltd (**TMB**). The acquisition by MDCB (or its nominees) of up to a 15% interest in TMB will not constitute a prescribed occurrence or material adverse change, cause the payment of the MOD Break Fee or permit Sandfire to terminate the SID.

### (b) T3 Underground Project

MOD experienced drilling success with the purpose of the drilling programme to test the potential for additional resource extensions both within, and outside the planned T3 open pit mine.

A preliminary evaluation of the high grade veins has been undertaken to explore the potential for underground mine development concurrent with the planned pit. Conceptual work to date assumes good continuity between the mineralised veins, relatively low cost in-ore development and room and pillar mining. There could be substantial benefits in developing T3 underground simultaneously with the T3 open pit mine and using shared infrastructure, including the planned T3 processing plant.

During the second quarter of 2019, resource definition drilling commenced at the T3 underground, with five holes completed utilising one diamond drill rig. The intention of this drilling program is to confirm the presence of continuous, potentially economically viable widths and grades of mineralisation, that could provide the opportunity to contribute ore that is higher-grade relative to open pit ore to the T3 process plant, potentially supporting increased production in the medium-term.

### (c) T1 Project

Activity on MOD's 100% owned T1 underground project is focused on extending the current Mineral Resource to support the potential development of a small underground mining operation approximately 20km from the T3 Project. The current total announced Mineral Resource for the T1 Deposit is 2.7Mt grading 2%Cu, 50g/t Ag. Recent drilling has been completed to test for potential extensions of this resource and further drilling is planned.

#### *T1 Mineral Resources*

The T1 Project's Mineral Resources announced in March 2015 are detailed in the Table below:

*Table 4: T1 Mineral Resources:*

JORC Category	Cut-off Grade (%)	Tonnage (Mt)	Cu Grade (%)	Ag Grade (g/t)	Contained Cu (kt)	Contained Ag (Moz)
Measured	1.0	0.5	1.9	48.8	10.0	0.8
Indicated	1.0	1.7	1.9	48.0	32.3	2.7
Inferred	1.0	0.4	2.5	57.4	10.9	0.8
<b>Total</b>	<b>1.0</b>	<b>2.7</b>	<b>2.0</b>	<b>50.0</b>	<b>53.2</b>	<b>4.3</b>

Notes:

1. MOD Resources Limited ASX Announcement "High Grade Mineral Resource Exceeds Target At Mahumo" release dated 25 March 2015. Available online at [www.modresources.com.au](http://www.modresources.com.au)

### (d) T3 Expansion Project

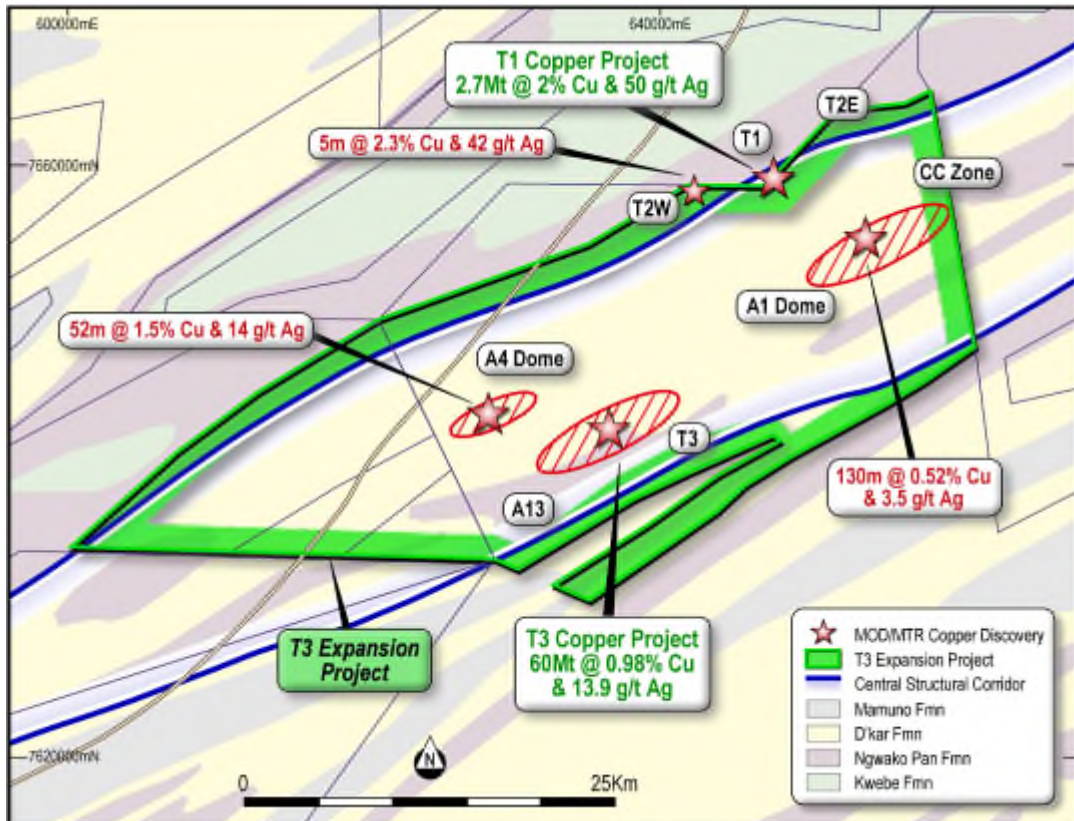
The T3 Copper Project (Figure 3) is centrally located within the T3 Expansion Project (963km<sup>2</sup>) comprising PL 189/2008, PL 190/2008, PL 074/2017. It includes the T1 (100% MOD) (refer 6.4d), A1 Dome (70% MOD), A4 Dome (70% MOD) and the T3 Underground (100% MOD) (refer 6.4c) Projects. The T3 Expansion Project forms part of a strategy to explore for additional resources within transport distance of the planned T3 Copper Project process plant, to benefit from the significant infrastructure being established and potentially add substantial value to the project.



The **A4 Dome** is located 8 kilometres from the T3 Copper Project, within the T3 Expansion Project area. The A4 Dome is a priority target with only 20 holes drilled, with 1 hole intersecting 52 metres at 1.5% copper and 14g/t silver from 232.2 metres downhole depth – announced 6 August 2018.<sup>8</sup> 18 of the completed holes were successful in identifying both vein-hosted and NPF contact mineralization. At the end of 2018, MOD commenced a preliminary, conceptual underground mining study, with encouraging preliminary findings.

The **A1 Dome** is located 22 kilometres to the northeast of the T3 Copper Project, within the T3 Expansion Project area. The A1 Dome is another priority target with 7 widely spaced holes drilled, intersecting disseminated copper and NPF contact mineralization with 1 drill hole intersecting 52 metres at 0.61% copper from 624 metres and included two individual assays of 3.66% copper and 4.29% copper on the NPF contact from 673 metres down hole – announced 15 November 2018.<sup>9</sup>

Figure 3: T3 Expansion Project area showing location of T3 and current priority exploration targets.



Refer to MOD Resources Limited ASX Announcement "High Grade Mineral Resource Exceeds Target At Mahumo" release dated 25 March 2015 in relation to the T1 Resource and MOD Resources Limited ASX Announcement "13% Increase to T3 Indicated Resource Category" release dated 16 July 2018 for the T3 Resource. Available online at [www.modresources.com.au](http://www.modresources.com.au).

(e) T20 Exploration Project

The T20 Exploration Project, located approximately 100km west of the T3 Copper Project and interpreted to occur within the same structural corridor, remains a highly prospective area for exploration. More than 80,000 surface soil samples have been taken across MOD's licence area along the central structural corridor (Figure 2 and Figure 4). Soil sampling has identified multiple copper and zinc anomalies within the T20 Exploration Project with a number displaying similar or higher values to those associated with the original T3 discovery.

<sup>8</sup> MOD Resources Limited ASX Announcement "Assays Confirm Outstanding Intersection at A4 Dome" release dated 6 August 2018. Available online at [www.modresources.com.au](http://www.modresources.com.au)

<sup>9</sup> MOD Resources Limited ASX Announcement "A1 Dome Delivers Significant Copper in Initial Drilling" release dated 15 November 2018. Available online at [www.modresources.com.au](http://www.modresources.com.au)

Copper and zinc soil anomalies identified to date at the T20 Exploration Project occur within a ~60km long area extending from the centre of the T20 Exploration Project to the T4 copper prospect (Figure 4 and Figure 5). These results were announced on 25 January 2018.

The T23 Dome prospect is located on the northern margin of the T20 Exploration Project. In May 2019, MOD re-commenced drilling at T23 Dome to follow up very encouraging disseminated copper and silver intersections in the initial three holes reported in December 2018. The follow up drilling program has intersected further intervals of disseminated copper mineralisation commencing at shallow depth. Assay results have been received and will be interpreted before further drilling is undertaken.

Figure 5 shows an interpretation of EM data indicating a potential regional shear zone connecting T4 and T23 Dome. While drilling is still at a very early stage, T23 Dome appears to have several similarities to the strongly mineralised T3 and A4 Domes and is regarded as a priority exploration target.

Figure 4: T20 Exploration Project and T4-T23 Dome interpreted structural zone (in red).

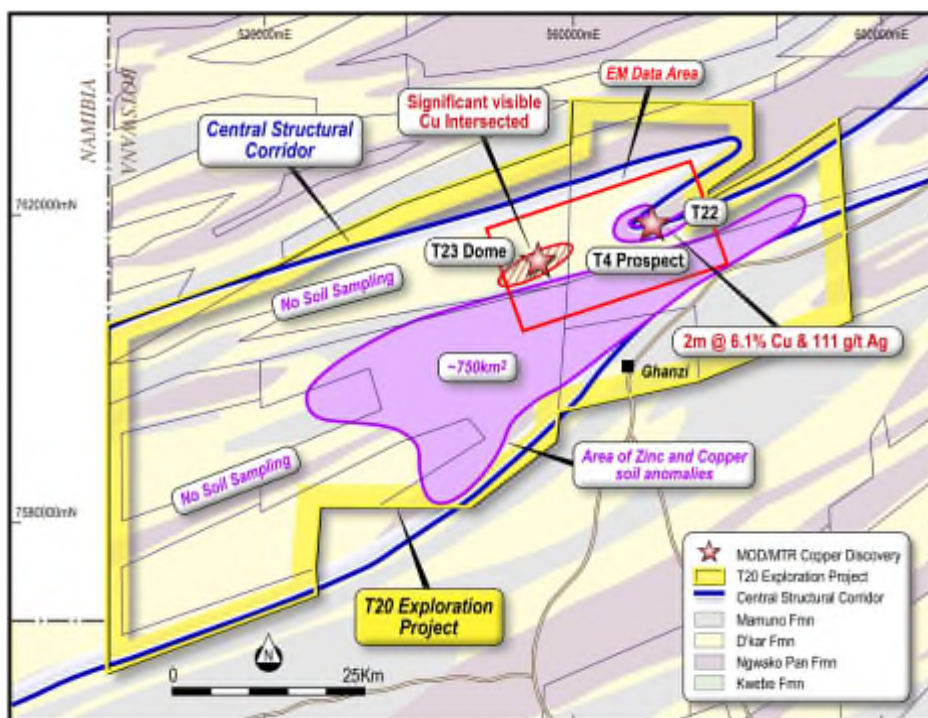
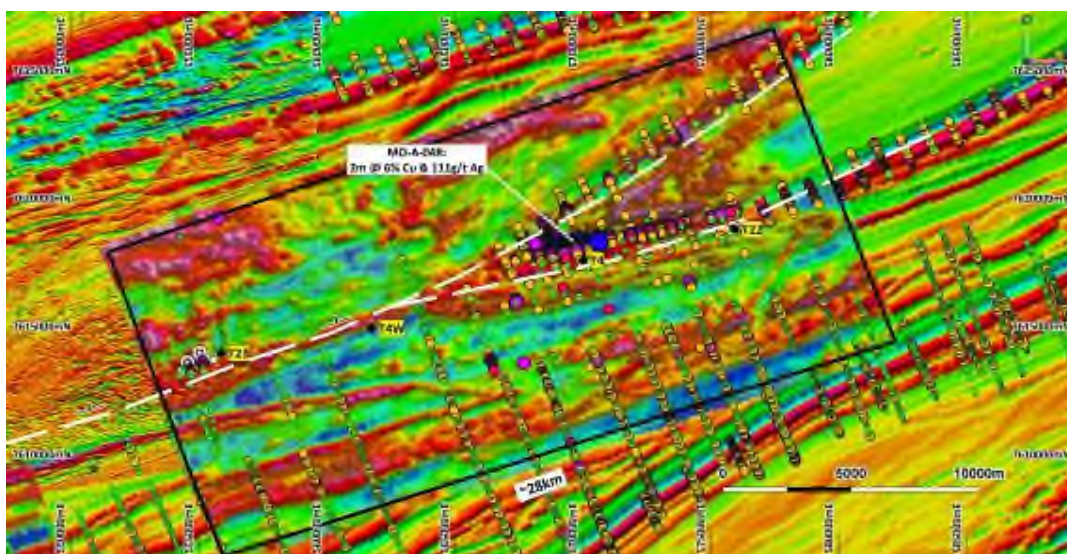


Figure 5: Airborne EM image of T4-T23 structural zone showing anomalous copper soil samples





(f) Sams Creek Project

The Sams Creek Project is located 100km north of the Reefton gold field in the South Island of New Zealand. MOD, through its subsidiary Sams Creek, owns 80% of Sams Creek Joint Venture and OceanaGold Corporation, which is New Zealand's largest gold producer, holds 20%.

On 3 July 2017, MOD entered into a binding Share Sale Agreement to divest its interest in the Sams Creek Gold Project to newly incorporated Condamine Resources Ltd (**Condamine**) (**Condamine SSA**). The Condamine SSA was mutually terminated in July 2018, due to a number of conditions precedent not being fully achieved by Condamine within an acceptable time frame.

Sams Creek Project currently forms a relatively small part of MOD's annual expenditure. MOD will continue to comply with Sams Creek permit requirements.

## 6.5 Directors and Management

(a) Directors of MOD

At the date of this Scheme Booklet, the Directors of MOD comprise:

<p><b>Mark Clements</b> Executive Chairman and Company Secretary</p>	<p>Mr Clements has over 20 years' experience in corporate accounting and public company administration. He is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors. Mr Clements is a Fellow of the Chartered Accountants Australia and New Zealand and holds a bachelor's degree in commerce from the University of Western Australia. Since 1997, Mr Clements has held the roles of Chief Financial Officer and Company Secretary of MOD and has been responsible for the financial and corporate administration of MOD. Mr Clements was appointed Chief Operating Officer of MOD in 2005 and became an Executive Director on 15 March 2006. Mr Clements is currently a non-executive director of MSM Corporation International Ltd and Company Secretary for a number of diversified ASX listed companies. Mr Clements previously worked for an international accounting firm. Mr Clements was appointed Chairman of MOD on 30 April 2014.</p>
<p><b>Julian Hanna</b> Managing Director</p>	<p>Mr Hanna has a bachelor's degree in geology from Auckland University, New Zealand and is a geologist with over 35 years' experience in a wide range of activities including project acquisitions, exploration, development, mining and corporate growth. This includes 15 years in senior management roles with a number of gold mining companies in Western Australia. Mr Hanna was the Managing Director of Western Areas NL for 12 years before stepping down from that position in January 2012. He was a co-founder of Western Areas NL and led the company during its transformation from a A\$6 million junior explorer to become Australia's third largest nickel mining company capitalised at more than A\$800 million. Mr Hanna was a non-executive director of Western Areas NL until May 2016. Mr Hanna was appointed Non-Executive Director of MOD on 22 January 2013 and was then appointed Managing Director on 19 March 2013.</p>
<p><b>Steven McGhee</b> Technical Director</p>	<p>Mr McGhee has a bachelor's degree in chemistry and mineral science from Murdoch University, Western Australia and is a metallurgist with over 30 years' experience in the mining industry covering testwork management, project development, engineering, commissioning and process plant management. He has held senior management operations and project roles throughout Australia, South East Asia and South America with particular emphasis on gold and base metals. He is also a director of Perth-based Independent Metallurgical Operations. Mr McGhee was appointed Non-Executive Director on 30 April 2014 and moved to an executive role effective 1 January 2017.</p>

**Simon Lee AO**

Non-Executive Director

Mr Lee AO has a successful track record in the resources industry spanning 27 years. He was instrumental in building gold mining houses Great Victoria Gold NL, Samantha Gold NL and Equigold NL – which was taken over by Lihir Gold for A\$1.1 billion. In 1993, Mr Lee AO received the Advance Australia Award for his contribution to commerce and industry and in 1994, he was bestowed an Officer of the Order of Australia. During his corporate career, Mr Lee AO has been involved in a diverse range of business enterprises which have seen him based in Asia, England, Canada and Australia. He is a former Board Member of the Australian Trade Commission (AUSTRADE), Chairman of the Western Australian Museum Foundation Trust and former President of the Western Australian Chinese Chamber of Commerce. Mr Lee AO holds a doctorate from the Curtin University, Western Australia. Mr Lee AO is also chairman of Emerald Resources NL. Mr Lee AO was appointed Director of MOD on 13 January 1997 and was Chairman of MOD from the date of appointment until April 2011.

**Bronwyn Barnes**

Non-Executive Director

Ms Barnes has a bachelor's degree in French and history from University of Western Australia and a graduate diploma in business from Edith Cowan University, Western Australia. Ms Barnes has had an extensive range of experience across mining in Australia and overseas for companies ranging from BHP Billiton to emerging juniors in director, leadership and operational roles. Most recently she was executive chair of Windward Resources Ltd where she oversaw the successful on-market takeover of Windward by Independence Group NL and before this spent four years as Deputy CEO of AMC Bauxite Ltd, operating in Guinea, West Africa. Ms Barnes is the non-executive chair of Indiana Resources Limited (ASX: IDA), non-executive director of Scorpion Minerals Limited (SCN), non-executive director of Synergy and was formerly the non-executive chair of Auris Minerals Limited (ASX: AUR) and a non-executive Director of JC International Ltd (ASX: JCI). She is also a member of the Executive Council of the Association of Mineral and Exploration Companies (AMEC), a member of the Advisory Council for the Curtin University School of Business and an independent director of Perth Racing. On 7 March 2019 Ms Barnes was inducted to the WA Women's Hall of Fame, recognising and celebrating her contribution to the resources sector over 20 years. Ms Barnes was appointed as a Director of MOD on 18 September 2017.

**Michael McNeilly**

Non-Executive Director

Mr McNeilly is Director and CEO of Metal Tiger plc. He is an experienced corporate financier having advised several private, Main Market listed, AIM quoted and ISDX listed companies on a variety of corporate transactions during his tenure at Arden Partners (AIM:ARDN) and Allenby Capital respectively. Metal Tiger plc (Brady plc) was one of Michael's clients whilst at Allenby Capital.

Michael was appointed as a non-executive director of Connemara Mining Company plc (now Arkle Resources) in February 2018 and was also previously a director of Greatland Gold Plc, as well as a corporate executive at Coinsilium (ISDX:COIN) where he worked with early stage blockchain focused start-ups providing corporate finance and strategy advice. Prior to his career in corporate finance, he worked at Simmons & Simmons and PartnerRe. Michael studied Biology at Imperial College London and has a BA in Economics from the American University of Paris. Mr McNeilly, who represents Metal Tiger, was appointed a Director of MOD on 15 November 2018 upon completion of MOD's transaction with Metal Tiger.

(b) MOD Senior Management

At the date of this Scheme Booklet, the senior management personnel of MOD comprise of:

**Stef Weber**

Chief Financial Officer

Mr Weber is a Chartered Accountant and Company Secretary with more than 20 years' experience in senior financial roles in the resources industry. Mr Weber began his career with PwC and was employed by Exxaro Resources Ltd for more than 16 years where he held various senior financial roles, in their coal and mineral sands divisions in South Africa and Australia. Mr Weber has considerable knowledge and experience with joint venture entities, ASX and JSE listed companies and strong corporate finance and commercial skills. More recently Mr Weber provided CFO and Company Secretary services to ASX Listed companies: Minbos Resources and Aviva Corporation. Aviva's assets included a coal project in Botswana.

**Jacques Janse van Rensburg**

Business Development Manager

Mr Janse van Rensburg has extensive experience in planning and coordinating large scale resource projects in Africa in a career spanning more than 30 years. He was the Project Manager for the Ghanzi Project for three years until December 2010, during which time Canadian based Hana Mining Ltd built its significant Ghanzi copper-silver resources. Mr Janse van Rensburg also drilled the discovery holes and maiden resource on Zone 5, Cupric Canyon's flagship project. He has also worked as Exploration Manager for both Pangea Exploration in the Democratic Republic of Congo and Anoraq Resources (Hunter Dickinson) in South Africa. Mr Janse van Rensburg, as MOD's Exploration Manager in Botswana, led the discovery of T3 in March 2016 and the drillout of the maiden T3 resource announced in September 2016.

**6.6 Historical financial information****(a) Basis of preparation**

The selected historical financial information in this Section has been extracted from MOD's audited consolidated financial statements for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016.

The information in this Section is a summary only and has been prepared solely for inclusion in this Scheme Booklet. MOD's full financial accounts including accompanying notes are available on its website, <https://www.modresources.com.au/financial-reports> or by requesting a copy from MOD's Company Secretary on +61 8 9322 8233.

**(b) Consolidated Statements of Profit or Loss and Other Comprehensive Income**

Set out below is a summary of MOD's audited Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 31 December 2018, 31 December 2017 and 31 December 2016:

<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>31-Dec-18 A\$000 12 Months (Audited)</b>	<b>31-Dec-17 A\$000 12 Months (Audited)</b>	<b>31-Dec-16 A\$000 12 Months (Audited)</b>
<b>Continuing Operations</b>			
Interest Income	292	284	19
Foreign exchange gain/(loss)	(26)	205	-
Share-based payments	(228)	(1,074)	(319)
Administrative expenses	(5,699)	(2,551)	(1,081)
Exploration and evaluation expenditure expensed	-	(50)	-
Impairment loss on exploration and evaluation expenditure	-	(16)	(396)
Loss on disposal of plant and equipment	(3)	-	(7)
Interest expense	(4)	(61)	(123)
<b>Loss before income tax from continuing operations</b>	<b>(5,668)</b>	<b>(3,263)</b>	<b>(1,906)</b>
Income tax benefit	-	-	-

Consolidated Statement of Profit or Loss and Other Comprehensive Income	31-Dec-18	31-Dec-17	31-Dec-16
	A\$000	A\$000	A\$000
	12 Months (Audited)	12 Months (Audited)	12 Months (Audited)
<b>Net loss for the year from continuing operations</b>	<b>(5,668)</b>	<b>(3,263)</b>	<b>(1,906)</b>
<b>Discontinued operations</b>			
Loss after tax for the year from discontinued operations	(3,737)	(57)	(15)
<b>Net loss for the year</b>	<b>(9,405)</b>	<b>(3,321)</b>	<b>(1,921)</b>
<b>Other comprehensive income/(loss)</b>			
Foreign currency translation differences attributed to parent	(170)	(42)	369
Foreign currency translation differences attributed to non-controlling interest	23	43	28
<b>Other comprehensive income for the year, net of tax</b>	<b>(146)</b>	<b>0</b>	<b>397</b>
<b>Total comprehensive loss for the year</b>	<b>(9,551)</b>	<b>(3,320)</b>	<b>(1,524)</b>
<b>Net loss for the year attributable to:</b>			
Equity holders of the parent	(9,103)	(3,318)	(1,890)
Non-controlling interest	(302)	(3)	(30)
	<b>(9,405)</b>	<b>(3,321)</b>	<b>(1,921)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Equity holders of the parent	(9,272)	(3,360)	(1,522)
Non-controlling interest	(279)	40	(2)
	<b>(9,551)</b>	<b>(3,320)</b>	<b>(1,524)</b>

(c) Consolidated Statement of Financial Position

Below is a summary of MOD's audited Consolidated Statements of Financial Position as at 31 December 2018, 31 December 2017 and 31 December 2016:

Consolidated Statement of Financial Position	31-Dec-18	31-Dec-17	31-Dec-16
	A\$000	A\$000	A\$000
	12 Months (Audited)	12 Months (Audited)	12 Months (Audited)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5,038	10,004	5,546
Trade and other receivables	832	645	245
Prepayments	798	84	49
Assets held-for-sale	-	3,428	-
<b>TOTAL CURRENT ASSETS</b>	<b>6,668</b>	<b>14,161</b>	<b>5,841</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure	41,111	21,431	15,736
Property, plant and equipment	2,810	774	71
Other non-current assets	37	37	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>43,957</b>	<b>22,241</b>	<b>15,807</b>
<b>TOTAL ASSETS</b>	<b>50,626</b>	<b>36,402</b>	<b>21,648</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,257	1,935	603
Metal Tiger contributions	439	3,124	1,107
Interest bearing liabilities	-	500	1,500
Employee benefits provision	235	80	30
Liabilities directly associated with the assets held for sale	-	65	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,931</b>	<b>5,704</b>	<b>3,240</b>



Consolidated Statement of Financial Position	31-Dec-18	31-Dec-17	31-Dec-16
	A\$000	A\$000	A\$000
	12 Months (Audited)	12 Months (Audited)	12 Months (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	11	44	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11</b>	<b>44</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>3,942</b>	<b>5,748</b>	<b>3,240</b>
<b>NET ASSETS</b>	<b>46,684</b>	<b>30,654</b>	<b>18,407</b>
<b>EQUITY</b>			
Issued capital	111,411	88,126	72,736
Share option reserves	14,535	512	355
Foreign currency translation reserves	1,398	1,568	1,610
Other reserves	(11,912)	-	-
Accumulated losses	(68,700)	(59,613)	(56,315)
<b>Equity attributable to equity holders of the Parent</b>	<b>46,732</b>	<b>30,593</b>	<b>18,386</b>
Non-controlling interest	(49)	61	21
<b>TOTAL EQUITY</b>	<b>46,684</b>	<b>30,654</b>	<b>18,407</b>

(d) Consolidated cash flow statement

Set out below is a summary of MOD's audited consolidated statement of cash flows for the years ended 31 December 2018, 31 December 2017 and 31 December 2016:

Consolidated Statement of Cash Flows	31-Dec-18	31-Dec-17	31-Dec-16
	A\$000	A\$000	A\$000
	12 Months (Audited)	12 Months (Audited)	12 Months (Audited)
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees	(4,728)	(2,276)	(1,325)
<b>Net cash used in operating activities</b>	<b>(4,728)</b>	<b>(2,276)</b>	<b>(1,325)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation expenditure	(19,733)	(8,297)	(4,311)
Interest income received	296	280	17
Acquisition of plant and equipment	(2,043)	(651)	(32)
Acquisition of other non-current assets	(4)	-	-
Proceeds from sale of plant and equipment	-	-	26
<b>Net cash used in investing activities</b>	<b>(21,483)</b>	<b>(8,669)</b>	<b>(4,301)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares	18,322	14,896	10,590
Proceeds of exercise of share options	255	389	237
Metal Tiger contributions	4,397	2,120	1,107
Repayment of interest bearing liabilities	(500)	(1,000)	(500)
Interest expense paid	(7)	(67)	(254)
Capital raising costs	(1,259)	(876)	(554)
<b>Net cash provided by financing activities</b>	<b>21,207</b>	<b>15,463</b>	<b>10,625</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,004)</b>	<b>4,518</b>	<b>5,000</b>
Net foreign exchange differences	23	(44)	94
Cash and cash equivalents at the beginning of the financial year	10,020	5,546	453
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5,038</b>	<b>10,020</b>	<b>5,546</b>

## 6.7 Material changes in MOD's financial position and financial performance

To the knowledge of your Directors, and except as disclosed below taken from MOD's unaudited June 2019 Quarterly Report released on 30 July 2019, there are no other material changes in MOD's financial position and financial performance.

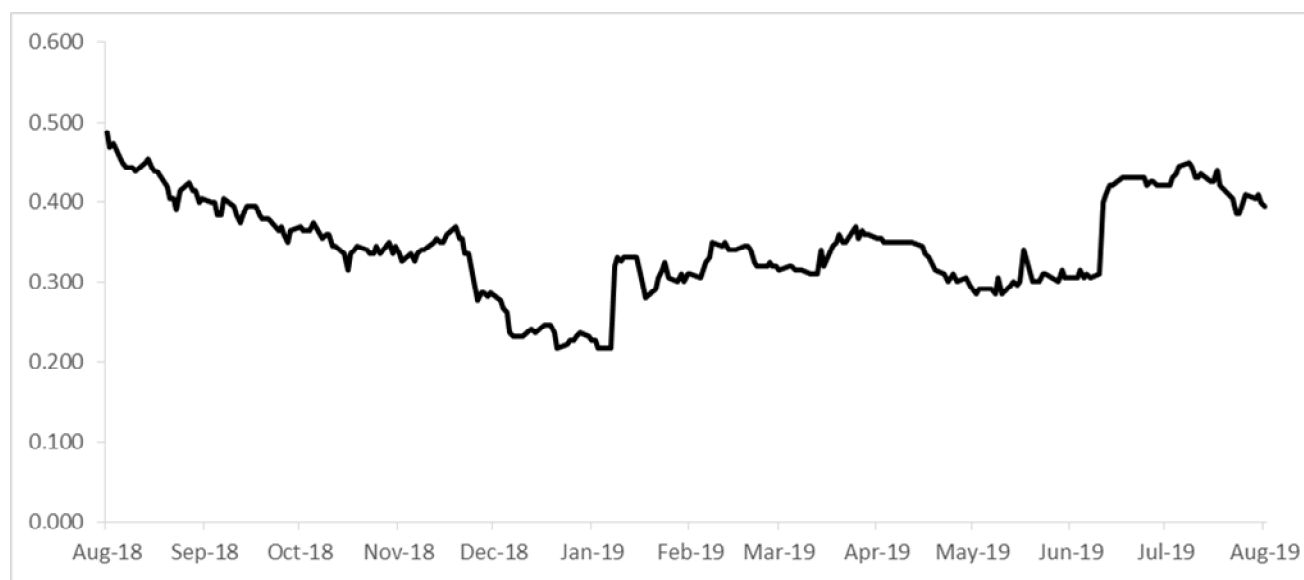
The following financial information includes that extracted from MOD's unaudited June 2019 Quarterly Report released on 30 July 2019:

- (a) Cash and cash equivalents as at 30 June 2019 was A\$8.3 million; and
- (b) There was no Interest bearing liabilities at 30 June 2019.

For full details refer to the June 2019 Quarterly Reports available on MOD's website ([www.modresources.com.au](http://www.modresources.com.au)) and the ASX's website ([www.asx.com.au](http://www.asx.com.au)).

## 6.8 Recent MOD Share price history

The chart below shows the closing price of MOD Shares on the ASX over the 12 month period up to (and including) 15 August 2019, being the last practicable date prior to the date of this Scheme Booklet:



Source: FactSet

The closing price of MOD Shares on the ASX as at the close of trading on 15 August 2019 was A\$0.395.

During the 90 calendar days up to (and including) 15 August 2019:

- (a) the highest recorded daily closing price for MOD Shares on the ASX was A\$0.450 on 22 July 2019; and
- (b) the lowest recorded daily closing price for MOD Shares on the ASX was A\$0.285 on 24 May 2019.

The last recorded sale price for MOD Shares on the ASX before the public announcement of the Transaction was A\$0.310 on 24 June 2019.

The current price of MOD Shares on ASX can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or <https://www.modresources.com.au/>.

## 6.9 MOD issued securities

At 15 August 2019, being the latest practical date prior to the date of this Scheme Booklet, there were 304,286,230 MOD Shares and 58,378,566 MOD Options on issue including the 40,673,566 Options issued to Metal Tiger when MOD acquired 100% of the T3 Project in November 2018.

## 6.10 Dividend Policy

The MOD Board does not currently pay any dividends to its Shareholders.

## 6.11 Publicly available information

As an ASX and LSE listed company and a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act, MOD is subject to regular reporting and disclosure obligations. Broadly, these require it to announce price sensitive information to ASX and the LSE as soon as it becomes aware of the information, subject to exceptions for certain confidential information that satisfy the requirements for the delay of disclosure under the Market Abuse Regulation (596/2014).

MOD's most recent announcements are available on the MOD website at: <https://www.modresources.com.au/>.

ASX maintains files containing publicly available information about entities listed on their exchange. MOD's files are available for inspection at MOD's registered office during normal business hours and are available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

Additionally, copies of documents lodged with ASIC in relation to MOD may be obtained from or inspected at an ASIC service centre. Please note, ASIC may charge a fee in respect of such services.

The following documents are available for inspection free of charge prior to the Scheme Meeting during normal business hours at the registered office of MOD:

- (a) MOD's constitution;
- (b) MOD's annual report for the year ended 31 December 2018; and
- (c) MOD's public announcements.

The annual report and public announcements are available at MOD's website at <https://www.modresources.com.au/>.

## 6.12 Litigation

The MOD Group is currently not subject to any litigation proceedings.

## 6.13 Further information

For all the risks associated with the Scheme, refer to Section 9. In particular, Section 9.3 outlines certain risks to MOD if the Scheme does not proceed.

## 7. Information about Sandfire

This Section of the Scheme Booklet contains information in relation to Sandfire as at the date of the Scheme Booklet. Additional information is included in the Independent Expert's Report attached in Annexure 1.

### 7.1 Background

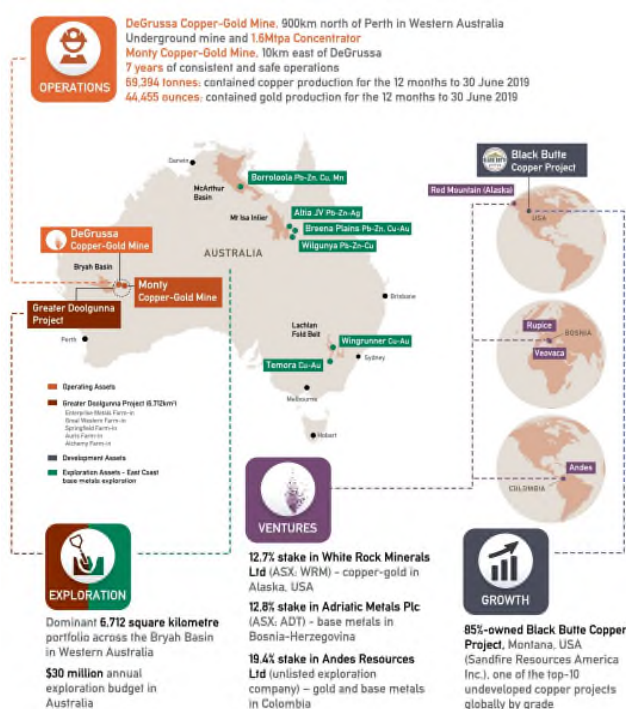
Sandfire is a leading mid-tier Australian mining company based in Perth, Western Australia. Sandfire is an explorer for and producer of copper. In addition to copper, Sandfire also produces a significant amount of gold. Sandfire is one of the few pure-play copper producers currently listed on the ASX. As at 15 August 2019, being the last practicable date prior to the date of this Scheme Booklet, Sandfire has a market capitalisation of approximately A\$929 million.

Sandfire's cornerstone asset is the high-grade, low cost DeGrussa Copper-Gold Project, located approximately 900km north of Perth in Western Australia in which it holds a 100% interest. Sandfire also owns an 85.45% interest in the Black Butte copper project located in Montana, USA which is currently progressing its feasibility study and is nearing the final stage of the state permitting process. Sandfire also has a large portfolio of exploration assets, particularly in the Doolgunna region of Western Australia, along with a number of early stage equity investments including Adriatic Metals, White Rock Minerals and Metminco Resources.

Sandfire has significant experience developing early stage assets, having developed the greenfield DeGrussa and Monty assets from exploration to production and is currently progressing development of the Black Butte project.

Sandfire initially listed on the ASX in 2004 targeting mineral discoveries within a portfolio of projects assembled by one of Australia's most successful prospecting geologists, Graeme Hutton. The DeGrussa deposit was initially discovered by Sandfire in 2009 following which development was approved for the project in 2011. First DSO and copper concentrate from DeGrussa was shipped in 2012. Sandfire was first included in the S&P ASX 200 index in 2010 and remains in the index as of 15 August 2019.

The figure below illustrates the location of Sandfire's major operations, development projects and exploration activity.



## 7.2 Company Strategy

Sandfire's vision is to build a sustainable, mid-tier mining company operating in the upper quartile of global performance benchmarks.

Sandfire is in the business of producing base and precious metals safely and profitably from its operations for the benefit of its shareholders and stakeholders. Sandfire's focus is on three business elements:

- Safely managing the productivity of our operations by optimising production and rigorously controlling expenditure at all times;
- Investing in exploration to increase the resource base of Sandfire by discovering new deposits; and
- Securing assets that meet its investment criteria through business development initiatives and developing assets in accordance with a set of strict economic and technical criteria.

### Sandfire's focus areas



### Sandfire values



## 7.3 Corporate Structure

Sandfire has several subsidiary entities as set out in the table below.

Name	Country of Incorporation	Equity Interest
Sandfire Resources America Inc.	Canada	85.45%
Sandfire BC Holdings (Australia) Pty Ltd	Australia	100.00%
Sandfire BC Holdings Inc.	Canada	100.00%
Sandfire Copper & Gold Peru S.A.	Peru	100.00%
Sandfire (RMP) Pty Ltd	Australia	100.00%
Sandfire (RMP) Inc.	United States	100.00%

Under the proposed Scheme, MOD will become a wholly-owned subsidiary of Sandfire, and each of MOD's subsidiaries will in turn become part of the Sandfire Group. See Section 8.3 for further details.

## 7.4 Major Assets

### (a) Operating Assets

#### DeGrussa Copper Project, Western Australia (100%)

The DeGrussa Copper Project is located within Sandfire's 100%-owned Doolgunna Project, a 400 square kilometre tenement package in Western Australia's Bryah Basin mineral province, approximately 900km north-east of Perth. The Project is located within an established mining district, approximately 150km north of the regional mining hub of Meekatharra and includes the DeGrussa and Monty Copper-Gold Mines.

Construction and development of the Project was completed on time and on budget during 2012 at a total cost of approximately A\$400 million. Commencing with an initial 2-year open pit mining operation which was completed in April 2013, the DeGrussa Operation is based on a long-term underground mine delivering sulphide ore to an on-site 1.6Mtpa concentrator.

The underground mine plan comprises over 40km of lateral development, allowing for the simultaneous extraction of ore from multiple faces, on multiple lenses. Having four deposits provides production flexibility and enables DeGrussa to maintain consistent ore production of 1.6Mtpa through the decline. Ore is also sourced from the satellite Monty Copper-Gold Mine, part of the Springfield project tenement adjacent to the Doolgunna project, which was previously part of a joint venture with Talisman Mining.

In addition to the 1.6Mtpa DeGrussa Concentrator, other infrastructure and services on site include a Tailings Storage Facility (TSF), power station, paste plant for the underground mine, a sealed airstrip capable of accommodating small jets, a state-of-the-art 400-room mine village, a Next G mobile phone service and fibre optic communications, office buildings, assay laboratory and sealed access roads.

Studies are also underway on the optimal development pathway to exploit the 2.8 million tonnes of oxide stockpiles at DeGrussa, which contain an estimated 35,000 tonnes of copper and 84,000 ounces of gold.

Production for the 12 months to 30 June 2019 was 69,394 tonnes of contained copper and 44,455 ounces of contained gold, both exceeding production guidance ranges. A summary of copper and gold production and sales for the year is provided below.

FY 2019 Production Statistics			Tonnes	Grade (% Cu)	Grade (g/t Au)	Contained Copper (t)	Contained Gold (oz)
Concentrator	Mined	–	1,505,520	4.5	1.9	68,565	91,542
	Mined – Monty		119,468	6.4	1.1	7,596	4,057
	<b>Mined – Total</b>		<b>1,624,988</b>	<b>4.7</b>	<b>1.9</b>	<b>76,161</b>	<b>95,599</b>



FY 2019 Production Statistics		Grade	Grade	Contained	Contained
	Tonnes	(% Cu)	(g/t Au)	Copper (t)	Gold (oz)
Milled	1,619,714	4.6	1.8	75,079	95,327
Production	287,336	24.1	4.8	69,394	44,455
Concentrate	282,928	24.0	4.8	67,967	42,269

**Note:** Mining and production statistics are rounded to the nearest 0.1% Cu grade and 0.1 g/t Au grade. Errors may occur due to rounding. Production statistics are subject to change following reconciliation and finalisation subsequent.

#### Monty Copper-Gold Mine, Western Australia (100%)

The Monty Copper-Gold Mine is a satellite deposit located 10km east of DeGrussa. It is part of the Springfield project tenement area adjacent to the Doolgunna project. The Springfield project was previously held as part of a joint venture with Talisman Mining. During FY18 Sandfire reached agreement to acquire Talisman Mining Ltd's 30% interest in the Springfield Exploration and Mining Joint Ventures for total consideration of A\$72.3 million in cash plus an on going 1% Net Smelter Return (NSR) royalty on any future discoveries.

The Monty deposit has been developed as a satellite source of ore feed for the DeGrussa project. First stoping ore was delivered from the Monty Copper-Gold Mine during the March 2019 quarter.

#### Production and cost guidance for FY2020

FY2020 targeted production guidance is expected to be within the range of 70,000 – 75,000 tonnes of contained copper metal with gold production within the range of 38,000 – 42,000 ounces of contained gold. Headline C1 cash operating costs are expected to be within the range of US\$0.90-0.95/lb.

#### (b) Development Assets

##### Black Butte Copper Project, USA (85.45%)

Sandfire holds an 85.45% interest, via North American-listed company Sandfire Resources America Inc. (formerly Tintina Resources Inc.) in the premier, high-grade Black Butte Copper Project, located in central Montana in the United States.

The project is being permitted by Tintina Montana Inc. (Tintina), a 100%-owned subsidiary of Sandfire Resources America Inc. and is located close to existing road, power and rail infrastructure, with the ability to access a residential workforce located nearby. Located on private ranch land, the Black Butte copper resource consists of three flat-lying sedimentary hosted copper deposits which have been extensively drilled by Tintina (over 53,000m of diamond drilling).

An Updated Technical Report and Preliminary Economic Assessment (PEA) completed by Tintina in July 2013 was based on reported NI 43-101 Measured and Indicated Resources totalling 15.7Mt grading 3.4% Cu, 0.1% Co and 14g/t Ag for 533,600t of contained copper and Inferred Resources totalling 2.3Mt grading 2.8% Cu, 0.09% Co and 14g/t Ag for 63,500t of contained copper calculated using a 1.6% copper cut-off grade for the Johnny Lee Upper Zone and Lowry deposits, and a 1.5% Cu cut-off for the Johnny Lee Lower Zone. This makes Black Butte one of the top-10 undeveloped copper projects worldwide by grade.

The PEA confirmed that the Black Butte deposit has the potential to underpin a robust underground mining operation with forecast life-of-mine production of ~30,000tpa of copper-in-concentrate over a mine life of ~11 years.

Permitting is advancing with the Draft Environmental Impact Statement (EIS) for the Black Butte Copper Project released by the Montana Department of Environmental Quality (MT DEQ) during the March 2019 Quarter. The Draft EIS was open for public comment for a 60-day period which concluded on 10 May 2019. A link to the Draft EIS is available from the Sandfire Resources America Inc. website, [www.sandfireamerica.com](http://www.sandfireamerica.com).

Following the Draft EIS public comment period, the MT DEQ will respond to comments and issue a final EIS. The MT DEQ can then issue a Record of Decision (ROD) and Mine Operating Permit (MOP) for the Black Butte Copper Project, potentially as early as the third quarter of 2019. It is possible that third parties may

object to the issue of the ROD, including through legal or commercial means, and should this occur, Sandfire Resources America Inc. will deal with such matters in the ordinary course.

Sandfire Resources America Inc will require additional funding for any development of the Black Butte Copper Project, which the Sandfire Group would be likely to support through the deployment of capital.

Initial work on the Black Butte Feasibility Study commenced in October 2018 and is progressing well with completion targeted for around the 3<sup>rd</sup> quarter of 2019. The feasibility team includes Denver-based GR Engineering Services Limited as the lead consultant, with SRK Consulting overseeing the Mineral Resource preparation and Mining Plus conducting mine design and Mineral Reserve preparation.

For further details refer to the market releases of Sandfire Resources America Inc., available on the following website [www.sandfireamerica.com](http://www.sandfireamerica.com).

### (c) Exploration

#### Greater Doolgunna Project

The Greater Doolgunna Project, which includes 100% Sandfire tenure, Joint Venture and Farm in projects, covers an aggregate contiguous exploration area of 6,712km<sup>2</sup> (Figure 1). This includes over 90km of strike extent in host VMS lithologies. Much of this stratigraphy is obscured beneath transported cover and requires systematic drilling to test the bedrock geochemistry and identify prospective areas.

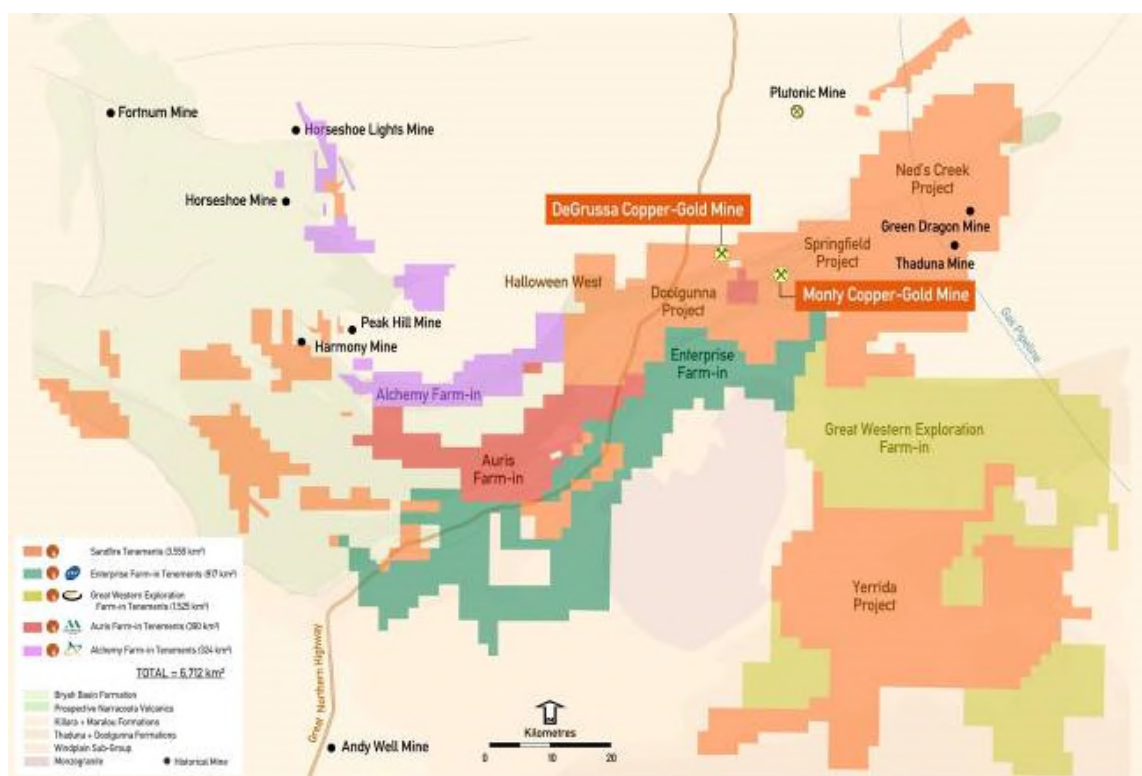


Figure 1: Sandfire's tenement holding in the Greater Doolgunna region.

Sandfire continues to progress a tightly focused, multi-disciplinary exploration campaign across the Greater Doolgunna Project (see Figure 1) to test for extensions to the known cluster of volcanogenic massive sulphide (VMS) deposits at DeGrussa and Monty, and to unlock the broader potential of the Doolgunna region for additional VMS and structurally-hosted copper deposits.

#### Morck Well Project

Sandfire entered into a farm-in agreement with Auris Minerals Ltd (ASX: AUR) and Fe Ltd (ASX: FEL) in relation to their Morck Well JV Project (Auris 80%: Fe 20%) located 22km south-west from DeGrussa and Auris' 100% owned Doolgunna Project, in February 2018. Sandfire can earn up to a 70% interest in five exploration tenements in the eastern portion of the Bryah Basin.

## Enterprise Project

Sandfire entered into a Farm-in Agreement with Enterprise Metals Ltd (ASX: ENT) in October 2016 to earn up to a 75% interest in Enterprise's Doolgunna Project, which adjoins Sandfire's Doolgunna tenements to the south. The Enterprise tenements cover over 60km of strike along the southern boundary of the Bryah Basin and the northern part of the Yerrida Basin. The southern Bryah Basin contains the Narracoota/Karalundi Formations which host the DeGrussa and Monty copper-gold deposits. Sandfire considers that the Enterprise tenements offer the potential for new copper-gold discoveries.

## Ned's Creek Project (including Thaduna)

The Ned's Creek Project comprises over 900km<sup>2</sup> of prospective geology and surrounds the historical Thaduna Project, which is located 40km east of DeGrussa and represents the largest copper resource in the Doolgunna- Bryah Basin Region outside of Sandfire's DeGrussa-Doolgunna Project.

## Yerrida North Project

Sandfire entered into a Farm-in Agreement with Great Western Exploration Ltd (ASX: GTE) in April 2017 to earn up to an initial 70% interest in GTE's Northern Yerrida tenements, located 25km south of the DeGrussa mining operation. Sandfire has the right to farm into 11 of GTE's Exploration Licenses in the Northern Yerrida basin, Western Australia, covering a total area of 1,560km<sup>2</sup>.

## Peak Hill Project

At the Peak Hill Project, Sandfire is exploring and earning an interest in the whole and part tenements that cover the base metal prospective area of the Bryah Basin Project. Under the terms of the agreement, Sandfire can earn up to 80% in Alchemy Resources Limited's (ASX: ALY) interests (excluding iron ore rights) through Earn-In Expenditure. The Peak Hill Project area contains more than 60km of strike extent of the Narracoota – Karalundi volcano-sedimentary sequence that is prospective for discovery of VMS-style copper-gold deposits.

## New South Wales Projects

A number of 100%-owned project areas are held in the Lachlan Fold Belt of New South Wales which are prospective for porphyry copper-gold mineralisation as found at Northparkes (China Moly), Cadia (Newcrest) and Cowal (Evolution). Applications for 100% owned tenements have been made in the Cobar basin and a farm-in agreement entered into on the Coomeratta project with Sandfire having the right to earn an 80% interest. The 100% owned Temora project contains a number of predominantly inferred copper and gold resources and exploration is active during the field seasons to discover further and higher grade deposits within the belt to potentially prove up prospectivity of this asset. A drilling program is planned to commence later in the second quarter of calendar-year 2020.

## Northern Territory – Borroloola Project

The Borroloola Project is located north of the McArthur River Mine (Glencore), and is prospective for base metals and sedimentary manganese. Sandfire has signed farm-out agreements to advance the Borroloola Project. The Borroloola West JV covering the western portion is under an agreement with Pacifico Minerals Ltd, which has now earned a 51% interest in the Project and Sandfire is a contributing 49% JV partner.

## Queensland Projects

A number of projects are held in the eastern succession of the Mount Isa region south and east of Cloncurry in northwest Queensland which are prospective for Broken Hill type (BHT) lead-zinc-silver deposits such as the Cannington deposit (South32) and the Ernest Henry iron oxide-copper-gold (IOCG) deposits (Glencore/Evolution). A Joint Venture is held over the Altia project with Minotaur Exploration Ltd (ASX: MEP) with a 60% interest held.

## (d) Ventures

### Equity Investment and Joint Venture with White Rock Minerals Limited

Sandfire entered into an Earn-In and Joint Venture Option Agreement with White Rock Minerals Limited (ASX: WRM) in the March quarter of 2019. This Agreement relates to the parties' previously announced

proposed joint venture for the exploration and development of the Red Mountain Project. Sandfire's Joint Venture funding obligations under the Agreement are structured across four stages and include an option to spend a minimum of A\$20 million over four years to earn 51%, with a minimum contribution of A\$6 million in 2019. Sandfire also holds a cornerstone 12.7% interest in White Rock Minerals at the date of this Scheme Booklet.

#### Equity Investment and Strategic Partnership with Adriatic Metals PLC

Sandfire acquired a 7.7% stake in Adriatic Metals PLC (ASX: ADT) through participation in its IPO in 2018. Additionally, Sandfire entered into a strategic partnership agreement with Adriatic under which Sandfire and Adriatic will collaborate to advance Adriatic's high-quality zinc exploration and development portfolio in Bosnia-Herzegovina. As at 15 August 2019, Sandfire held an 12.8% interest in Adriatic Metals following the on market purchase of a further 5.1% stake in the company across June, July and August 2019. Under the strategic partnership agreement, Sandfire has the right to nominate a director to the Board of Directors of Adriatic once it owns more than 10% of the shares in Adriatic.

#### Equity Investment in Metminco Limited

Sandfire acquired a 19.4% strategic interest in unlisted exploration company, Andes Resources Ltd (Andes), during FY18, also agreeing to form a Technical Committee under which Andes will have access to Sandfire's technical expertise to develop its Andes Project. The majority of the project, which is prospective for gold and copper, lies within the municipalities of Andes, Jardin, Betania & Bolivar in the department of Antioquia, Colombia. On 17 May 2019, Andes Resources Limited and Metminco Limited agreed binding terms for a merger, to be effected by an off-market takeover bid by Metminco for Andes, which Sandfire supported. Sandfire holds approximately 15% of Metminco, with rights to (among other things) board representation. As at 15 August 2019, being the last practicable date prior to the date of this Scheme Booklet, Metminco had a relevant interest of 99.7% in Andes and had moved to compulsory acquisition in respect of the residual minorities.

#### Equity Investment and Joint Venture with Black Raven Limited

Sandfire acquired a 10% stake in a private company, Black Raven Ltd during 2019 and entered into an Earn-In and Joint Venture Option Agreement over the Eraynia Project in Western Australia. Tenements cover an Archean greenstone belt hosting the zinc rich King VHMS style deposit and greenstone hosted gold mineralisation.

## 7.5 Ore Reserves & Mineral Resources

Sandfire's Ore Reserve and Mineral Resource estimates are presented on the following pages. The Mineral Resource estimates are reported inclusive of Ore Reserve estimates. Data is rounded to reflect appropriate precision in the estimate and differences may occur due to rounding.

The announcements, including JORC Table 1 documentation, which detail the material assumptions and technical parameters for each estimate, and the JORC Code Competent Person Statements for Ore Reserves and Mineral Resources are available on Sandfire's website ([www.sandfire.com.au](http://www.sandfire.com.au)) and the ASX's website ([www.asx.com.au](http://www.asx.com.au)).

No material changes have occurred in Sandfire's Ore Reserve and Mineral Resource estimates since Sandfire's 2018 Annual Report, except for those declared for the DeGrussa Copper-Gold Project. Sandfire confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcements.

**Table 1 – DeGrussa Ore Reserve and Mineral Resource (as at 31 December 2018<sup>1</sup>)**

DeGrussa Mine—Total		Ore Reserve					Mineral Resource <sup>2</sup>					
Deposit	Reserve Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)	Reserve Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
DeGrussa	Proved	0.3	6.1	2.3	17,000	21,000	Measured	0.3	7.2	2.6	19,000	22,000
	Probable	<0.1	3.9	1.2	1,000	1,000	Indicated	<0.1	1.6	1.1	<1,000	1,000
							Inferred	–	–	–	–	–

	<b>Total</b>	<b>0.3</b>	<b>5.9</b>	<b>2.2</b>	<b>18,000</b>	<b>22,200</b>	<b>Total</b>	<b>0.3</b>	<b>6.8</b>	<b>2.5</b>	<b>19,000</b>	<b>22,200</b>
Conductor 1	Proved	1.3	3.7	1.4	48,000	59,000	Measured	1.1	5.3	2.0	57,000	70,000
	Probable	0.2	2.8	1.1	4,000	6,000	Indicated	0.2	1.6	0.4	2,000	2,000
							Inferred	<0.1	3.3	1.7	<1,000	<1,000
	<b>Total</b>	<b>1.5</b>	<b>3.6</b>	<b>1.4</b>	<b>52,000</b>	<b>65,000</b>	<b>Total</b>	<b>1.2</b>	<b>4.8</b>	<b>1.8</b>	<b>60,000</b>	<b>72,000</b>
Conductor 4	Proved	1.0	4.4	1.4	45,000	47,000	Measured	0.9	6.3	2.0	59,000	62,000
	Probable	0.3	3.3	1.2	11,000	12,000	Indicated	0.2	2.1	0.8	3,000	4,000
							Inferred	<0.1	2.7	1.8	1,000	2,000
	<b>Total</b>	<b>1.3</b>	<b>4.1</b>	<b>1.4</b>	<b>55,000</b>	<b>59,000</b>	<b>Total</b>	<b>1.1</b>	<b>5.6</b>	<b>1.9</b>	<b>63,000</b>	<b>68,000</b>
Conductor 5	Proved	1.1	4.4	2.0	49,000	73,000	Measured	0.9	6.1	2.7	56,000	79,000
	Probable	0.3	2.8	1.5	8,000	14,000	Indicated	0.2	3.4	2.0	7,000	13,000
							Inferred	<0.1	2.2	0.9	<1,000	<1,000
	<b>Total</b>	<b>1.4</b>	<b>4.0</b>	<b>1.9</b>	<b>56,000</b>	<b>87,000</b>	<b>Total</b>	<b>1.1</b>	<b>5.6</b>	<b>2.6</b>	<b>63,000</b>	<b>93,000</b>
Stockpiles	Proved	2.7	1.3	0.6	37,000	49,000	Measured	2.7	1.3	0.6	37,000	49,000
							Indicated					
<b>Total</b>	Proved	6.5	3.0	1.2	195,000	248,000	Measured	5.9	3.8	1.5	228,000	282,000
	Probable	0.8	3.0	1.3	24,000	33,000	Indicated	0.5	2.4	1.2	13,000	20,000
							Inferred	<0.1	2.7	1.7	1,000	2,000
	<b>Total</b>	<b>7.3</b>	<b>3.0</b>	<b>1.2</b>	<b>219,000</b>	<b>282,000</b>	<b>Total</b>	<b>6.5</b>	<b>3.7</b>	<b>1.4</b>	<b>242,000</b>	<b>304,000</b>

Note: Calculations have been rounded to the nearest: 1,000t; 0.1% Cu grade; and 1,000t Cu metal and 0.1g/t Au grade, and 1,000oz Au metal. Differences may occur due to rounding.

1. Sandfire ASX announcement "DeGrussa Ore Reserve and Mineral Resource Update" release dated 21 June 2019. Available online at [www.sandfire.com.au](http://www.sandfire.com.au)

2. Mineral Resource is based on a 1.0% Cu cut-off and allows for mining depletion and sterilization as at 31 December 2018.



**Table 2 – Monty Ore Reserve and Mineral Resource (as at 31 March 2017<sup>1, 2</sup>)**

Monty Mine— Underground		Ore Reserve					Mineral Resource <sup>3</sup>					
Deposit	Reserve Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)	Reserve Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Monty	Proved	—	—	—	—	—	Measured	—	—	—	—	—
	Probable	0.92	8.7	1.4	80,000	42,000	Indicated	1.04	9.3	1.6	97,000	54,000
							Inferred	0.01	20.7	2.7	2,000	1,000
<b>Total</b>		<b>0.92</b>	<b>8.7</b>	<b>1.4</b>	<b>80,000</b>	<b>42,000</b>	<b>Total</b>	<b>1.05</b>	<b>9.4</b>	<b>1.6</b>	<b>99,000</b>	<b>55,000</b>

Note: Calculations have been rounded to the nearest: 1,000t; 0.1% Cu grade; and 1,000t Cu metal and 0.1g/t Au grade; and 1,000oz Au metal. Differences may occur due to rounding.

Included within the Ore Reserve is marginal grade material that is currently sub-economic that could become economic in the future. The quantity of this material is 10,000 tonnes at 2.5% Cu for 246 tonnes of copper and 0.6g/t Au for 200 ounces of gold. This material represents 1% of the Ore Reserve tonnes and less than 1% of the contained copper and gold.

1. Sandfire ASX announcement “Sandfire Announce Positive Monty Feasibility Study” release dated 6 April 2017. Available online at [www.sandfire.com.au](http://www.sandfire.com.au)

2. Sandfire ASX announcement “Maiden High-Grade Mineral Resource for Monty VMS Deposit” release dated 13 April 2016. Available online at [www.sandfire.com.au](http://www.sandfire.com.au)

3. Mineral Resource is based on a 1.0% Cu cut-off.

**Table 3 – Black Butte Mineral Resource (as at 31 December 2016<sup>1</sup>)**

Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Silver (g/t)	Cobalt (%)	Contained Copper (t)	Contained Silver (oz)	Contained Cobalt (t)
Black Butte	Measured	2.7	3.0	16	0.12	79,000	1,393,000	3,000
	Indicated	13.0	3.5	13	0.10	454,000	5,584,000	13,000
	Inferred	2.3	2.8	14	0.09	63,000	1,003,000	2,000
<b>Total</b>		<b>18.0</b>	<b>3.3</b>	<b>14</b>	<b>0.10</b>	<b>597,000</b>	<b>7,980,000</b>	<b>18,000</b>

Notes:

1. Sandfire ASX Announcement “Sandfire Group JORC Mineral Resource and Ore Reserve Statement” release dated 19 October 2017. Available online at [www.sandfire.com.au](http://www.sandfire.com.au)

(a) Black Butte is owned by North American-listed Company Sandfire Resources America Inc. (TSX-V: SFR). Sandfire Resources NL holds an 85.45% interest. The figures shown represent 100% of the Mineral Resources.

(b) Mineral Resource is based on a 1.6% Cu cut-off for Johnny Lee Upper Zone and Lowry, 1.5% Cu cut-off for Johnny Lee Lower Zone.

(c) Data is rounded to reflect appropriate precision in the estimate and differences may occur due to rounding.

**Table 4 – Thaduna and Green Dragon Project Mineral Resources (as at 31 December 2016<sup>1</sup>)**

Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Silver (g/t)	Contained Copper (t)	Contained Silver (oz)
Thaduna	Measured	—	—	—	—	—
	Indicated	2.7	2.2	4.0	59,000	349,000
	Inferred	2.8	2.1	5.4	60,000	480,000
<b>Total</b>		<b>5.5</b>	<b>2.2</b>	<b>4.7</b>	<b>119,000</b>	<b>829,000</b>
Green Dragon	Measured	—	—	—	—	—
	Indicated	1.8	1.3	1.8	23,000	102,000
	Inferred	0.8	1.0	1.2	8,000	31,000
<b>Total</b>		<b>2.6</b>	<b>1.2</b>	<b>1.6</b>	<b>32,000</b>	<b>134,000</b>
Total	Measured	—	—	—	—	—
	Indicated	4.5	1.8	3.1	82,000	451,000
	Inferred	3.6	1.9	4.4	68,000	512,000
<b>Total</b>		<b>8.2</b>	<b>1.8</b>	<b>3.7</b>	<b>150,000</b>	<b>963,000</b>

Note:

1. Sandfire ASX Announcement “Sandfire Group JORC Mineral Resource and Ore Reserve Statement” release dated 19 October 2017. Available online at [www.sandfire.com.au](http://www.sandfire.com.au)

(a) Mineral Resources for both Thaduna and Green Dragon are based on a 0.5% Cu cut-off.

(b) Date is rounded to reflect appropriate precision in the estimate and differences may occur due to rounding.

**Table 5 – Temora Project Mineral Resources (as at 31 December 20161)**

Deposit	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Dam	Measured	–	–	–	–	–
	Indicated	25	0.34	0.48	83,000	381,000
	Inferred	16	0.24	0.30	37,000	151,000
	<b>Total</b>	<b>40</b>	<b>0.30</b>	<b>0.41</b>	<b>121,000</b>	<b>532,000</b>
Cullingerai	Measured	–	–	–	–	–
	Indicated	–	–	–	–	–
	Inferred	24	0.30	0.31	72,000	237,000
	<b>Total</b>	<b>24</b>	<b>0.30</b>	<b>0.31</b>	<b>72,000</b>	<b>237,000</b>
Estoril	Measured	–	–	–	–	–
	Indicated	–	–	–	–	–
	Inferred	14	0.21	0.35	30,000	160,000
	<b>Total</b>	<b>14</b>	<b>0.21</b>	<b>0.35</b>	<b>30,000</b>	<b>160,000</b>
Mandamah	Measured	–	–	–	–	–
	Indicated	–	–	–	–	–
	Inferred	26	0.34	0.38	89,000	314,000
	<b>Total</b>	<b>26</b>	<b>0.34</b>	<b>0.38</b>	<b>89,000</b>	<b>314,000</b>
Yiddah	Measured	–	–	–	–	–
	Indicated	–	–	–	–	–
	Inferred	127	0.32	0.14	410,000	574,000
	<b>Total</b>	<b>127</b>	<b>0.32</b>	<b>0.14</b>	<b>410,000</b>	<b>574,000</b>
Gidginbung	Measured	–	–	–	–	–
	Indicated	–	–	–	–	–
	Inferred	8	0.09	1.50	7,000	391,000
	<b>Total</b>	<b>8</b>	<b>0.09</b>	<b>1.50</b>	<b>7,000</b>	<b>391,000</b>
Total	Measured	–	–	–	–	–
	Indicated	25	0.34	0.48	83,000	381,000
	Inferred	215	0.30	0.26	645,000	1,827,000
	<b>Total</b>	<b>240</b>	<b>0.30</b>	<b>0.29</b>	<b>728,000</b>	<b>2,207,000</b>

Note:  
1. Sandfire ASX Announcement “Sandfire Group JORC Mineral Resource and Ore Reserve Statement” release dated 19 October 2017. Available online at [www.sandfire.com.au](http://www.sandfire.com.au)

(a) Mineral Resources for Dam, Cullingeri, Estoril, Mandamah, Yiddah are based on a 0.3% CuEq cut-off which is calculated as  $CuEq = Cu \% + Au \text{ g/t} ((PAu * RecAu) / (PCu * RecCu))$  where Cu price = 3.53 A\$/lb, Au Price = 1,600 A\$/oz, Cu recovery = 90% and Au recovery = 75%.

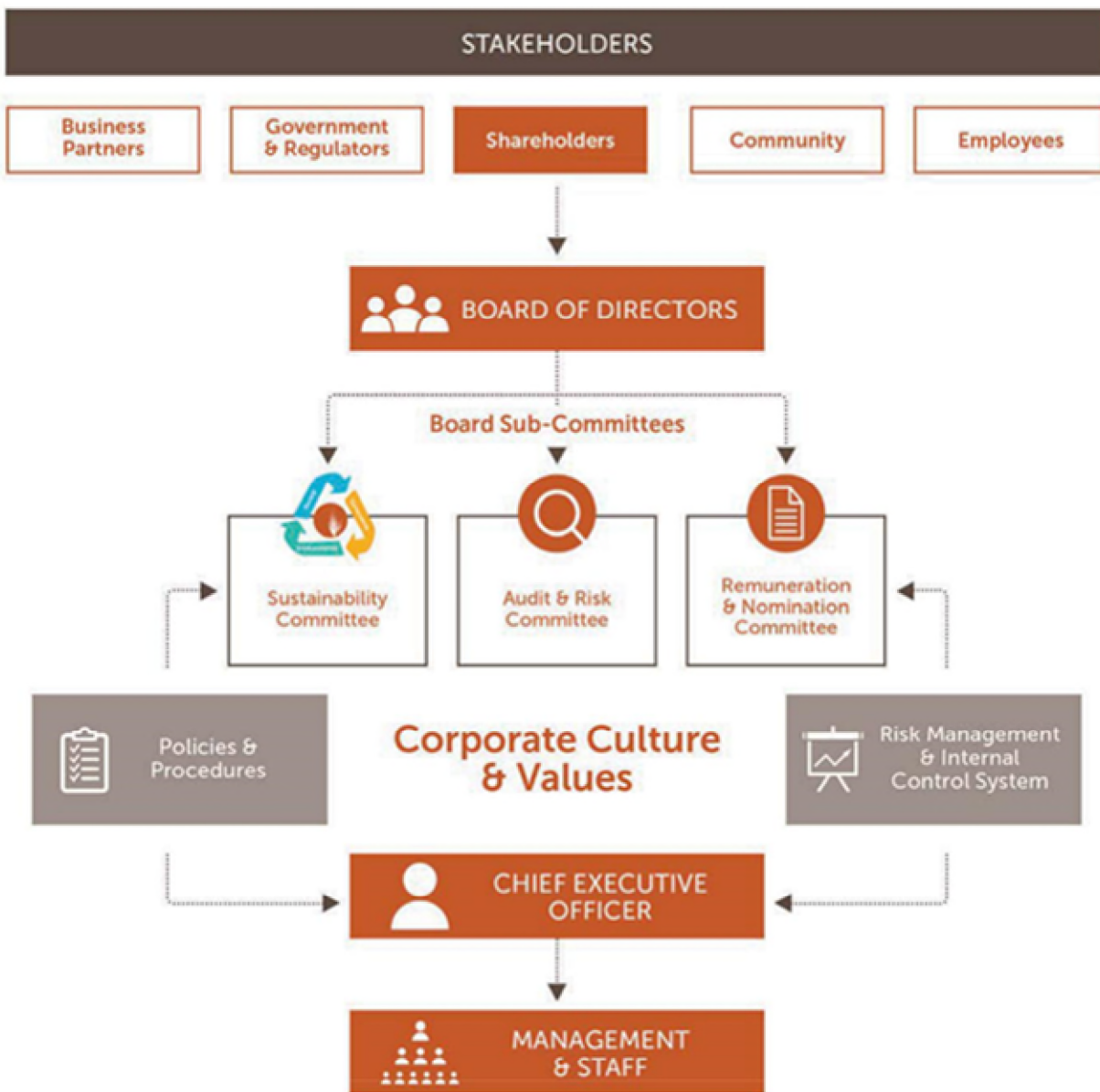
(b) Mineral Resources for Gidginbung is based on a 1g/t Au cut-off.

(c) Data is rounded to reflect appropriate precision in the estimate and differences may occur due to rounding.

## 7.6 Corporate Governance

The Board of Sandfire and all levels of management are fully committed to maintaining and enhancing corporate governance so that it continues to contribute to Sandfire’s vision to build a sustainable, mid-tier mining company operating in the upper quartile of global performance benchmarks.

Sandfire’s Corporate Governance Statement for the 2018 financial year outlined the key features of Sandfire’s corporate governance framework, by reference to the ASX Corporate Governance Council’s 3rd Edition of its Corporate Governance Principles and Recommendations (ASX Recommendations). The Corporate Governance Statement can be found on Sandfire’s website ([www.sandfire.com.au/site/About/governanceFY2018](http://www.sandfire.com.au/site/About/governanceFY2018)).



## 7.7 Directors and Senior Management of Sandfire

### Board of Directors

At the date of this Scheme Booklet, the Sandfire Board comprises of:

<p><b>Derek La Ferla</b> Non-Executive Chairman</p>	<p>Mr La Ferla is a corporate lawyer and company director with more than 30 years' experience. He has held senior positions with some of Australia's leading law firms and a variety of board positions with listed public companies and not for profit organisations. Mr La Ferla is currently a Partner (on a part time basis) with Western Australian firm, Lavan and is Chairman of Veris Limited (previously called OTOC Limited) and Threat Protect Australia Limited. He is also a Non-Executive Director of BNK Banking Corporation Limited. Mr La Ferla is a fellow of the Australian Institute of Company Directors, on the national Board of AICD as well as a member of the AICD Council (WA Division).</p>
<p><b>Karl Simich</b></p>	<p>Mr Simich is an experienced international mining executive who has been involved in the financing, construction, development and operation of</p>

<p>Managing Director / Chief Executive Officer</p>	<p>various mining projects in New Zealand, Australia and Africa. Specialising in resource finance and corporate management, Mr Simich has been a director of and held senior positions with a number of ASX-listed mining companies. Mr Simich is a Fellow of the Institute of Chartered Accountants and a Fellow of the Financial Services Institute of Australasia and has completed post-graduate studies in business and finance.</p>
<p><b>Robert Scott</b> Non-Executive Director</p>	<p>Mr Scott is a Chartered Accountant and former international partner with major global accounting firms with over 35 years' experience in corporate structuring and taxation planning. He has served as a Chairman and as non-executive director with various publicly listed resource companies with operational experience in Australia, USA and Asia and has a strong focus on project governance, audit and risk management. Mr Scott holds a Fellowship of the Australian Institute of Chartered Accountants and the Taxation Institute of Australia and is a member of the Australian Institute of Company Directors. Mr Scott is Chairman of Castillo Copper Limited, Chairman of Twenty Seven Co Limited and has served as the Chairman of Homeloans Ltd and as a Non-executive Director of RTG Mining Inc.</p>
<p><b>Paul Hallam</b> Non-Executive Director</p>	<p>Mr Hallam has more than 40 years Australian and international resource industry experience. His operating and corporate experience is across a range of commodities (iron ore, bauxite, alumina, aluminium, gold, silver, copper, zinc and lead) and includes both surface and underground mining. Mr Hallam retired in 2011 to pursue a career as a professional non-executive director. He has held Australian and international non-executive director roles since 1997 and is a board member of unlisted public company CODA Minerals Limited. His former executive roles include Director – Operations with Fortescue Metals Group, Executive General Manager – Development &amp; Projects with Newcrest Mining Limited, Director - Victorian Operations with Alcoa and Executive General Manager - Base and Precious Metals with North Ltd. In these and previous roles Mr Hallam has held site and corporate accountability for all site functions plus sales and marketing, stakeholder management, capital projects and regulatory oversight and management for multiple mining operations. Mr Hallam is a qualified mining engineer and holds a BE (Hons) from Melbourne University and a Certificate of Mineral Economics from Curtin University. He is a Fellow of the Australian Institute of Company Directors and the Australasian Institute of Mining &amp; Metallurgy.</p>
<p><b>Maree Arnason</b> Non-Executive Director</p>	<p>Ms Arnason is an experienced director and senior executive whose career has spanned 30 years in the resources, energy and manufacturing sectors with companies including BHP, Carter Holt Harvey and Wesfarmers and has significant leadership expertise working in complex corporate and project environments with a focus on risk and reputation. Ms Arnason is a Co-Founder/Director of Energy Access Services, who operate an automated and independent Western Australian-focused wholesale gas trading platform and is a member of the Australian Securities and Investments Commission (ASIC) Director Advisory Panel. An active not-for-profit contributor for 25 years, Ms Arnason serves on CEDA's (Committee for Economic Development of Australia) WA State Advisory Council, the Juniper Board - one of WA's largest aged care community benefit organisations and is a life member and past National Director of the Australia China Business Council. Ms Arnason was recognised as one of the Top 100 Global Inspirational Women in Mining in 2018.</p>
<p><b>Roric Smith</b> Non-Executive Director</p>	<p>Dr Smith is a highly experienced geologist with extensive Australian and international experience and is currently a Non-Executive Director of Saracen Mineral Holdings Limited. Until June 2016, Dr Smith was Vice President, Discovery and Chief Geologist for Evolution, where he played a key role in leading that company's exploration efforts. Prior to joining</p>

Evolution, Dr Smith held numerous senior executive positions with the gold producer AngloGold Ashanti, including as Senior Vice President, Global Greenfield Exploration; Country Manager and Chief Representative China; Exploration Manager - North Asia Region; and Chief Geologist Australia. Dr Smith holds a B.Sc (Hons) Geology and Ph.D from the University of Natal in South Africa.

At the date of this Scheme Booklet, the key members of Sandfire's Senior Management include:

<p><b>Richard Beazley</b> Interim Chief Operating Officer</p>	<p>Mr Beazley is an experienced mining engineer with 30 years of experience. He has a strong corporate, operational and technical background in the resources industry. Mr Beazley is currently a Director of Altair Mining Consultancy. Altair provides expertise in developing and operating resource projects around the world from the board room to the work place. His former roles have included Managing Director of Peak Resources Limited, General Manager Operations at Consolidated Minerals and General Manager Southern Cross Operations at St Barbara Limited.</p> <p>Mr Beazley has held the Chief Operating Officer role on an interim basis for the past two years and will be succeeded by Jason Grace, who will commence with Sandfire in September 2019.</p>
<p><b>Jason Grace</b> Chief Operating Officer (Commencing September 2019)</p>	<p>Mr Grace is an experienced mining professional with more than 26 years of industry experience spanning Australia and the Asia-Pacific region and ranging across multiple disciplines including general management, operational management, technical leadership, project/studies management, business improvement, mineral resource evaluation, mine planning and mine geology. He was most recently Executive General Manager – Iron Ore for the leading diversified mining services group Mineral Resources Limited (ASX: MIN), where he managed the group's entire Australian iron ore business including the Yilgarn operations acquired from Cliffs Asia Pacific, the Iron Valley mine and the Kumina and Marillana projects.</p>
<p><b>Matthew Fitzgerald</b> Chief Financial Officer and Company Secretary</p>	<p>Mr Fitzgerald is a chartered accountant with extensive experience in the resources industry. He began his career in the Assurance &amp; Advisory division of KPMG, before joining ASX-listed Kimberley Diamond Company NL in 2003, where he held the position of Chief Financial Officer and Director until July 2008. Mr Fitzgerald is also the Chairman of Sandfire Resources America Inc. (TSX.V: Sandfire), which is permitting the 100% owned and leased Black Butte Copper Project. Sandfire owns 85.45% of Sandfire Resources America Inc.</p>



<p><b>Robert Klug</b></p> <p>Chief Commercial Officer and General Counsel</p>	<p>Mr Klug is an experienced commercial manager having held accounting, senior legal, corporate finance and executive management roles in his 25 plus year career. Initially trained as an auditor at KPMG, Mr Klug completed a law degree at Murdoch University and worked as a corporate lawyer in London before joining Freehills in Perth advising small and mid-cap resources companies. As a Director of Carmichael Capital Markets, the corporate finance arm of DJ Carmichael Stockbrokers, Mr Klug developed his expertise in corporate finance before moving to senior management roles within ASX listed resource companies including St Barbara Limited and Heron Resources Limited. Since joining Sandfire in 2012, Mr Klug has overseen all legal and commercial aspects of the business with specific responsibilities related to sales, marketing and ESG.</p>
<p><b>Bruce Hooper</b></p> <p>Chief Exploration and Business Development Officer</p>	<p>Mr Hooper is a registered professional geoscientist with extensive experience in the resources industry including the energy, base metal and precious metal fields in Australia, Asia, the Americas and Africa. Prior to joining Sandfire in 2012, Mr Hooper worked in a number of senior exploration, operational and business development roles for a variety of companies including BP, Rio Tinto, North Ltd, Straits Resources, Perilya Ltd and Ivernia. From October 2015 to July 2016 Mr Hooper was on secondment to the Sandfire Resources America Inc. office in Montana where he served as the Chief Executive Officer.</p>
<p><b>Shannan Bamforth</b></p> <p>General Manager Geology</p>	<p>Mr Bamforth is a geologist with over 20 years' experience in the resources industry with a focus on base metals, gold and coal. He has worked in exploration and operational roles in Australia, Africa, China and Indonesia. Prior to joining Sandfire in 2010, Mr Bamforth held various senior positions with a variety of companies including Regent Pacific Group, St Barbara Mines, AngloGold Ashanti, and Acacia Resources. He is a member of The Australian Institute of Mining and Metallurgy.</p>

## 7.8 Historical financial information

The historical financial information presented in this Section is related to Sandfire on a standalone basis and does not reflect any impact of the Scheme. It is intended to provide an overview of Sandfire's historical income statement, balance sheet and statement of cash flows and is not intended to provide the level of understanding which is available from a review of Sandfire's published financial reports, which include the full financial accounts and the notes to those accounts. Sandfire's published financial reports are available on its website ([www.sandfire.com.au](http://www.sandfire.com.au)) and the ASX's website ([www.asx.com.au](http://www.asx.com.au)).

The consolidated financial statements presented below have been extracted from Sandfire's Half Year Financial Report for the six month period ending 31 December 2018, Sandfire's Annual Financial Report for the twelve month period ending 30 June 2018 and Sandfire's Annual Financial Report for the twelve month period ending 30 June 2017. Ernst & Young issued an unqualified review conclusion on the 31 December 2018 report and an unqualified audit opinion on the 30 June 2018 and 30 June 2017 reports. The consolidated financial statements are general purpose condensed financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and have been prepared on a going concern basis.

In the period between 31 December 2018 and the date of this Scheme Booklet, there have been no items, transactions or events that would, in the opinion of the directors of Sandfire, be likely to significantly affect the operations, operational results or state of affairs of the consolidated group in future financial years other than those disclosed in subsequent filings on the ASX and as summarised below.

Consistent with ordinary processes, Sandfire expects to release its 2019 Financial Report, including full year financial statements for the period ending 30 June 2019, around the end of August 2019. Sandfire's 2019 Annual Report is scheduled for release during September 2019.

Set out below is the summarised historical consolidated income statement of Sandfire for the half-year ended 31 December 2018, along with the comparative full year financial results for year ended 30 June 2018 and 30 June 2017. To align the presentation for the consolidated income statements the presentation of the comparative 2018 and 2017 consolidated income statements have been adjusted from the audited results to reflect the change from the adoption of AASB 15 Revenue from Contracts with Customers which was effective from 1 July 2018, and therefore incorporated into the income statement for the half-year ended 31 December 2018. The adoption of AASB 15 Revenue from Contracts with Customers resulted in change to the presentation of treatment and refining expenses paid to customers and these expenses are now presented net within revenue. There was no impact to the net profit reported for either period. For comparative purposes the impact from the adoption of AASB 15 Revenue from Contracts with Customers has also been adjusted within the presented Statement of Cash flows for year ended 30 June 2018 and 30 June 2017 in the amounts of A\$36.67 million and A\$44.46 million respectively. These restated items have not been subject to audit, however have been restated in a consistent manner to that in the 31 December 2018 reviewed financial report.

(a) Consolidated Income Statement

For the period ended

	31 Dec 2018 A\$000 6 Months	30 Jun 2018 A\$000 12 Months (Audited, Restated *)	30 Jun 2017 A\$000 12 Months (Audited, Restated *)
Revenue *	272,286	570,045	488,084
Other income	77	836	2,138
Changes in inventories of finished goods and work in progress	6,268	8,123	(3,883)
Mine operations costs	(65,525)	(125,452)	(115,533)
Employee benefit expenses	(19,724)	(40,709)	(45,245)
Freight expenses *	(22,790)	(40,800)	(39,718)
Royalties expense	(13,659)	(29,896)	(24,625)
Exploration and evaluation expenses	(21,157)	(31,977)	(23,208)
Depreciation and amortisation expenses	(61,916)	(130,311)	(117,321)
Impairment expense	-	-	(360)
Administrative expenses	(3,716)	(6,094)	(6,157)
<b>Profit before net finance income and income tax expense</b>	<b>70,144</b>	<b>173,765</b>	<b>114,172</b>
Finance income	4,311	3,297	1,392
Finance expense	(1,314)	(1,521)	(5,160)
Net finance income	2,997	1,776	(3,768)
<b>Profit before income tax expense</b>	<b>73,141</b>	<b>175,541</b>	<b>110,404</b>
Income tax expense	(24,812)	(54,788)	(35,388)
<b>Net profit for the period</b>	<b>48,329</b>	<b>120,753</b>	<b>75,016</b>
<b>Attributable to:</b>			
Equity holders of the parent	49,547	123,024	77,510
Non-controlling interests	(1,218)	(2,271)	(2,494)
	<b>48,329</b>	<b>120,753</b>	<b>75,016</b>
<b>Earnings per share (EPS):</b>			
Basic and diluted EPS attributable to ordinary equity holders of the parent (cents)	31.1	77.8	49.2

Set out below is the summarised historical consolidated balance sheet of Sandfire for the half-year ended 31 December 2018 and the years ended 30 June 2018 and 30 June 2017:

(b) Consolidated Balance Sheet

As at

	31 Dec 2018 A\$000	30 Jun 2018 A\$000 (Audited)	30 Jun 2017 A\$000 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	179,022	243,367	126,743
Trade and other receivables	13,854	13,773	15,970
Inventories	40,473	33,961	26,473
Other current assets	1,273	2,680	3,006
<b>Total current assets</b>	<b>234,622</b>	<b>293,781</b>	<b>172,192</b>
Receivables	475	465	-
Inventories	11,698	11,698	11,698
Exploration and evaluation assets	24,940	24,410	21,852
Property, plant and equipment	393,982	330,619	369,016
Financial investments	13,063	9,925	1,151
<b>Total non-current assets</b>	<b>444,158</b>	<b>377,117</b>	<b>403,717</b>
<b>TOTAL ASSETS</b>	<b>678,780</b>	<b>670,898</b>	<b>575,909</b>
<b>LIABILITIES</b>			
Trade and other payables	49,397	39,898	35,478
Interest bearing liabilities	445	1,611	1,567
Income tax payable	10,745	31,203	20,460
Provisions	4,258	4,255	3,352
<b>Total current liabilities</b>	<b>64,845</b>	<b>76,967</b>	<b>60,857</b>
Trade and other payables	2,642	-	97
Interest bearing liabilities	291	239	210
Provisions	28,802	29,467	24,534
Deferred tax liabilities	26,186	32,174	48,361
<b>Total non-current liabilities</b>	<b>57,921</b>	<b>61,880</b>	<b>73,202</b>
<b>TOTAL LIABILITIES</b>	<b>122,766</b>	<b>138,847</b>	<b>134,059</b>
<b>NET ASSETS</b>	<b>556,014</b>	<b>532,051</b>	<b>441,850</b>
<b>EQUITY</b>			
Issued capital	242,535	235,415	230,733
Reserves	(2,756)	543	2,938
Retained profits	312,188	292,958	203,110
<b>Equity attributable to equity holders of the parent</b>	<b>551,967</b>	<b>528,916</b>	<b>436,781</b>
Non-controlling interest	4,047	3,135	5,069
<b>TOTAL EQUITY</b>	<b>556,014</b>	<b>532,051</b>	<b>441,850</b>

Set out below is the summarised historical consolidated statement of cash flows of Sandfire for the half-year ended 31 December 2018 and the years ended 30 June 2018 and 30 June 2017:

(c) Consolidated Statement of Cash Flows

For the period ended

	31 Dec 2018 A\$000 6 Months	30 Jun 2018 A\$000 12 Months (Audited, Restated *)	30 Jun 2017 A\$000 12 Months (Audited, Restated *)
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	31 Dec 2018 A\$000 6 Months	30 Jun 2018 A\$000 12 Months (Audited, Restated *)	30 Jun 2017 A\$000 12 Months (Audited, Restated *)
<b>Cash flows from operating activities</b>			
Cash receipts *	274,973	572,240	490,309
Cash paid to suppliers and employees *	(104,681)	(229,115)	(215,800)
Income tax paid	(50,890)	(61,259)	(27,607)
Payments for exploration and evaluation	(24,392)	(39,607)	(32,156)
Interest received	2,504	2,706	1,392
<b>Net cash inflow from operating activities</b>	<b>97,514</b>	<b>244,965</b>	<b>216,138</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation assets	(393)	(804)	(159)
Proceeds from sale of property, plant and equipment	108	705	209
Payments for property, plant and equipment, including assets under construction	(5,242)	(22,780)	(23,054)
Payments for mine properties	(123,527)	(64,695)	(59,932)
Payments for investments	(3,328)	(11,924)	(148)
Refund of security deposits and bonds	10	10	14
<b>Net cash outflow from investing activities</b>	<b>(132,372)</b>	<b>(99,488)</b>	<b>(83,070)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	1,436	-	-
Net proceeds from rights issue in subsidiary	433	2,405	1,819
Proceeds from exercise of options	-	2,268	-
Share issue costs	(109)	(95)	(129)
Repayment of borrowings	-	-	(50,000)
Repayment of finance lease liabilities	(49)	(228)	(626)
Interest and other costs of finance paid	(94)	(77)	(1,180)
Cash dividend paid to equity holders	(30,317)	(33,176)	(22,308)
<b>Net cash outflow from financing activities</b>	<b>(28,700)</b>	<b>(28,903)</b>	<b>(72,424)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(63,558)</b>	<b>116,574</b>	<b>60,644</b>
Net foreign exchange differences	(787)	50	(124)
Cash and cash equivalents at the beginning of the period	243,367	126,743	66,223
<b>Cash and cash equivalents at the end of the period</b>	<b>179,022</b>	<b>243,367</b>	<b>126,743</b>

(d) Update from Sandfire's June 2019 Quarterly Report

The following financial and operational information includes that extracted from Sandfire's unaudited June 2019 Quarterly Report released on 24 July 2019:

- (i) Production was 69,394 tonnes of contained copper and 44,455 ounces of contained gold for the 12 month period ended 30 June 2019;
- (ii) C1 unit costs were US\$0.83/lb for the 12 month period ended 30 June 2019;
- (iii) Group cash on hand as at 30 June 2019 was A\$247.4 million (unaudited); and
- (iv) Aside from minor borrowings under a bonding facility there is no other debt drawn under financing facilities and no amounts available to be drawn.

For full details refer to the June 2019 Quarterly Report available on Sandfire's website ([www.sandfire.com.au](http://www.sandfire.com.au)) and the ASX's website ([www.asx.com.au](http://www.asx.com.au)).

## 7.9 Dividend history

Sandfire does not have a dividend policy, however ordinary dividends paid since 1 July 2016 are set out in the table below.

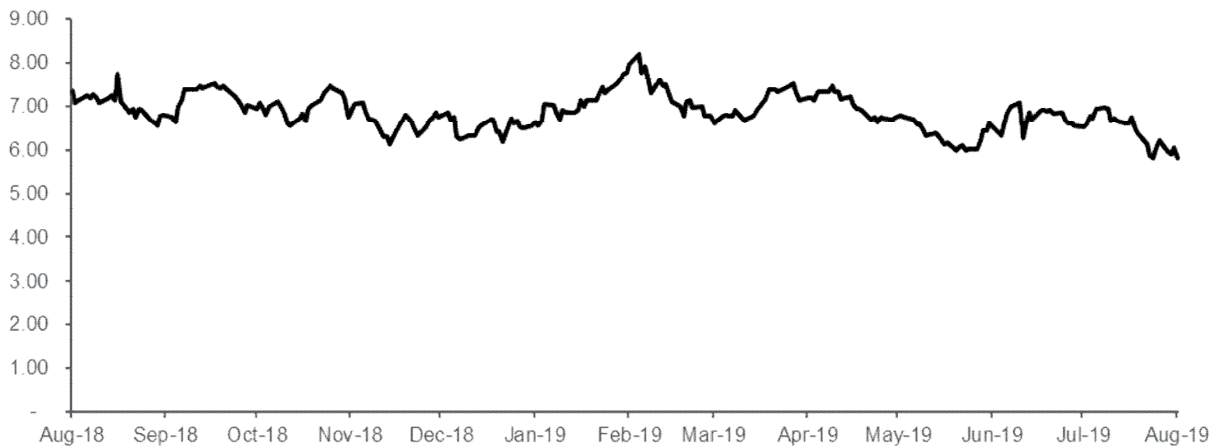
Record Date	Date of Payment	Period	Amount per share (cents)	Franked amount per share (cents)
05 Mar 2019	19 Mar 2019	2019 FY Interim	7	7
11 Sep 2018	25 Sep 2018	2018 FY Final	19	19
05 Mar 2018	20 Mar 2018	2018 FY Interim	8	8
12 Sep 2017	26 Sep 2017	2017 FY Final	13	13
07 Mar 2017	21 Mar 2017	2017 FY Interim	5	5
12 Sep 2016	26 Sep 2016	2016 FY Final	9	9

If, at its sole discretion, the directors of Sandfire decide to pay an ordinary dividend to Sandfire shareholders for the 2019 FY Final period (in an amount to be determined), Sandfire has agreed (per the SID), to use reasonable endeavours to set the dividend record date after the Implementation Date so that Scheme Participants will be entitled to any dividend, provided that the Implementation Date occurs on or prior to 15 November 2019. There is no guarantee that Sandfire will pay a dividend for FY 2019 and as to the amount of any dividend. If the Implementation Date occurs after the record date for any Sandfire dividend, MOD Shareholders receiving Sandfire Shares will not receive any Sandfire dividend.

## 7.10 Recent Sandfire Share Price Performance

The chart below shows the closing price of Sandfire shares on the ASX over the 12 month period up to (and including) 15 August 2019.





Source: IRESS

The closing price of Sandfire shares on the ASX as at the close of trading on 15 August 2019 was A\$5.82.

During the 90 trading days up to (and including) 15 August 2019:

- (a) the highest recorded daily closing price for Sandfire shares on the ASX was A\$7.52 on 10 April 2019; and
- (b) the lowest recorded daily closing price for Sandfire shares on the ASX was A\$5.82 on 15 August 2019.

The last recorded sale price for Sandfire shares on the ASX before the public announcement of the Transaction was A\$7.07 on 24 June 2019.

## 7.11 Sandfire’s securities and capital structure

As at the date of this Scheme Booklet, the total securities of Sandfire on issue were as follows:

- (a) 159,558,793 ordinary fully paid shares; and
- (b) 1,169,046 performance rights.

As at 15 August 2019, Sandfire has received the following notices of substantial shareholding:

Ordinary Fully Paid Shares	Number	Voting power (%)
Mitsubishi UFJ Financial Group	12,193,870	7.64%
Vinva Investment Management	9,510,139	5.96%
LSV Asset Management	8,061,413	5.05%
BlackRock Group	8,007,386	5.01%
Dimensional Entities	7,979,525	5.00%

At the date of this Scheme Booklet, Sandfire has granted the following performance rights to senior executives under Sandfire’s Long Term Incentive Plan:

Sandfire Performance Rights	
Performance rights vesting not earlier than 1 July 2019	410,000
Performance rights vesting not earlier than 1 July 2020	375,755

Performance rights vesting not earlier than 1 July 2021	225,542
Performance rights vesting not earlier than 1 July 2022	157,749
<b>Total Performance rights</b>	<b>1,169,046</b>

The performance rights were issued to senior executives under Sandfire's Long Term Incentive Plan. Vesting of the Rights is subject to satisfaction of performance conditions and otherwise subject to the rules of the Sandfire Long Term Incentive Plan. The performance conditions will measure Sandfire's Total Shareholder Return (TSR) performance against a comparator group of companies over the respective performance period for each tranche. Testing of the relative TSR hurdle will occur shortly after the end of the performance period, and based on the testing results, the number of Rights that vest (if any) will be determined by the Board. If the Rights vest in accordance with their terms, holders will receive one fully paid ordinary share for each vested Right. Rights that vest may be exercised without payment of an exercise price. Rights that do not vest will expire.

## 7.12 Rights attaching to Sandfire shares

### *Introduction*

The rights and liabilities attaching to the Sandfire Shares which will be issued as the consideration under the Scheme are governed by Sandfire's constitution and the Corporations Act. The key terms of Sandfire's Constitution in this regard are set out below, however this is not an exhaustive summary of all rights and liabilities attaching to Sandfire Shares. A full copy of Sandfire's constitution is available on Sandfire's website at [https://www.sandfire.com.au/site/PDF/2175\\_0/NewConstitution](https://www.sandfire.com.au/site/PDF/2175_0/NewConstitution). Sandfire is a no liability company incorporated under the Corporations Act and its sole objects are mining purposes.

### *Liability of Sandfire Shareholders*

The acceptance of a person of a share in Sandfire, whether by issue or transfer, does not require the person to pay calls in respect of the share or to make any contribution to the debts or liabilities of Sandfire. Subject to the Corporations Act, and the terms upon which the shares are issued, directors may make calls upon Sandfire Shareholders in respect of any money unpaid on their shares that is not payable at fixed times.

### *Meeting of Sandfire Shareholders and voting rights*

Each Sandfire Shareholder has the right to receive notice of, attend and vote at general meetings. No business may be transacted at a general meeting unless a quorum of Sandfire Shareholders is present and entitled to vote on the resolution. At a general meeting, every person who is a Sandfire Shareholder or a proxy, attorney or representative of a Sandfire Shareholder has one vote on a show of hands and one vote on a poll for each fully paid share held (with adjusted voting rights for partly paid shares). Voting at any general meeting of Sandfire Shareholders is by a show of hands unless a poll is demanded by the chairperson of the meeting, at least five Sandfire Shareholders entitled to vote on the resolution, or by Sandfire Shareholders with at least 5% of the votes that may be cast on the resolution on a poll.

### *Dividends*

The Sandfire Directors may from time to time pay any interim and final dividends that, in their judgment, the financial position of Sandfire justifies. Each Sandfire Share has the same dividend rights, irrespective of the amounts paid or credited as paid on the shares, subject to any special rights, arrangements or restrictions attached to the shares. Refer to Section 7.9 in respect of Sandfire's dividend history and intentions in respect of the 2019 FY Final period.

### *Transfer of shares*

Sandfire Shareholders may transfer Sandfire Shares by a written transfer in the required form or by transfer effected in accordance with the ASX Settlement Operating Rules and ASX requirements. All transfers must comply with Sandfire's constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act. The Sandfire Directors may refuse to register a transfer of shares in circumstances permitted by Sandfire's constitution, the ASX Listing Rules or the ASX Settlement Operating Rules. The

Sandfire Directors must refuse to register a transfer of shares where required to do so by the ASX Listing Rules or the ASX Settlement Operating Rules.

#### *Alteration of capital or variation of class rights*

Subject to sections 246C and 246D of the Corporations Act, a variation or cancellation of rights attached to Sandfire Shares is allowed with the written consent of either the holders of a 75% majority of the issued shares of the affected class, or the sanction of a special resolution passed at a meeting of the holders of the issued shares of the affected class.

#### *Appointment and retirement of Sandfire Directors*

The minimum number of Sandfire Directors is three, and the maximum number is to be fixed by the Sandfire Board but may not be more than 10 unless so resolved at a general meeting. The Sandfire Board may appoint any individual to be a Sandfire Director, either as an addition to the existing Sandfire Directors or to fill a casual vacancy, and any Sandfire Director so appointed (unless a managing director) holds office until the conclusion of the next annual general meeting. Apart from a managing director, no Sandfire Director may hold office without re-election beyond the third annual general meeting following the meeting at which that director was last elected or re-elected. The ASX Listing Rules also provide for circumstances in which an election of directors is to be held.

#### *Removal of Sandfire Directors*

In addition to the provisions for retirement of a Sandfire Director and in addition to the provisions of the Corporations Act regarding the removal of directors, the office of a Sandfire Director becomes vacant in certain prescribed circumstances, including if the Sandfire Director becomes unsound of mind, bankrupt or insolvent, is convicted on indictment of an offence, or if the Sandfire Director fails to attend meetings of the Sandfire Directors for more than three consecutive months without a leave of absence.

#### *Non-marketable parcels*

Sandfire Directors may sell the shares of any Sandfire Shareholder which constitute a less than marketable parcel by following certain procedures prescribed by Sandfire's constitution, including provision of notice.

#### *Winding up*

Subject to Sandfire's constitution, the Corporations Act and the rights or restrictions attached to any shares or class of shares, if Sandfire is wound up, and the property of the company is sufficient to pay all debts and liabilities of Sandfire and the costs, charges and expenses of the winding up, the excess property to be distributed must be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.

In the case of winding up, a liquidator may, with the sanction of a special resolution of Sandfire Shareholders, divide among the members the whole or party of the Sandfire's property, and decide how the division is to be carried out as between the members or different classes of members.

#### *Amendments*

Under the Corporations Act, the constitution of Sandfire may be amended only by a special resolution passed by at least three quarters of the votes cast by Sandfire Shareholders entitled to vote on the resolution. At least 28 days written notice specifying the intention to propose the resolution must be given.

## **7.13 Litigation**

At the date of this Scheme Booklet, Sandfire is not involved in any material legal disputes and is not a party to any material litigation.

## **7.14 Disclosure of interests**

Except as otherwise disclosed in this Scheme Booklet, no:

- (a) Sandfire Director or proposed director of Sandfire;
  - (b) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of Sandfire; or
  - (c) promoter, stockbroker or underwriter of Sandfire or the Merged Group,
- (together, the **Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:
- (d) the formation or promotion of Sandfire or the Merged Group;
  - (e) property acquired or proposed to be acquired by Sandfire in connection with the formation or promotion of Sandfire or the Merged Group or the offer of Sandfire Shares under the Scheme; or
  - (f) the offer of Sandfire Shares under the Scheme.

### 7.15 Disclosure of fees and other benefits

Except as otherwise disclosed in this Scheme Booklet, Sandfire has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- (a) to a director or proposed director of Sandfire to induce them to become or qualify as a director of Sandfire; or
- (b) for services provided by any Interested Person in connection with:
  - (i) the formation or promotion of Sandfire or the Merged Group; or
  - (ii) the offer of Sandfire Shares under the Scheme.

### 7.16 Continuous disclosing entity

Sandfire is an ASX-listed 'disclosing entity' subject to the periodic and continuous disclosure requirements of the ASX Listing Rules and Corporations Act. Continuous disclosure obligations require Sandfire to disclose any material price-sensitive information as that a reasonable person would expect to have a material effect on the price or value of its securities, subject to exceptions for certain confidential information or incomplete proposals.

Sandfire's recent announcements are available from its website ([www.sandfire.com.au](http://www.sandfire.com.au)) and from the ASX's website ([www.asx.com.au](http://www.asx.com.au)). Further announcements concerning developments at Sandfire will continue to be made after the date of this Scheme Booklet and will be available on these websites.

Sandfire will provide the following documents free of charge to anyone who requests them prior to the Scheme Meeting:

- (a) the annual financial report of Sandfire for the year ended 30 June 2018 (being the annual financial report most recently lodged with the ASX before lodgement of this Scheme Booklet with ASIC); and
- (b) any continuous disclosure notice given to the ASX by Sandfire since the lodgement with ASIC of the 2018 Annual Report for Sandfire referred to above and before lodgement of this Scheme Booklet with ASIC.

A list of announcements made by Sandfire to the ASX from the date of the Scheme Implementation Deed on 25 June 2019 to 15 August 2019 is included below.

Date	Subject of Announcement
15/08/2019	Change in substantial holding for ADT
09/08/2019	Becoming a substantial holder

09/08/2019	Becoming a substantial holder from MUFG
06/08/2019	2019 Diggers & Dealers Presentation
05/08/2019	Ceasing to be a substantial holder for SFR
24/07/2019	Sandfire June 2019 Quarterly Report Presentation
24/07/2019	Sandfire June 2019 Quarterly Report
23/07/2019	Becoming a substantial shareholder
12/07/2019	Sandfire Appoints New Chief Operating Officer
03/07/2019	Appendix 3B
02/07/2019	Change in substantial holding for ADT
28/06/2019	Becoming a substantial holder from CBA
27/06/2019	Becoming a substantial holder for MOD
26/06/2019	Becoming a substantial holder
25/06/2019	Sandfire to Acquire MOD Resources - Investor Presentation
25/06/2019	Sandfire to Acquire MOD Resources - Announcement

Additionally, copies of documents lodged with ASIC in relation to Sandfire may be obtained from or inspected at an ASIC service centre. Please note, ASIC may charge a fee in respect of such services.

### 7.17 Sandfire's interest in MOD Shares

At the date of this Scheme Booklet, Sandfire has a relevant interest in 31,838,393 MOD Shares, solely as a result of a support agreement between Sandfire and Metal Tiger dated 25 June 2019. The Support Agreement is annexed to Sandfire's substantial shareholder announcement released on 27 June 2019, available on Sandfire's website ([www.sandfire.com.au](http://www.sandfire.com.au)) and the ASX's website ([www.asx.com.au](http://www.asx.com.au)).

Sandfire's relevant interest in MOD corresponds to a voting power of 10.46% at the date of this Scheme Booklet. Metal Tiger has agreed to vote in favour of the Scheme in respect of 10.46% of MOD Shares currently held and MOD Shares that it will hold after the exercise of MOD Options prior to the Scheme Meeting to a maximum of 19.9% of MOD Shares in the absence of a Superior Proposal. Pursuant to the Support Agreement, Sandfire will hold a relevant interest in up to 67,686,791 Shares and a voting power of 19.9% at the date of the Scheme Meeting.

### 7.18 Other material information

Except as otherwise disclosed in this Scheme Booklet, the Sandfire Board is not aware of any information, as at the date of this Scheme Booklet, that is material to the making of a decision in relation to the Scheme which has not been previously disclosed to MOD Shareholders.

## 8. Information about the Merged Group

This Section of the Scheme Booklet contains information in relation to the Merged Group if the Scheme is implemented. Additional information is included in the Independent Expert's Report attached in Annexure 1.

### 8.1 Overview of the Merged Group

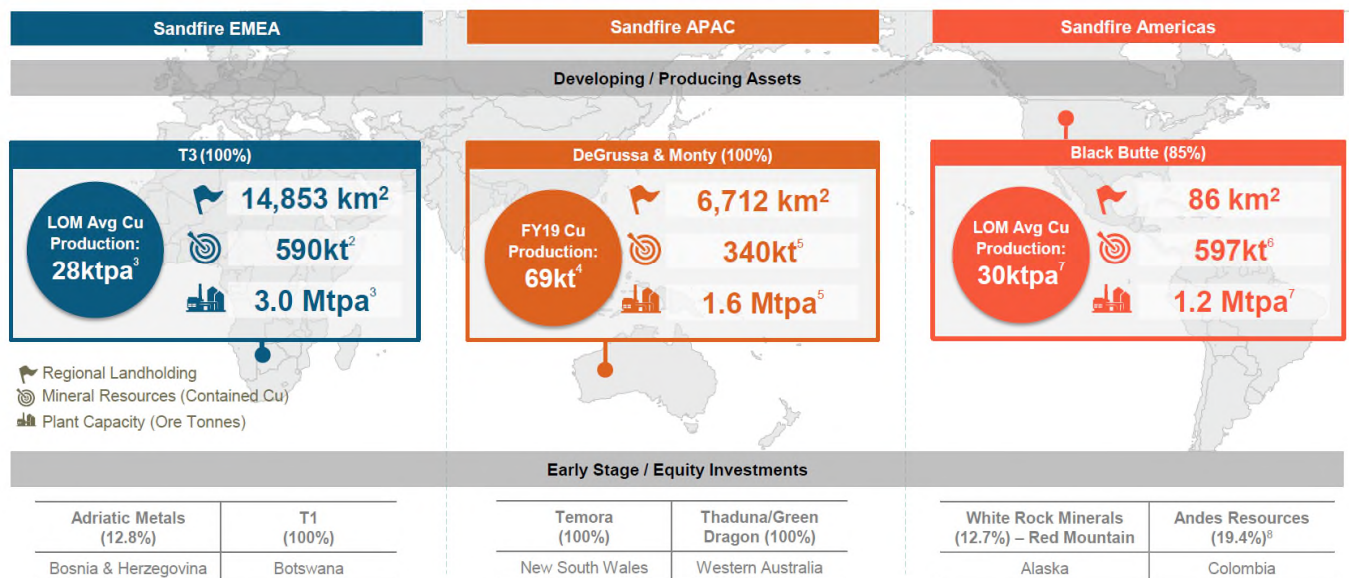
The acquisition of MOD adds the near-term T3 Project in Botswana to Sandfire's global development pipeline whilst also adding a significant landholding on the highly prospective and underexplored Kalahari Copper Belt. Sandfire is taking major steps towards diversifying its global copper development pipeline, expanding its reserve base and strengthening its exploration and growth portfolio.

Positive decisions to mine and the subsequent development of T3 and Black Butte would position Sandfire to progress towards its vision to become an international mining house, with growing production and exploration hubs spanning the world's three major time zones: Europe, Middle East and Africa (EMEA), Asia-Pacific (APAC), and the Americas.

Note:

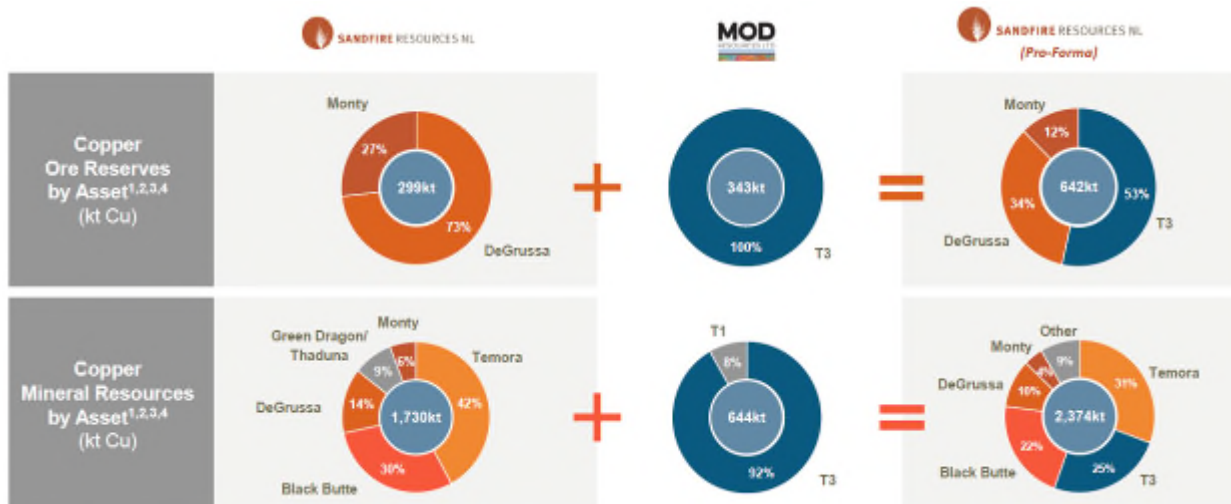
1. EMEA stands for Europe, Middle East and Africa

### The MOD Acquisition Adds the EMEA<sup>1</sup> Region to Sandfire's Global Portfolio



2. Refer to MOD 2018 Annual Report (MOD ASX Release 28 March 2019)
3. Refer to MOD T3 Feasibility Study Announcement (MOD ASX Release 28 March 2019)
4. Refer to June 2019 Quarterly Report (Sandfire ASX Release 24 July 2019)
5. Refer to DeGrussa Ore Reserve and Mineral Resource Update (Sandfire ASX Release 21 June 2019)
6. Refer to Sandfire Mineral Resources and Ore Reserves per 2018 Annual Report (Sandfire ASX Release 19 October 2018) – as at 31 December 2016, shown on a 100% basis
7. Refer to Tintina Resources Inc Updated Technical Report and Preliminary Economic Assessment (July 2013)
8. On 17 May 2019, Andes Resources Limited and Metminco Limited agreed binding terms for a merger.





**Note:**

1. Refer to DeGrussa Ore Reserve and Mineral Resource Update (Sandfire ASX Release 21 June 2019)
2. Refer to Sandfire Mineral Resources and Ore Reserves per 2018 Annual Report (Sandfire ASX Release 19 October 2018)
3. Refer to MOD Mineral Resources and Ore Reserves per 2018 Annual Report (MOD ASX Release of 28 March 2019) and MOD T3 Ore Reserve Update Announcement (MOD ASX Release 25 March 2019)
4. Excludes the potential impact of the Botswana Government exercising its option to acquire a 15% contributing interest in the project at cost at the time the mining licence is granted

## 8.2 Rationale for the Scheme

The Board of Sandfire and the Board of MOD consider the Implementation of the Scheme to offer compelling benefits for both sets of shareholders. MOD Shareholders will gain exposure to Sandfire’s development and operating expertise, strong balance sheet and a growing global portfolio of base metal development and exploration assets with the potential to deliver transformational growth for the Merged Group over the next decade.

**"A combination of SFR and MOD leverages both companies' strengths to tap the full potential of T3 and future discoveries" – Sandfire MD Karl Simich**

- BALANCE SHEET**  
Sandfire brings financial capacity to fund development and explore the Kalahari copper belt
- DEVELOPMENT EXPERIENCE**  
Sandfire developed DeGrussa on time and on budget in just over 3 years from discovery hole to first production
- OPERATIONAL EXCELLENCE**  
Consistent delivery on guidance and class leading safety, environmental and sustainability practices
- SALES AND MARKETING EXPERIENCE**  
Profitability maximisation through marketing IP and relationships
- SYSTEMS INFRASTRUCTURE**  
Systems, technology and IP across exploration, safety, mining and procurement
- PROSPECTIVE LANDHOLDING**  
11,700km<sup>2</sup> on the underexplored Kalahari copper belt<sup>1</sup>, significant intersections outside of T3, proven techniques for new discoveries
- AFRICAN EXPERIENCE**  
High quality team with significant in-country experience and relationships. Operating companies well established (Tshukudu Metals and Tshukudu Exploration)
- NEAR TERM PRODUCTION FROM T3**  
High quality copper concentrate production from the T3 project expected in 2021<sup>2</sup>, only five years since discovery

1. MOD Presentation 4 February 2019, Page 8  
2. MOD T3 Feasibility Study Announcement 28 March 2019

**Note:**

1. Refer to MOD Presentation (MOD ASX Release 4 February 2019, Page 8)
2. Refer to MOD T3 Feasibility Study Announcement (MOD ASX Release 28 March 2019)

## 8.3 Corporate structure of the Merged Group

Upon completion of the Scheme, MOD will become a wholly-owned subsidiary of Sandfire, and each of the current subsidiaries of MOD will become subsidiaries of Sandfire and form part of the Sandfire Group.

Name	Country of Incorporation	Equity Interest
Sandfire Resources America Inc.	Canada	85.45%
Sandfire BC Holdings (Australia) Pty Ltd	Australia	100.00%
Sandfire BC Holdings Inc.	Canada	100.00%
Sandfire Copper & Gold Peru S.A.	Peru	100.00%
Sandfire (RMP) Pty Ltd	Australia	100.00%
Sandfire (RMP) Inc.	United States	100.00%
Metal Capital Limited	United Kingdom	100.00%
Tshukudu Metals Botswana (Pty) Ltd	Botswana	100.00%
Metal Capital Exploration Limited	United Kingdom	70.00% <sup>1</sup>
Tshukudu Exploration Botswana (Pty) Ltd	Botswana	100.00%
MOD Resources (Botswana) Pty Ltd	Australia	100.00%
MOD Resources Botswana (Pty) Ltd	Botswana	100.00%
MOD Resources (NZ) Pty Ltd	Australia	100.00%
Sams Creek Gold Limited	New Zealand	100.00%

<sup>1</sup> Equity Interest to be 100% upon completion of the acquisition by MOD of Metal Tiger's 30% interest in MCEL.

## 8.4 Board and Management of the Merged Group

Following the implementation of the Scheme, there will be no change to the Sandfire Board (as described in Section 7.7).

Mr Karl Simich will remain the Managing Director and Chief Executive Officer of Sandfire, and Mr Julian Hanna will continue to be a key member of the management team developing the assets in Botswana.

Detailed profiles of the senior management teams of both Sandfire and MOD can be viewed in Sections 6.5 and 7.7 of this Scheme Booklet.

## 8.5 Sandfire's intentions in respect of the Merged Group

The Sandfire Board's current intentions for the business and employees of the Merged Group are set out below. The following statements are based on facts and information known to Sandfire at the time of preparing this Scheme Booklet that concern Sandfire and MOD as well as the general business environment.

### (a) Corporate matters

In accordance with the Scheme Implementation Deed, if the Scheme is implemented, MOD will apply to the ASX and the UKLA and LSE to have MOD removed from the official list of ASX and LSE, and for quotation of MOD Shares on the ASX and LSE to be terminated, with effect on and from the close of trading (ASX) and market opening (LSE) on the trading day immediately following, or shortly after, the Implementation Date. MOD will become a wholly owned subsidiary of Sandfire and MOD's corporate structure is otherwise expected to remain largely intact.

### (b) Continuation of Sandfire and MOD businesses

Sandfire intends that the Merged Group will continue to operate and develop the businesses of Sandfire and MOD in substantially the same manner as they are currently operated respectively by Sandfire and MOD.

Sandfire does not intend to make any major changes in respect of the operation of the Tshukudu Metals, Tshukudu Exploration and MOD Botswana businesses that will be owned by the Merged Group.

The Merged Group will conduct a review of MOD's T3 Feasibility Study following implementation of the Scheme to evaluate opportunities to further optimise the project in order to maximise shareholder value.

Sandfire intends to aggressively explore the prospective Kalahari region held by Tshukudu Exploration to drill test further copper targets to discover new value-accretive copper orebodies and unlock the regional copper potential. Sandfire is in a strong financial position with internal positive operating cash flow to fund development and exploration opportunities across its portfolio. The Merged Group will also have the capacity to consider other potential acquisition and funding opportunities that it believes are complementary to, and benefit, its assets and operations.

(c) Employees

Sandfire intends to retain the experience and strong in-country stakeholder relations of the MOD team. Sandfire and certain key management personnel from MOD have agreed to specific arrangements regarding their employment following the Implementation of the Scheme.

Sandfire will procure the resignation of those non-executive directors of MOD who hold directorships on the Board of MOD or the boards of MOD's subsidiaries as soon as practicable after the Implementation of the Scheme. Further, Sandfire intends to amend the composition of those subsidiary boards to reflect the new ownership and senior management structure of the Sandfire Group.

Sandfire's key management personnel, supported by the technical services group, will support the T3 feasibility team through the optimisation of the T3 project. Overall accountability for the project will lie with Jason Grace who will fulfil the role of Chief Operating Officer of the Sandfire Group from late September 2019.

## 8.6 Capital Structure

### Sandfire Shares

The potential effect of the Implementation of the Scheme on Sandfire's capital structure is summarised in the table below based on the following scenarios:

- (a) Maximum Cash Consideration: based on maximum cash consideration of A\$41.6 million paid as per the Scheme Implementation Deed; and
- (b) Nil Cash Elections: based on nil elections to receive cash consideration per the Scheme Implementation Deed.

Sandfire Shares	(a) Maximum Cash Consideration	(b) Nil Cash Elections
At the date of this Scheme Booklet	159,558,793	159,558,793
Issued as Scheme Consideration	18,451,735	24,590,046
<b>Pro-Forma</b>	<b>178,010,528</b>	<b>184,148,839</b>

Note: Rounding applied where required.

### Pro Forma Ownership

Based on the above scenarios, shareholders of MOD will hold between 10.4% and 13.4% of the Sandfire on a pro forma basis.

### Performance Rights

A detailed summary of the Sandfire performance rights is provided in Section 7 of this Scheme Booklet.

## 8.7 Pro-forma financial information in relation to the Merged Group

This Section 8.7 contains the historical and pro-forma historical financial information (**Historical and Pro-forma Historical Financial Information**) comprising:

- (a) The historical consolidated statement of financial positions of Sandfire as at 31 December 2018;
- (b) The historical consolidated statement of financial position of MOD as at 31 December 2018; and
- (c) The pro-forma historical consolidated statement of financial position for the Merged Group at 31 December 2018 (**Pro-forma Historical Financial Information**).

### Basis of preparation

The historical consolidated statement of financial position of Sandfire, has been derived from Sandfire's Half Year Financial Report for the six month period ended 31 December 2018, which was reviewed by Ernst & Young. Ernst & Young issued an unmodified limited assurance conclusion in relation to the Half Year Financial Report for the six month period ended 31 December 2018.

The historical consolidated statement of financial position of MOD, has been derived from MOD's 2018 Annual Financial Report for the year ended 31 December 2018, which was audited by Grant Thornton. Grant Thornton issued an unmodified audit opinion in relation to the Annual Financial Report for the year ended 31 December 2018.

The historical consolidated statements of financial position of Sandfire and MOD as at 31 December 2018 have been prepared in accordance with the recognition and measurement principals contained in Australian Accounting Standards (AAS).

The Pro-forma Historical Financial Information has been derived from the historical consolidated statements of financial position of Sandfire and MOD as at 31 December 2018 adjusted for the effects of certain events and transactions (the **Pro-Forma Adjustments**) as if those events and transactions had occurred at 31 December 2018. The Pro Forma Adjustments relate to the implementation of the Scheme (including the Option Cancellation Deeds).

The Pro Forma Historical Financial Information is provided for illustrative purposes only and is prepared on the assumption that the above events occurred on 31 December 2018. Due to its nature, the Pro Forma Historical Financial Information does not represent Sandfire's or the Merged Group's actual or prospective financial position.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS, other than that it includes adjustments, which have been prepared in a manner consistent with AAS, that reflect the impact of the Pro Forma Adjustments as if they occurred as at 31 December 2018.

The Historical and Pro Forma Historical Financial Information is presented in an abbreviated form and does not contain all of the presentation, comparative information and disclosures that are usually provided in an annual financial report prepared in accordance with the Corporations Act.

The Pro Forma Historical Financial Information presented in this Section 8.7 should be read in conjunction with the risk factors set out in Section 9 and other information contained in this Scheme Booklet.

Amounts in this Section 8.7 have been rounded to the nearest A\$1,000.

The Pro-forma Historical Financial Information should be read in conjunction with the accounting policies detailed in Sandfire's Annual Report for the year ended 30 June 2018 and Half Year Financial Report for the six month period ended 31 December 2018. A preliminary assessment has not identified any material differences between the accounting policies adopted by Sandfire and the accounting policies adopted by MOD prior to the merger, except for the accounting policy for exploration and evaluation costs. Specifically, exploration and evaluation costs incurred post acquisition on areas of interest which have not reached a level which permits a reasonable assessment of the existence or otherwise of economically recoverable ore reserves, are capitalised by MOD until such time as the assessment of the recoverability of the capitalised costs can be performed. Sandfire does not capitalise post acquisition exploration and evaluation costs until

commercial viability can be proven. This difference in accounting policy does not affect the Pro-forma Historical Financial Information as the exploration and evaluation assets of MOD will be recognised by the Merged Group as acquired exploration and evaluation assets.

The historical financial information in relation to Sandfire and MOD has been prepared in accordance with AAS in effect at the relevant reporting dates. AASB 16 *Leases* (AASB 16) was adopted by MOD effective from 1 January 2019 and by Sandfire effective from 1 July 2019. The historical consolidated statement of financial positions of Sandfire and MOD as at 31 December 2018 do not incorporate the impact of adoption of this new accounting standard. Sandfire adopted AASB 16 at 1 July 2019, being the date of initial application, using the modified retrospective approach and will recognise right of use assets at an amount equal to the lease liabilities at the date of initial application. Adoption of AASB 16 by Sandfire as at 1 July 2019 is expected to result in an increase in the reported right of use assets and lease liabilities of Sandfire at that date by approximately \$25 million. As at 1 January 2019, the adoption of AASB 16 did not have a significant impact on the financial statements of MOD.

A copy of the Sandfire Half Year Financial Report for the period ended 31 December 2018 and Annual Report for the year ended 30 June 2018 can be found on Sandfire's website ([www.sandfire.com.au](http://www.sandfire.com.au)) and a copy of the MOD Annual Report for the year ended 31 December 2018 can be found on MOD's website ([www.modresources.com.au](http://www.modresources.com.au)) with both also available on the ASX's website ([www.asx.com.au](http://www.asx.com.au)).

#### Historical and Pro-forma Historical financial information

Under the Scheme, Sandfire will acquire all the MOD Shares held by Scheme Participants for the Scheme Consideration. In this regard, Sandfire is offering scrip consideration of 0.0664 Sandfire shares for every 1 MOD Share held. MOD Shareholders (other than European Shareholders, Ineligible Foreign Shareholders and UMP Shareholders) may make an election to instead receive cash consideration of A\$0.45 per MOD Share up to a maximum aggregate cash consideration of A\$41.6 million.

For illustrative purposes, the Pro-forma Historical Financial Information has been presented below based on the following two scenarios:

- (i) Maximum Cash Consideration: based on maximum cash consideration of A\$41.6 million paid as per the Scheme Implementation Deed; and
- (ii) Nil Cash Elections: based on nil elections to receive cash consideration per the Scheme Implementation Deed.

#### (d) Pro-forma Historical Financial Information – Maximum Cash Consideration

A\$000	Sandfire Historical Reviewed	MOD Historical Audited	Notes	Pro Forma Adjustments	Merged Group Pro Forma Historical
<b>ASSETS</b>					
Cash and cash equivalents	179,022	5,038	A	(42,600)	141,460
Trade and other receivables	13,854	832		-	14,686
Inventories	40,473	-		-	40,473
Other current assets	1,273	798		-	2,071
<b>Total current assets</b>	<b>234,622</b>	<b>6,668</b>		<b>(42,600)</b>	<b>198,690</b>
Receivables	475	-		-	475
Inventories	11,698	-		-	11,698
Exploration and evaluation assets	24,940	41,111	A	108,306	174,357
Property, plant and equipment	393,982	2,810		-	396,792
Financial investments	13,063	-		-	13,063
Other non-current assets	-	37		-	37



A\$000	Sandfire Historical Reviewed	MOD Historical Audited	Notes	Pro Forma Adjustments	Merged Group Pro Forma Historical
<b>Total non-current assets</b>	<b>444,158</b>	<b>43,957</b>		<b>108,306</b>	<b>596,421</b>
<b>TOTAL ASSETS</b>	<b>678,780</b>	<b>50,626</b>		<b>65,706</b>	<b>795,112</b>
<b>LIABILITIES</b>					
Trade and other payables	49,397	3,257	B	5,000	57,654
Interest bearing liabilities	445	-		-	445
Income tax payable	10,745	-		-	10,745
Provisions	4,258	235		-	4,493
Metal Tiger contributions	-	439		-	439
<b>Total current liabilities</b>	<b>64,845</b>	<b>3,931</b>		<b>5,000</b>	<b>73,776</b>
Trade and other payables	2,642	11		-	2,653
Interest bearing liabilities	291	-		-	291
Provisions	28,802	-		-	28,802
Deferred tax liabilities	26,186	-		-	26,186
<b>Total non-current liabilities</b>	<b>57,921</b>	<b>11</b>		<b>-</b>	<b>57,932</b>
<b>TOTAL LIABILITIES</b>	<b>122,766</b>	<b>3,942</b>		<b>5,000</b>	<b>131,708</b>
<b>NET ASSETS</b>	<b>556,014</b>	<b>46,684</b>		<b>60,706</b>	<b>663,404</b>
<b>EQUITY</b>					
Issued capital	242,535	111,411	A,C	(4,021)	349,925
Reserves	(2,756)	4,021	C	(4,021)	(2,756)
Retained profits	312,188	(68,700)	A,C	68,700	312,188
<b>Equity attributable to equity holders of the parent</b>	<b>551,967</b>	<b>46,732</b>		<b>60,657</b>	<b>659,357</b>
Non-controlling interests	4,047	(49)	D	49	4,047
<b>TOTAL EQUITY</b>	<b>556,014</b>	<b>46,684</b>		<b>60,706</b>	<b>663,404</b>

(d) Pro-forma Historical Financial Information – Nil Cash Elections

A\$000	Historical Sandfire Reviewed	Historical MOD Audited	Notes	Pro Forma Adjustments	Merged Group Pro Forma Historical
<b>ASSETS</b>					
Cash and cash equivalents	179,022	5,038	A	(1,000)	183,060
Trade and other receivables	13,854	832		-	14,686
Inventories	40,473	-		-	40,473
Other current assets	1,273	798		-	2,071
<b>Total current assets</b>	<b>234,622</b>	<b>6,668</b>		<b>(1,000)</b>	<b>240,290</b>
Receivables	475	-		-	475
Inventories	11,698	-		-	11,698



A\$000	Historical Sandfire Reviewed	Historical MOD Audited	Notes	Pro Forma Adjustments	Merged Group Pro Forma Historical
Exploration and evaluation assets	24,940	41,111	A	102,431	168,482
Property, plant and equipment	393,982	2,810		-	396,792
Financial investments	13,063	-		-	13,063
Other non-current assets	-	37		-	37
<b>Total non-current assets</b>	<b>444,158</b>	<b>43,957</b>		<b>102,431</b>	<b>590,546</b>
<b>TOTAL ASSETS</b>	<b>678,780</b>	<b>50,626</b>		<b>101,431</b>	<b>830,837</b>
<b>LIABILITIES</b>					
Trade and other payables	49,397	3,257	B	5,000	57,654
Interest bearing liabilities	445	-		-	445
Income tax payable	10,745	-		-	10,745
Provisions	4,258	235		-	4,493
Metal Tiger contributions	-	439		-	439
<b>Total current liabilities</b>	<b>64,845</b>	<b>3,931</b>		<b>5,000</b>	<b>73,776</b>
Trade and other payables	2,642	11		-	2,653
Interest bearing liabilities	291	-		-	291
Provisions	28,802	-		-	28,802
Deferred tax liabilities	26,186	-		-	26,186
<b>Total non-current liabilities</b>	<b>57,921</b>	<b>11</b>		<b>-</b>	<b>57,932</b>
<b>TOTAL LIABILITIES</b>	<b>122,766</b>	<b>3,942</b>		<b>5,000</b>	<b>131,708</b>
<b>NET ASSETS</b>	<b>556,014</b>	<b>46,684</b>		<b>96,431</b>	<b>699,129</b>
<b>EQUITY</b>					
Issued capital	242,535	111,411	A,C	31,704	385,650
Reserves	(2,756)	4,021	C	(4,021)	(2,756)
Retained profits	312,188	(68,700)	A,C	68,700	312,188
<b>Equity attributable to equity holders of the parent</b>	<b>551,967</b>	<b>46,732</b>		<b>96,382</b>	<b>695,082</b>
Non-controlling interests	4,047	(49)	D	49	4,047
<b>TOTAL EQUITY</b>	<b>556,014</b>	<b>46,684</b>		<b>96,431</b>	<b>699,129</b>

Notes to Pro Forma Adjustments

*Note A – Acquisition of MOD by Sandfire*

This adjustment reflects the acquisition of MOD by Sandfire in accordance with the Scheme Implementation Deed. For the purposes of preparing the Pro-forma Historical Financial Information, the transaction has been accounted for as an asset acquisition. For the purpose of the pro forma financial information, the transaction has been measured with reference to the estimated fair value of the Scheme Consideration.

The estimated fair value of the Scheme Consideration has been calculated as follows:

Scenario	(a) Maximum Cash Consideration	(b) Nil Cash Elections
Fully paid ordinary MOD Shares at date of Scheme Booklet	304,286,230	304,286,230
MOD Shares to be issued to Metal Tiger on conversion of Metal Tiger's zero strike price options	40,673,566	40,673,566
MOD Shares to be issued to Metal Tiger in relation to the JV Consolidation Option	22,322,222	22,322,222
MOD Shares to be issued in settlement of the vested MOD Performance Rights <sup>1</sup>	3,050,000	3,050,000
<b>Projected MOD Shares on issue at the Implementation Date</b>	<b>370,332,018</b>	<b>370,332,018</b>
Less: MOD Shares Acquired for Cash Consideration <sup>2</sup>	(92,444,444)	-
<b>Projected MOD Shares to be acquired via scrip consideration</b>	<b>277,887,574</b>	<b>370,332,018</b>
Exchange Ratio	0.0664	0.0664
<b>Projected new Sandfire shares to be issued</b>	<b>18,451,735</b>	<b>24,590,046</b>
Sandfire Last Close Price on 15 August 2019 (A\$)	5.82	5.82
<b>Value of Sandfire shares to be issued (A\$)</b>	<b>107,389,097</b>	<b>143,114,068</b>
Value of cash consideration paid (A\$)	41,600,000	-
<b>Value of Scheme Consideration (A\$)</b>	<b>148,989,097</b>	<b>143,114,068</b>

<sup>1</sup> Under the terms of the MOD Employee Incentive Plan in relation to MOD Performance Rights and Employee options, where a change of control event has occurred or, in the opinion of the MOD Board will occur all granted MOD Performance Rights which have not yet vested or lapsed shall automatically and immediately vest.

<sup>2</sup> Being the maximum cash consideration of A\$41.6 million divided by the offer price of A\$0.45 per MOD Share.

Transaction costs to be incurred by Sandfire in relation to advisory fees, legal fees, expert fees and other transaction related expenses are estimated to be A\$5 million (see Note B). As the basis of the pro-forma is an asset acquisition, these costs have been added to the estimated Scheme Consideration to determine the total cost of the acquisition.

In accordance with the Option Cancellation Deeds Sandfire will pay A\$1.0 million to Optionholders for the buyback and cancellation of MOD Options. It is assumed that the payment to be made by Sandfire to buyback the MOD Options represents the fair value of the MOD Options at the Scheme Implementation Date and this cost has also been added to the estimated cost of the acquisition. Under both scenario A and scenario B the pro forma adjustment to cash and cash equivalents includes the A\$1.0 million payment to the MOD Optionholders.

Based on asset acquisition accounting, the total cost of the acquisition is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the acquisition date.

The estimated total cost of the acquisition has been allocated to the net assets as follows (rounded to the nearest thousand):

Scenario	(a) Maximum Cash Consideration A\$	(b) Nil Cash Elections A\$
Estimated value of Scheme Consideration	148,989,000	143,114,000
MOD option buy back payment	1,000,000	1,000,000
Estimated transaction costs	5,000,000	5,000,000
<b>Estimated total cost of acquisition</b>	<b>154,989,000</b>	<b>149,114,000</b>

Scenario	(a) Maximum Cash Consideration A\$	(b) Nil Cash Elections A\$
<b>Allocated as follows (provisional):</b>	-	-
Cash <sup>1</sup>	5,038,000	5,038,000
Exploration and evaluation assets <sup>2, 3</sup>	149,417,000 <sup>2</sup>	143,542,000 <sup>3</sup>
Property, plant and equipment <sup>1</sup>	2,810,000	2,810,000
Other assets and liabilities <sup>1</sup>	(2,276,000)	(2,276,000)
<b>Total net assets</b>	<b>154,989,000</b>	<b>149,114,000</b>

<sup>1</sup> For the purposes of preparing the Pro-forma Historical Financial Information it is assumed that other than exploration and evaluation assets, that all other assets and liabilities in the historical consolidated statement of financial position of MOD as at 31 December 2018 have a fair value equivalent to their carrying value.

<sup>2</sup> The uplift in the carrying value of exploration and evaluation assets for Scenario (a) amounts to A\$108,306,000, being the difference between the cost allocated to exploration and evaluation assets above and the carrying value of these assets at 31 December 2018.

<sup>3</sup> The uplift in the carrying value of exploration and evaluation assets for Scenario (b) amounts to A\$102,431,000, being the difference between the cost allocated to exploration and evaluation assets above and the carrying value of these assets at 31 December 2018.

The allocation of the total cost of acquisition to the net assets of MOD has been determined on a provisional basis. The actual cost of the acquisition will be determined at the acquisition date. Subsequent to the Implementation of the Scheme, Sandfire will perform a full analysis of the accounting treatment of the acquisition under AAS. This exercise may give rise to material differences in value and may result in values being attributed to other assets and liabilities on the pro forma consolidated balance sheet.

#### *Note B - Accrual of estimated transaction costs to be incurred by Sandfire*

This adjustment recognises an accrual for Sandfire's estimated transaction costs of A\$5 million in relation to the Scheme. See Note A.

#### *Note C - Elimination of MOD's pre-acquisition contributed equity*

This adjustment eliminates MOD's pre-acquisition equity, reserves and retained earnings at 31 December 2018.

#### *Note D - Elimination of Metal Tiger interest in MCEL*

This adjustment eliminates the non-controlling interest (NCI) reflected in the historical consolidated statement of financial position of MOD as at 31 December 2018 following the exercise of the JV Consolidation Option. The NCI at 31 December 2018 relates to Metal Tiger's 30% interest in MCEL, a controlled entity of MOD.

#### Transactions not included in the Pro-forma Adjustments

As at 31 December 2018, MOD had an unrecognised deferred tax asset relating to income tax losses in Australia amounting to A\$3,722,234. After the Implementation of the Scheme, MOD and its 100% owned Australian subsidiaries will join the Sandfire tax consolidated group. A detailed analysis of the consequences of joining the Sandfire tax consolidated group will be undertaken following implementation of the Scheme. No deferred tax asset has been recognised for MOD tax losses in the Pro-forma Historical Financial Information.

At the date of this Scheme Booklet, Sandfire has a relevant interest in 31,838,393 MOD Shares solely as a result of a support agreement between Sandfire and Metal Tiger dated 25 June 2019. The relevant interest in the MOD Shares has no impact on the Pro-forma Historical Financial Information as prior to the Implementation Date, Metal Tiger is still the legal and beneficial owner of these shares.

Several matters have occurred, and will continue to occur, since the date of the pro forma consolidated balance sheet that would otherwise impact the pro forma consolidated balance sheet. These matters include:

- Operating cash flows generated by Sandfire during the ordinary course of its operations. During the six months ending 30 June 2019, Sandfire's group balance of cash and cash equivalents increased by approximately A\$68 million.
- The increase in Sandfire's stake in Adriatic Metals Plc (ASX: ADT) from 7.65% to 12.78% through the on-market purchase of Adriatic's shares.

- MOD Share placement and rights issue post 31 December 2018 which have raised approximately A\$15.1 million in cash before costs.

During the six months ending 30 June 2019, MOD's balance of cash and cash equivalents increased by approximately A\$3 million as a result of the share placement partially offset by T3 Feasibility study expenditure, exploration and corporate cost. MOD's expenditure in relation to the T3 Project, exploration activities, staff cost and corporate activities for the six months ended 30 June 2019 (including transaction related costs) was approximately A\$9.8 million.

## 8.8 Financial forecasts

Each of the Sandfire Board and the MOD Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group, other than Sandfire's production, capex and cash costs for FY2020 and the general overview of the strategy and financial profile of the Merged Group set out in this Scheme Booklet. Each of the Sandfire Board and the MOD Board has concluded that such forecast financial information has the potential to be misleading and a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to either set of shareholders.

## 9. Risk factors

### 9.1 Introduction

If the Scheme is implemented, MOD Shareholders (other than those MOD Shareholders who make a cash election, Ineligible Foreign Shareholders and Shareholders who hold an unmarketable parcel who do not, or are unable to, make an election (refer to Section 5)) will be entitled to receive Scrip Consideration. The value of Sandfire Shares will be influenced by a number of factors, many of which will be beyond the control of the management of the Merged Group.

Some of these risks are either related to the resources sector generally or already affect the MOD business which will form part of the Merged Group and are therefore risks to which MOD Shareholders already have some exposure. There are however, a number of risks which will be new or potentially greater in impact than is currently the case in relation to MOD alone.

The risk factors presented in this Section are not an exhaustive list of all risks and risk factors related to MOD, the Merged Group or the Scheme. Additional risks and uncertainties not currently known to Sandfire or MOD may also have an adverse impact on MOD, the Merged Group's business or the Scheme.

This Section does not take into account the investment objectives, financial situation, position or particular needs of MOD Shareholders. Each MOD Shareholder should consult their legal, financial, taxation or other professional adviser if they have any queries.

### 9.2 Risks related to the Scheme

- (a) The Sandfire Shares issued in connection with the Scheme may have a market value different than expected

Pursuant to the Scheme, each Scheme Participant (other than those MOD Shareholders who make a cash election, Ineligible Foreign Shareholders and Shareholders who hold an unmarketable parcel who do not, or are unable to, make an election) will be entitled to receive Scrip Consideration. The implied value of the Scheme Consideration will depend on the price at which the Sandfire Shares trade on the ASX after the Effective Date and is not fixed.

Further, for Ineligible Foreign Shareholders and Non-Electing UMP Shareholders, there is no guarantee as to the price at which Sandfire Shares may be sold by the Sale Agent in accordance with Section 5 (or the timing).

The price of Sandfire Shares, following implementation of the Scheme, will vary and may be volatile as a result of a number of factors, including the financial and operating performance of Sandfire and general market conditions.

- (b) Completion of the Scheme is subject to various conditions that must be satisfied or waived

Completion of the Scheme is subject to a number of conditions. There can be no certainty, nor can MOD provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. In addition, there are a number of other conditions precedent to the Scheme which are outside the control of MOD and Sandfire, including, but not limited to, the receipt of approvals from Botswana regulatory approvals from the Minister for Mines and the Botswana Competition Authority, approval of the Scheme by the Requisite Majority of MOD Shareholders and approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date (see Section 0).

If for any reason the conditions to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of MOD Shares may be adversely affected.

- (c) The Scheme Implementation Deed may be terminated by MOD or Sandfire in certain circumstances, in which case MOD may not be able to solicit an alternative transaction

Each of MOD and Sandfire has the right to terminate the Scheme Implementation Deed in certain circumstances. Accordingly, there is no certainty that the Scheme Implementation Deed will not be terminated by either MOD or Sandfire before the implementation of the Scheme.

If the Scheme Implementation Deed is terminated, there is no assurance that the MOD Board will be able to find a party willing to pay an equivalent or greater price for MOD Shares than the price to be paid pursuant to the terms of the Scheme Implementation Deed.

(d) The issuance of Sandfire Shares could adversely affect the market price of Sandfire Shares

If the Scheme is implemented, a number of additional Sandfire Shares will be available for trading in the public market. The increase in the number of Sandfire Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Sandfire Shares.

For example, the Sale Agent will sell various Sandfire Shares on behalf of the Ineligible Foreign Shareholders and Non-Electing UMP Shareholders (as described in Section 5) in the period immediately following implementation of the Scheme, which may impact on the market price of Sandfire Shares.

(e) Tax consequences for Scheme Participants

If the Scheme is successfully implemented, there may be tax consequences for Scheme Participants. The tax consequences for Scheme Participants will vary depending on a number of factors, including their place of residence for tax purposes and their individual tax circumstances.

A summary of the general Australian income tax, transfer duty and GST consequences for MOD Shareholders participating in the Scheme is set out in Section 11. MOD Shareholders are encouraged to seek independent professional advice regarding the individual tax consequences applicable to them.

MOD Shareholders who are not resident in Australia should seek their own independent tax advice on the tax consequences, in their country of residence, of the Scheme as Section 11 is limited to the Australian tax consequences for MOD Shareholders.

(f) Integration risks

There are risks associated with conducting the business activities and operations previously operated by a different entity. While Sandfire expects that value can be added for shareholders of Sandfire by acquiring all shares in MOD, the risk exists that any integration or strategy implementation may take longer than expected or may incur additional costs so that the full benefits of the Acquisition are only achieved in part or not at all. This may impact Sandfire's financial performance.

(g) Accounting treatment of MOD Group assets in the Merged Group

Following implementation of the Scheme, the Merged Group will be required to perform a fair value assessment of all of the assets and liabilities of the Merged Group, including tangible and intangible assets, which may differ from the preliminary assessments noted in Section 8.7. As a result of that fair value assessment, the Merged Group's charges (for example, depreciation expense and amortisation expense) and asset carrying values may be substantially different to the corresponding charges and asset carrying values applied by MOD and Sandfire as stand-alone entities and, to that extent, may impact upon the future financial performance and financial results of the Merged Group.

The Merged Group will also be subject to risks arising as a result of any future changes in accounting policies applied by the Merged Group which may have an adverse impact on the Merged Group.

Changes to accounting standards may also adversely affect the Merged Group's reported earnings performance in any given reporting period and its consolidated statement of financial position from time to time.

### 9.3 Risks related to MOD if the Scheme does not proceed

(a) Capital and cash flow requirements



The MOD Group's current Work Program consists of taking a development decision on the T3 Project, which has a capital cost of US\$182 million before taking into consideration working capital and cost overrun facilities that will be required by funding institutions.

Working capital will be significantly depleted and MOD will need to raise further capital to fund short term working capital requirements. MOD will need to recommence the process to attempting to secure project funding for the development of the T3 Project. The lack of capital may defer the approval of the grant of a mining licence for the T3 Project.

Any additional equity funding may be dilutive to MOD Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit MOD's operations and business strategy. Whilst progress has been made to attain funding, no assurances can be given that appropriate capital or funding, if and when needed, will be available on terms favourable to MOD or at all.

The MOD Group also has overheads and operational expenditure, including salaries, office rental, insurance, supplies, travel costs and advisers and other third-party service providers.

(b) Continued significant single commodity exposure

The MOD Group's future anticipated revenues from operations will primarily be derived from the sale of copper and silver, particularly copper. Consequently, any future earnings are likely to be closely related to the price of copper.

Copper prices are affected by numerous factors beyond the MOD Group's control, including international economic and political conditions, levels of supply and demand, inventory levels maintained by producers and others, actions of central banks, interest rates, expectations of the future rates of inflation, the cost of copper production in major copper producing nations, the strength of, and confidence in, USD (the currency in which the price of copper is generally quoted) and relative to other currencies, and participants in the commodities markets and the effects of inventory carrying costs and currency exchange rates.

Material and/or prolonged declines in the market price of copper products could have a material adverse effect on the MOD Group's business, results of operations and financial condition and the price of MOD Shares.

(c) Transaction costs

Sandfire estimates that it will have incurred or committed transaction costs of approximately A\$2 million prior to the Scheme Meeting. These costs will be payable regardless of whether or not the Scheme is implemented.

MOD estimates that it will have incurred or committed transaction costs of approximately A\$860,000 (excluding GST) prior to the Scheme Meeting. These costs will be payable regardless of whether or not the Scheme is implemented. In addition, MOD may be liable to pay the MOD Break Fee (A\$1,660,000) to Sandfire. For further details in relation to the MOD Break Fee, see Section 12.17.

(d) Potential operating cost increases at the T3 Project

By its nature, the T3 Feasibility Study may not accurately reflect the true costs of operating the T3 Project due to a number of factors, including but not limited to:

- (i) changes in the regulatory environment;
- (ii) non-performance by third party consultants and contractors;
- (iii) inability to attract and retain a sufficient number of qualified and unqualified workers;
- (iv) changes in environmental compliance requirements;
- (v) unfavourable weather conditions;
- (vi) increases in extraction costs including energy, material and labour costs;

- (vii) lack of availability of mining equipment and other exploration services;
  - (viii) shortages or delays in obtaining critical mining and processing equipment;
  - (ix) catastrophic events such as fires, storms or explosions; and
  - (x) construction, procurement and/or performance of the processing plant and ancillary operations falling below expected levels of output or efficiency.
- (e) The Directors believe that if the Scheme does not proceed, the price of a MOD Share may fall below its recent trading price, in the absence of a Superior Proposal

The market price of a company's publicly traded securities is affected by many variables, some of which are not directly related to MOD. Price fluctuations in MOD's Share price could result from national and global economic and financial conditions, the market's response to the Scheme, changes in copper and silver prices, market perceptions of MOD, regulatory changes affecting MOD's operations, variations in MOD's operating results, business development of MOD or its competitors and liquidity of financial markets. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of MOD Shares in the future if the Scheme does not proceed.

The trading price of a MOD Share rose by approximately 30% following the announcement of the Scheme on the Announcement Date (based on the closing price of MOD Shares on ASX on the Pre-Announcement Date and the Announcement Date).

Your Directors believe that if the Scheme is not approved and no Superior Proposal emerges it is likely that the trading price of MOD Shares will fall to below the level at which it has been trading since the Scheme was announced (although this is difficult to predict with any degree of certainty).

- (f) Other risks

In the event the Scheme is not implemented, an investment in MOD Shares will continue to be exposed to various further risk factors, including those which currently apply to a shareholding in MOD. Many of the risk factors described as applicable to Sandfire (including as the Merged Group) in Section 9.4 also apply to a continuing investment in MOD as a stand-alone entity (with references to Sandfire and its group replaced by references to MOD and its group).

## 9.4 Risks related to the Merged Group

- (a) Implementation risks

### *Integration risk*

The success of the Merged Group will depend, among other things, on the ability to integrate the businesses of Sandfire and MOD, including the operations, technologies and personnel of each entity.

Under the Scheme Implementation Deed, Sandfire and MOD have agreed to establish a Transaction Implementation Committee to discuss and plan for the integration of their respective businesses and engage experts to assist in the implementation. However, there is a risk that integration may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. This may include possible differences in the management culture, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel, suppliers or other contractual arrangements.

If integration of Sandfire and MOD is not achieved in an orderly fashion or within a reasonable time period, the full benefits of the combination may be achieved only in part, or not at all, and this could adversely impact the Merged Group's financial performance.

### *Tax consequences*

If the Scheme is implemented, there may be tax consequences for Scheme Participants which may include tax payable on any gains made through the disposal of their MOD Shares. General information on the Australian taxation consequences of the Scheme is set out in Section 11 of this Scheme Booklet. Scheme Participants should seek their own independent professional advice regarding the specific tax consequences applicable to them in connection with any investment in the Merged Group.

(b) Investment risks

*Share market conditions*

There are risks associated with any investment in securities. Publicly listed securities and, in particular, securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. General factors that may affect the market price of shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

These factors may materially affect the market price of Sandfire Shares, regardless of the Merged Group's performance. The past performance of Sandfire is not necessarily an indication as to the future performance of Sandfire or the Merged Group. Sandfire will issue a material number of Sandfire Shares under the Scheme. Some Scheme Participants may not intend to continue to hold their Sandfire Shares following implementation of the Scheme and may wish to sell them on ASX. There is a risk that if a significant number of Scheme Participants seek to sell their Sandfire Shares, this may adversely impact the price of Sandfire Shares (mitigated to some extent by the option to receive cash consideration up to a cap of 25% of total consideration). Investor and analyst perception in relation to the Merged Group will also impact the price of Sandfire Shares.

There can be no guarantee that there will continue to be an active market for Sandfire Shares or that the price of Sandfire Shares will increase. Neither Sandfire nor the Sandfire Board warrants the future performance of Sandfire or the Merged Group or any return on an investment in Sandfire or the Merged Group.

*Equity dilution*

While Sandfire does not currently have any planned offerings of securities (other than the issue of Sandfire Shares as part of the Scheme Consideration) and does not expect to require any further equity financing in the near term, Sandfire may undertake offerings of securities in the future. The increase in the number of securities issued and the possible sale of these securities may have the effect of depressing the price of Sandfire securities already on issue. In addition, the issue of additional securities may dilute the voting power of persons holding Sandfire securities prior to such issue of securities.

*Dividends*

Sandfire does not have an official dividend policy however it has a history of paying dividends. Refer to Section 7.9 for further details. The payment of dividends (if any) by Sandfire is determined by the Sandfire Board from time to time at its discretion and is dependent upon factors including the profitability and cash flow of Sandfire's business at the relevant time.

Any dividends paid by the Merged Group in the future will be subject to similar considerations. The Merged Group will operate in a cyclical sector, in which financial characteristics (such as commodity prices, foreign exchange rates and energy costs) vary and as a result will have an impact on profit and cash flow generation. This may result in variations in the capability of the Merged Group to make dividend payments to shareholders through varying business cycles.

(c) Operating and business risks

Mineral exploration and mining operations and development may be impacted by circumstances beyond the control of the Merged Group and by their nature, are subject to a number of inherent risks.

Factors which may impact the operations and business of the Merged Group are outlined in greater detail below.

#### *Commodity price volatility*

Sandfire's revenues and cash flows are largely derived from the sale of copper, silver and gold. The financial performance of Sandfire (and the Merged Group) will be exposed to fluctuations in the prices of these commodities.

Commodity prices may be influenced by numerous factors and events which are beyond the control of the Merged Group, including supply and demand fundamentals, currency exchange rates, interest rates, general economic, political and regulatory conditions, speculative activities and other factors. These factors may have a positive or negative effect on the Merged Group's product development and production plans and activities, together with the ability to fund those plans and activities. If the prices of precious metals and other minerals drop significantly, the economic prospects of the Merged Group's operating mines and projects could be significantly reduced or rendered uneconomic. There is no assurance that even if commercial quantities of ore are discovered, a profitable market may exist for the sale of the same.

Sandfire does not have a policy in place to actively take steps to hedge its currency or commodity risks, but may from time to time enter into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings, in order to reduce the exposure to fluctuations in copper price during the Quotational period (QP). The hedges are generally in the form of QP hedging via copper swaps to either fix the price of sales at the time of shipment or to reduce the length of the QP, therefore reducing the short and medium term exposure to the market price of metal for completed or imminent shipments. The Merged Group will still be exposed to spot prices for the remainder of its anticipated future production of these and other commodities. Sandfire cannot provide any assurance as to the prices that the Merged Group will achieve for its commodities in the future.

#### *Foreign exchange rates*

The Merged Group will be an Australian business that reports in Australian dollars. However, Sandfire's revenue is derived from the sale of commodities that are typically priced in US dollars, and whilst the majority of its costs as they relate to the DeGrussa and Monty operations are usually denominated in Australian dollars, Sandfire has exposure on the cost side to US dollars through its global portfolio which includes the Black Butte project in Montana USA and will have additional currency exposure including the Botswanan Pula and South African Rand through the proposed acquisition of MOD which has the T3 project based in Botswana. Therefore, the Merged Group will be exposed to movements in foreign exchange rates (in particular, the US dollar-to-Australian dollar and Botswanan Pula-to-Australian dollar exchange rate), the impact of which cannot be predicted reliably.

The Merged Group may from time to time put in place certain derivative financial instruments in an attempt to mitigate some of its exposure to foreign exchange rates, including forward contracts and the purchase of Australian dollar call options. However, the Merged Group will still be exposed to foreign exchange risk in relation to currency that has not been hedged.

#### *Bribery and corrupt practices*

The Merged Group's operations will be governed by, and involve interaction with, many levels of government in Australia, the United States of America and Botswana. The Merged Group will be subject to various anti-corruption laws and regulations which prohibit a company and its employees or intermediaries from bribing or making improper payments to foreign officials or other persons to obtain or retain business or gain some other business advantage.

The Merged Group will maintain anti-bribery policies, anti-corruption training programmes, codes of conduct, procedures and other safeguards designed to prevent the occurrence of fraud, bribery and corruption. Botswana has the highest ranking of any sub-Saharan African country in the Transparency International Corruption Perceptions Index for 2017. However, wherever the Merged Group operates it always needs to be aware of the potential risk of fraud, bribery and corruption. Instances of fraud, bribery and corruption, and violations of laws and regulations could have a material adverse effect on the Merged Group's reputation, business, results of operations, financial condition and the price of shares of the Merged Group.

The Merged Group has and will engage a number of consultants and contractors in Botswana in connection with its business operations and, although the Merged Group believes its consultancy agreements are

entered into on arm's length commercial terms and seeks appropriate comfort from consultants and contractors, as well as requiring its consultants and contractors to adhere to the highest standards in line with the Merged Group's policies, there is a risk that agents or other persons or representatives acting on behalf of the merged Group may engage in corrupt activities without the knowledge of the Merged Group.

#### *Operational uncertainty*

As with any mining company the Merged Group's assets and mining operations will be subject to uncertainty with respect to (among other things): ore tonnes, mine grade, ground conditions, metallurgical recovery or unanticipated metallurgical issues (which may affect extraction costs), infill resource drilling, mill performance, the level of experience of the workforce, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, storms, floods, bushfires or other natural disasters.

The occurrence of any of these circumstances could result in the Merged Group not realising its operational or development plans, or plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Sandfire's financial and operational performance.

The speculative nature of resource exploration and development as mining activities will deplete the reserves and resources of the Merged Group, the ability to continually find or replace reserves and resources is important for the ongoing stability of the Merged Group's operations.

Exploration on Sandfire's or MOD's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Merged Group and possible relinquishment of the exploration and mining tenements.

Current activities that may impact on future Mineral Resources include the Grade Control Drilling of the Monty ore body. Infill grade control drilling from underground at reduced spacing provides more accurate information on the geology and mineralisation than provided from surface exploration spaced drilling. This will change the ore body geometry, mineralisation distribution that will inform future Mineral Resource estimates and potentially either confirm or significantly increase or decrease the contained metal in the Mineral Resource and Ore Reserve.

Performance data on the processed grade and metallurgical performance of the mineralisation versus the model is also considered in the Mineral Resource estimation process.

The success of the Merged Group depends on successful exploration and definition of reserves, design and construction of efficient processing facilities, competent operation and management, proficient financial management, access to required development capital (to the extent not able to be funded from cash flow), movement in the price of commodities, securing and maintaining title to Sandfire's pre-existing exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Failure in any of these areas will adversely impact the profitability and financial position of the Merged Group.

Sandfire has provided production guidance for its DeGrussa Project. While Sandfire considers that this guidance is reasonable, actual future production may vary from the guidance for various reasons, many of which cannot be foreseen and are beyond the control of Sandfire (and the Merged Group). These factors may cause the production guidance not to be achieved or to be achieved later than expected, or to be achieved at a higher cost than anticipated.

#### *Country risk*

Investors should note that developing countries could be subject to rapid change and that the information set out in this document may become outdated relatively quickly. Moreover, financial turmoil in developing countries tends to adversely affect prices in equity markets of other developing countries as investors move their money to more stable, developed markets.

Exploration and development activities in developing countries may require protracted negotiations with host governments, local governments and communities, local competent authorities, national mining companies and third parties and may be subject to economic, social and political considerations outside of the Merged Group's control, such as the risks of expropriation, nationalisation, renegotiation, forced interruption, suspension of operations, curtailment of sales, forced change or nullification of existing contracts or royalty rates, unenforceability of contractual rights, changing taxation policies or interpretations, adverse changes to



laws (whether of general application or otherwise) or the interpretation or enforcement thereof, foreign exchange restrictions, inflation, changing political conditions, the death or incapacitation of political leaders, local currency devaluation, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Any of the factors detailed above or similar factors could have a material adverse effect on the business, results of operations or financial condition of the Merged Group. If disputes arise in connection with operations in developing countries the Merged Group may be subject to the exclusive jurisdiction of foreign courts or foreign arbitration tribunals or may not be successful in subjecting foreign persons, especially foreign ministries and national companies, to the legal jurisdiction of Australia or England and Wales.

The Merged Group cannot guarantee that there will not be regulations imposed on any individual or company that is related to the T3 Project or the Merged Group's activities in the region. Such measures, which would be beyond the Group's control, could have a material adverse effect on the Merged Group's business, reputation, results of operations, financial condition and the price of shares of the Merged Group.

#### *Financing risks and capital requirements*

The Merged Group's capital requirements will depend on a number of factors. Whilst the Merged Group has sufficient funding (based on existing estimates of funding requirements) in relation to its existing operations, further financing may be required in the future for the Merged Group's exploration, development or ongoing activities.

In the ordinary course of operations and development, the Merged Group will be required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Merged Group's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

#### *Infrastructure, transportation and remoteness of operations*

The commodities currently produced and expected to be produced by the Merged Group are and will be required to be transported to customers internationally and in the case of the T3 development project, will require transportation through a neighbouring country. Each stage of the transportation process poses risks, including the initial remoteness of the Merged Group's projects. Fuel costs, unexpected delays and accidents could materially impact upon the Merged Group's financial position.

Further, there are risks associated with the availability of adequate trucking, rail and port facilities and the process for obtaining approvals to access these facilities (including the timing and conditions on which access may be granted) or cross state or country borders. If the Merged Group is not able to access the required infrastructure within a certain time period or at a reasonable cost, this could adversely affect the Merged Group's operations and financial performance.

The price of sea freight, smelting and refining charges are market driven and can vary throughout the life of each project. These will also impact on the overall profitability of the Merged Group.

#### *Fluctuations in the price and availability of energy and other resources*

Fluctuations in the price and availability of resources required for the operations of the Merged Group, including materials required for operations, water and energy resources such as grid power, diesel, gas and other fossil fuels may materially impact the operations and financial position of the Merged Group. In particular, the T3 development project is expected to utilise the availability of grid power, the infrastructure for which is currently under construction by the Botswana Power Corporation. Any delay to completion of this infrastructure or interruption to supply once operational will require Sandfire to rely on self-generated power which may impact the profitability of the Merged Group.

#### *Legal and regulatory risks*

There can be no assurance that title to any property interest acquired by the Merged Group or any of its subsidiaries is secured. Although both Sandfire and MOD have taken reasonable precautions to ensure that legal title to their properties is properly documented, there can be no assurance that their property interests may not be challenged or impugned. Such property interests may be subject to prior unregistered



agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

In the jurisdictions in which the Merged Group operates, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands; accordingly, title holders of mining concessions in such jurisdictions must agree with surface land owners on compensation in respect of mining activities conducted on such land.

The Native Title Act 1993 (Cth) (NTA) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. Native title may impact the Merged Group's operations and future plans. Native title is not generally extinguished by the grant of exploration and mining tenements, as they are not generally considered to be grants of exclusive possession. However, a valid exploration or mining tenement prevails over native title to the extent of any inconsistency for the duration of the title.

There may be areas in relation to tenements which Sandfire has an existing interest in, or will acquire an interest in the future, over which common law Native Title rights exist, or may be found to exist, which may preclude or delay exploration, development or production activities.

The Merged Group must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining and exploration operations.

The definition of an asset according to the International Financial Reporting Standards is "a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity". Therefore, if an entity does not have a valid legal tenure to an asset, the definition of an asset is not met, and therefore, the value of the asset in the hands of the entity is deemed to be zero.

#### *Regulatory requirements including exploration and mining permits and licences*

The Merged Group's operations will be subject to various Federal, State and local laws in the countries in which it operates including Botswana, the United States of America and Australia. These laws include those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health.

Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. The Merged Group will be required to obtain government permits to commence or expand operations, which can be a costly and time-consuming process that can be cross-jurisdictional and may involve public hearings and costly undertakings.

No assurance can be given that the Merged Group will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Merged Group may be curtailed or prohibited from continuing or proceeding with production and exploration.

The Merged Group may be subject to legal challenges on the validity of any approvals, licenses and permits that may delay or be prohibited from continuing or proceeding with production and exploration. These challenges can be costly and time consuming processes.

#### *Renewal of mining authorisations*

Sandfire cannot guarantee that all or any licences or permits in which the Merged Group has interests will be renewed. Such renewals are at the discretion of relevant government bodies and ministries in the jurisdiction, and often depends on the Merged Group being successful in obtaining other required statutory approvals for its proposed activities. There is no assurance that such renewals or grants will be granted, nor that they will be granted without different or further conditions attached.

#### *Environment, rehabilitation and restoration*

The operations and activities of the Merged Group will be subject to the environmental laws and regulations of Australia, Botswana and the United States of America and the other jurisdictions in which the Merged Group may conduct business. As with most exploration projects and mining operations, the Merged Group's

operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Sandfire will attempt to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations.

Any changes to government regulation or policy relating to climate change, including relating to greenhouse gas emissions or energy intensive assets, may directly or indirectly impact the Merged Group's costs and operational efficiency.

Sandfire is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Merged Group's cost of doing business or affect its operations in any area.

#### *Export and import regulations*

The import and export policies of any jurisdiction in which the Merged Group operates or sells product to may change in the future. As the revenues of the Merged Group depend upon the process of exporting commodities, the profitability and financial position of Sandfire may be adversely affected by any such adverse import and export regulations.

#### *Government Ownership Entitlements affecting Mineral Concessions*

Pursuant to the Botswana Mineral and Mines Act, the Botswana Government has the option to acquire up to a maximum 15% interest in a proposed mine for which a mining license is issued. The acquisition price is a pro rata share of the total expenditure incurred by the mining company that is directly attributable to the acquisition of the license, including relevant prospecting expenditure. The Botswana Government also needs to pay its pro rata share of the development cost if they take up their entitlement. MOD's expenditure on the T3 Project up to date amounts to approximately US \$27 million on a 100% basis.

The potential exercise of the option by the Botswana Government is likely to dilute the value of the T3 Project attributable to MOD, as the fair market value of the interest is expected to be higher than the historical expenditure.

(d) General risks relating to the Merged Group

#### *Accounting*

Sandfire makes estimates and assumptions about its business and revenues concerning the future. The resulting accounting estimates will form the basis of accounting estimates for the Merged Group, and will, by definition, seldom reflect the related actual results.

These estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and include:

- (i) trade receivables;
- (ii) impairment of assets;
- (iii) reserve estimates;
- (iv) rehabilitation and restoration costs;
- (v) income tax and recognition of deferred tax assets; and
- (vi) fair value measurement.

Any changes in accounting judgements or estimates may have an adverse impact on the Merged Group. There are no current plans for any material changes to judgements or estimates.

### *Insurance*

Sandfire will endeavour to maintain insurance for the Merged Group within ranges of coverage in accordance with industry practice. However, in certain circumstances, this insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Merged Group's operating and financial performance and financial position.

Insurance of risks associated with minerals exploration and production (including accidents, pollution and other hazards) is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where the Merged Group considers it is unreasonable or not in its interests to maintain insurance cover to a level of coverage which is in accordance with industry practice. The Merged Group will use reasonable endeavours to insure against the risks it considers appropriate for its needs and circumstances. However, no assurance can be given that the Merged Group will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

### *Wars, terrorism and natural disasters*

Events such as acts of terrorism, civil disturbance or protest, war, political intervention and natural activities such as earthquakes, floods, fires and adverse weather conditions may adversely impact Sandfire by affecting the market for commodities, the operations of the Merged Group or its suppliers, service providers or customers, or the transport or other infrastructure relating to the operations of the Merged Group.

### *Key personnel and labour*

A number of key personnel are important to attaining the business goals of the Merged Group. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Merged Group to conduct its business and, accordingly, affect the financial performance of the Merged Group and the price of Sandfire Shares.

Recruiting and retaining qualified personnel are important to the success of the Merged Group. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons can be strong, depending on market conditions.

Any disputes with employees (through personal injuries, industrial matters or otherwise) change in labour regulations, or other developments in the area may cause labour disputes, work stoppages or other disruptions in production that could adversely impact the Merged Group.

Mining and exploration companies rely on external contractors or service providers for many of their activities, and as such the failure of any current to proposed contractors, subcontractors or other service providers to perform their contractual obligations may negatively impact the business of the Merged Group.

### *Community Relations and Social License to Operate*

The Merged Group's relationship with the communities in which it operates is important to ensure the future success of its existing operations and the construction and development of its projects. While the Merged Group believes its relationships with the communities in which it operates are strong, there is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations (**NGOs**), some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices. Adverse publicity generated by such NGOs or others related to extractive industries generally, or its operations specifically, could have an adverse effect on the Merged Group's reputation or financial condition and may impact its relationship with the communities in which it operates.

### *Litigation*

As at the date of this Scheme Booklet, Sandfire is not aware of any material disputes or litigation being undertaken. However, it is possible that the Merged Group may be involved in disputes and litigation in the course of its current and future operations. There is a risk that any material or costly dispute or litigation and compensation or damages could adversely impact the financial position or performance of the Merged Group.

### *Health, safety and hazardous materials*

The potentially hazardous nature of exploration and mining means that health and safety regulations impact the activities of the Merged Group. Any injuries or accidents that occur on a site of operations of the Merged Group could result in legal claims, potential delays or stoppages and other actions that could adversely affect the Merged Group.

### *Risks related to acquisitions and future growth initiatives*

Sandfire regularly identifies and assesses potential opportunities for acquisitions and growth initiatives where it considers the opportunities may create shareholder value. The Merged Group will continue to identify and assess such opportunities. However, while the Merged Group intends to undertake appropriate due diligence to properly assess any such opportunities, benefits expected from investments, acquisitions or growth opportunities may take longer than expected to be achieved, or not be achieved at all, which may have a material adverse impact on the value of the Merged Group.

#### (e) Other risks

Additional risks and uncertainties not currently known to Sandfire or MOD may also have a material adverse effect on the business of Sandfire, MOD and/or that of the Merged Group.

The information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Sandfire, MOD or the Merged Group.

## **9.5 General investment risks for the Merged Group**

### (a) **Global economic conditions**

The Merged Group's funding position, financial performance and ability to execute its strategy is impacted by a variety of general global economic, political, social and business conditions. In addition to commodity prices and currency fluctuations, factors that have the potential to impact Sandfire's business include inflation, interest rates and other general economic factors. Deterioration in any of these conditions could have an adverse impact on the Merged Group.

Domestic and global conditions may affect the value of Sandfire Shares. General worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, prices of the Merged Group's products, variations in the operating costs and development and sustaining capital expenditure which Sandfire will require in the future will all impact the value of the shares, some outside of the control of the Merged Group.

### (b) **Share market risks**

There can be no guarantee that there will continue to be an active market for Sandfire Shares or that the price of Sandfire Shares will increase. There may be relatively few buyers or sellers of Sandfire Shares on ASX at any given time. This may affect the volatility of the trading price of Sandfire Shares on ASX. It may also affect the prevailing trading price at which Sandfire Shareholders are able to sell their Sandfire Shares on ASX.

### (c) **Tax risks**

Future changes in tax laws in Australia and other jurisdictions in which the Merged Group has activities and investment interests, including changes in interpretation or application of existing laws by the courts or taxation authorities, may affect taxation treatment of the Merged Group securities or the holding or disposal of those securities. The tax consequences for individual investors in the Merged Group will depend on the individual tax profile and circumstances of the investor and all investors should obtain independent taxation advice with respect to their personal position.

Pursuant to the Income Tax (Amendment) Act 2018, a new transfer pricing regime came into effect on 1 July 2019 in Botswana.

## 10. Metal Tiger Arrangements

### 10.1 Background

Metal Tiger is a company incorporated in the UK and listed on the AIM market operated by the LSE. Metal Tiger invests in high potential opportunities in the mineral exploration and development sector. Metal Tiger has two investment divisions: Direct Equities and Direct Projects.

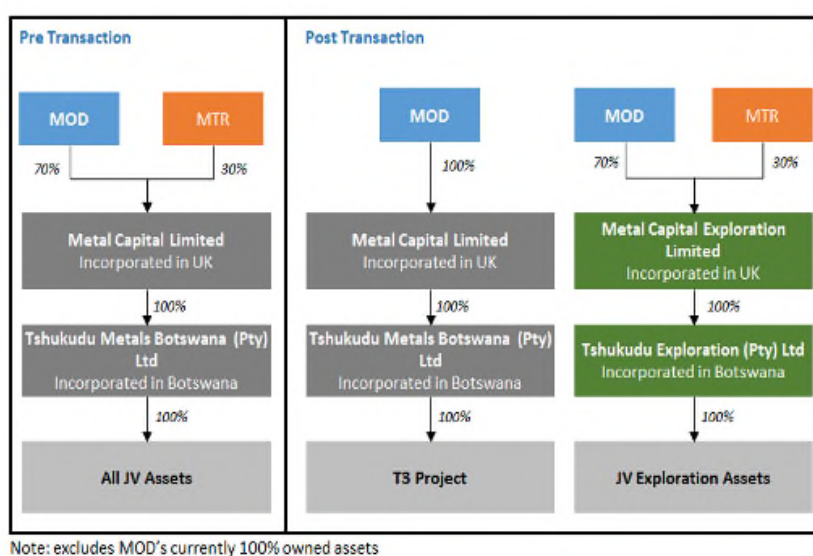
The Direct Equities division invests in natural resource companies listed on AIM, ASX and TSX.

Metal Tiger's Direct Projects division is focused on the development of its key projects in Botswana, Spain, Australia and Thailand. In Botswana, Metal Tiger has interests in the Kalahari Copper Belt, through Metal Capital Exploration Limited and through its interest in Kalahari Metal Limited. Metal Tiger has divested its interests in the T3 Project. In Spain, the company has joint ventures in tungsten and gold projects in the Extremadura region. In Thailand, Metal Tiger has interests in two potentially near-production stage lead/zinc/silver mines. In Australia, Metal Tiger has recently signed a binding term sheet to invest in Cobre Pty Ltd, an entity which owns 80% of Toucan Gold Pty Limited which holds 100% of the Perrinvale Copper Project.

On 16 December 2015, MOD and Metal Tiger acquired a number of prospecting licences and subsequently formed a joint venture, 70% owned by MOD and 30% by Metal Tiger (**Joint Venture**). The prospecting licences included seven priority exploration targets in the Kalahari Copper Belt in Botswana, one of which has been developed into the T3 Project.

On 18 July 2018, MOD announced that it had executed a binding agreement (**Sale and Demerger Agreement**) to acquire Metal Tiger's 30% interest in the T3 Project (**T3 Acquisition**). To affect the Sale and Demerger Agreement, the prospecting licences other than PL 190 that is associated with the T3 Project (**Exploration Assets**) were transferred to MCEL, a new joint venture entity owned 70% by MOD and 30% by Metal Tiger. The Sale and Demerger Agreement was implemented in November 2018 and culminated in the T3 Project and its prospecting licence PL190/2008 being owned 100% by MOD, and the Exploration Assets being owned by MCEL through its wholly owned subsidiary Tshukudu Exploration (Pty) Ltd (**Tshukudu Exploration**). It is important to note that the area of the PL 190/2008 outside of the T3 Project is held by MOD in trust on behalf of Tshukudu Exploration. All exploration activities on this area will be undertaken by Tshukudu Exploration as part of MCEL.

The figure below details the group structure before and after the Sale and Demerger Agreement.



In consideration for the T3 Acquisition, Metal Tiger was issued 17,090,000 MOD Shares and 40,673,566 Options (**Consideration Options**). The Consideration for the T3 Acquisition was approved by MOD Shareholders on 19 September 2018.



The Consideration Options can be converted into one MOD Share at a nil exercise price within three years after the issue date. The Consideration Options will automatically exercise if the Court approves the Scheme at the second court hearing.

MOD has the following rights under the Sale and Demerger Agreement, an:

- (a) option to purchase 100% of further discoveries on prospecting licences held by Metal Capital which progress into scoping study stage (Mineral Resource Option);
- (b) option to purchase Metal Tiger's 30% interest in MCEL, three years after the completion of the Sale and Demerger Agreement (JV Roll-Up Option); and
- (c) option to purchase Metal Tiger's 30% interest in MCEL, in the event the Board recommends a change of control offer (JV Consolidation Option).

Metal Tiger will be entitled to a 2% net smelter return royalty following the exercise of any of these options over the remaining joint venture assets. Details of these options and the grant of the royalty were provided to Shareholders in the notice of meeting dated 15 August 2018.

Through its Direct Equities division, Metal Tiger currently holds a relevant interest in 31,838,393 Shares and voting power of approximately 10.46% of the issued capital of MOD at 15 August 2019, being the last practicable date prior to finalisation of this Scheme Booklet.

Metal Tiger currently holds 40,673,566 Options with a zero exercise price and an expiry date of 16 November 2021.

Metal Tiger is entitled to nominate one non-executive director to the MOD Board. Mr Michael McNeilly is Metal Tiger's nominee on the MOD Board and is a Director and Chief Executive Officer of Metal Tiger.

MOD and Metal Tiger entered into a Share and Voting Deed dated 18 July 2018 (**Share and Voting Deed**) pursuant to which, for a period of 3 years (until November 2021), Metal Tiger agreed to the following restrictions:

- (a) its voting power must not exceed 12.5% and must not fall below 6.25% without MOD's consent; and
- (b) to vote in accordance with the majority of the MOD Board on all matters, including accepting or rejecting, or voting in favour or against any change of control offer in accordance with the majority of the MOD Board's recommendation.

Details of the Share and Voting Deed were released to ASX on 20 July 2018. MOD and Metal Tiger have agreed to terminate the Share and Voting Deed dated 18 July 2018. However, if the Scheme is not effected, Metal Tiger has agreed not to dispose of its MOD Shares to certain strategic investors for a period of 12 months. A strategic investor includes a private investor equity investor who typically seeks board representation, an investor or corporate engaged in similar business as MOD or a related entity or associate of those persons.

## 10.2 Joint Venture Acquisition

As a result of the MOD Board recommending the Scheme, which is a change of control offer, MOD is now entitled to exercise the JV Consolidation Option and under the SID, MOD is required to exercise the JV Consolidation Option to acquire Metal Tiger's 30% interest in Metal Capital Exploration Limited (**JV Acquisition**) after the Scheme becomes Effective.

The consideration payable by MOD on exercise of the JV Consolidation Option under the Sale and Demerger Agreement, which was approved by MOD Shareholders on 19 September 2018, would be the grant of a 2% net smelter return royalty in respect of any future production from the Exploration Assets (**Royalty**) and cash (calculated according to a formula attributing value to MCEL).

In order for Metal Tiger to participate as a MOD Shareholder under the Scheme and to avoid the need for MOD to pay cash, MOD and Metal Tiger agreed that the consideration payable upon exercise of the JV Consolidation Option would comprise:



- (a) the issue of 22,322,222 Shares (**Consideration Shares**) rather than cash (as was initially agreed in the Sale and Demerger Agreement); and
- (b) the grant of the Royalty.

The Consideration Shares to be issued to Metal Tiger will allow Metal Tiger to participate in the Scheme and will be acquired by Sandfire on the Implementation Date, being 23 October 2019.

The Consideration Shares will not be issued prior to this Meeting or the Scheme Meeting. Therefore, Metal Tiger will not be able to vote these Consideration Shares at the Scheme Meeting.

Subject to Shareholder approval, completion of the JV Acquisition is expected to occur on or after 9 October 2019, being the effective date of the Scheme.

MOD applied for, and was granted, a waiver of Listing Rule 10.7 in respect of the consideration to be issued to Metal Tiger as consideration for the JV Acquisition.

### 10.3 Support Agreement with Sandfire

Pursuant to an agreement between Metal Tiger and Sandfire, Metal Tiger has agreed to:

- (a) exercise such number of Consideration Options prior to the Scheme Meeting that will result in Metal Tiger having a voting power at the time of the Scheme Meeting of 19.9%;
- (b) vote in favour of the Scheme in respect of approximately 10.46% of MOD Shares currently held and MOD Shares that it will hold after the exercise of options prior to the scheme meeting to a maximum of 19.9% of MOD Shares; and
- (c) receive Scrip Consideration under the Scheme.

Metal Tiger is not obliged to vote in favour of the Scheme if a Superior Proposal emerges, that remains a Superior Proposal after giving effect to any matching rights available to Sandfire under the SID.

The Support Agreement will terminate on the termination of the SID.

MOD must issue such number of MOD Shares to Metal Tiger (upon Metal Tiger exercising such number of MOD Options) that will result in Metal Tiger having voting power at the time of the Scheme Meeting of 19.9%. Metal Tiger will hold a relevant interest in 67,686,791 Shares and voting power of 19.9% at the date of the Scheme Meeting.

The balance of the Consideration Options not exercised by Metal Tiger will automatically be exercised if the Court approves the Scheme at the second court hearing. MOD must issue the corresponding number of Shares to Metal Tiger and will need Shareholder approval to issue these Shares to Metal Tiger, which will be sought at the General Meeting.

### 10.4 Notice of Meeting

It is a condition precedent to the Scheme becoming effective that MOD Shareholders approve the resolution put forward at a General Meeting, being:

- (a) MOD completing the JV Acquisition;
- (b) the issue of up to 4,825,168 Shares to Metal Tiger upon the exercise of Options by Metal Tiger (the issue of which was approved by Shareholders as consideration for the T3 Acquisition) (**Option Exercise**); and
- (c) the increase in the voting power of Metal Tiger in MOD from 19.9% (at the date of the General Meeting) to a maximum of 25.6% as a result of the issue of Shares pursuant to the JV Acquisition and Option Exercise.

Completion of the JV Acquisition is conditional on obtaining Shareholder approval and is subject to Shareholder approval for the purposes of ASX Listing Rule 10.1 and item 7 of section 611 of the Corporations Act.

The Notice of Meeting contains information in respect of the potential maximum relevant interest in, and voting power of, Metal Tiger in MOD as a consequence of the JV Acquisition and the Option Exercise. The potential maximum relevant interest in, and voting power of, Metal Tiger following completion of the JV Acquisition and the Option Exercise is 25.6%.

The completion of the JV Acquisition (and issue of the Consideration Shares) is conditional of the Scheme becoming Effective. The Option Exercise is not conditional on the Scheme becoming Effective. If MOD Shareholders approve the resolution put forward at the General Meeting, but the Scheme does not become Effective:

- (a) the JV Acquisition will not complete and the Consideration Shares will not be issued; and
- (b) Metal Tiger will have the ability, but not the obligation, to exercise the 4,825,168 Options that it continues to hold following exercise of the Options under the Support Agreement and if it does so will increase its voting power from 19.9% to approximately 21.0%.

For further details on the JV Acquisition and the Option Exercise, refer to the Notice of Meeting dispatched to MOD Shareholders.

## 10.5 Independent Expert's Report

MOD commissioned Deloitte to provide an independent expert's report to express an opinion as to whether or not the JV Acquisition and Option Exercise is fair and reasonable to the non-associated Shareholders of Metal Tiger (**Independent Expert's Report**). The Independent Expert's Report was received by MOD on 29 July 2019 and accompanies the Notice of Meeting sent to MOD Shareholders to assist them in deciding whether or not to approve the resolution put forward at the General Meeting.

Deloitte concluded that the JV Acquisition and Option Exercise is fair and reasonable to the non-associated Shareholders of Metal Tiger. Refer to the Independent Expert's Report contained in the Notice of Meeting for the General Meeting for further details.

## 10.6 Amendment to Joint Venture Agreement

MOD, Metal Tiger and MCEL executed a joint venture agreement to regulate MOD and Metal Tiger's rights and obligations as members of MCEL. MOD and Metal Tiger have agreed that up until the earlier of MOD acquiring all of the shares in MCEL or the termination of the SID, MOD will sole fund all expenditures required to give full effect to the joint venture agreement. If the SID is terminated, Metal Tiger is required to contribute its pro rata share of the amount expended by MOD.

# 11. Australian taxation considerations

## 11.1 Australian taxation outline

This Section provides a general summary of the potential Australian tax consequences for MOD Shareholders arising from the disposal of their MOD Shares under the Scheme. This summary is based on established judicial and administrative interpretations of the *Income Tax Assessment Act 1997* (Cth) ("ITAA 1997"), *Income Tax Assessment Act 1936* (Cth) ("ITAA 1936"), *Taxation Administration Act 1953* (Cth) ("TAA 1953"), *A New Tax System (Goods & Services Tax) Act 1999* (Cth) ("GST Act") (collectively, the "Tax Acts") and relevant transfer duty legislation (collectively referred to as the "taxation law") as at 15 August 2019, being the last practicable date prior to the date of this Scheme Booklet. This summary does not take into account or anticipate changes in the taxation law or future judicial and administrative interpretations of the taxation law.

This summary is of a general nature and is not intended to be, nor should it be, an authoritative or complete statement of the laws applicable to the particular circumstances of a MOD Shareholder. MOD Shareholders

should seek independent professional advice about the tax consequences of disposing their MOD Shares, having regard to their own particular circumstances. MOD Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

The comments at Section 11.2 are relevant only to those MOD Shareholders who are Australian residents for tax purposes and who:

- (a) are not considered temporary residents for tax purposes;
- (b) hold their MOD Shares on capital account; and
- (c) do not hold their MOD Shares in connection with a business carried on through a permanent establishment outside of Australia.

Shares are generally taken to be held on capital account where they are:

- (a) not held on revenue account, or as trading stock; or
- (b) not subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997.

The comments at Section 11.3 are relevant to MOD Shareholders who are not Australian residents for tax purposes and who:

- (a) hold their MOD Shares on capital account; and
- (b) do not hold their MOD Shares in connection with a permanent establishment in Australia.

## 11.2 Australian resident shareholders

- (a) Australian Capital Gains Tax (CGT)

The disposal of MOD Shares to Sandfire will be a Capital Gains Tax (**CGT**) event for MOD Shareholders. This CGT event will occur on the Implementation Date.

MOD Shareholders will derive a capital gain on the disposal of their MOD Shares to the extent that:

- (i) the market value of any Sandfire Shares they receive (described below); or
- (ii) the net proceeds received, in the case of Ineligible Foreign Shareholders and Non-Electing UMP Shareholders that receive their pro rata share of the net proceeds from the sale of all Sandfire Shares by the Sale Agent,

exceeds the tax cost base of their MOD Shares. Conversely, MOD Shareholders will incur a capital loss on the disposal of their MOD Shares to the extent that the amount in (i) or (ii) above (as applicable) is less than the reduced tax cost base of their MOD Shares. Reduced cost base is broadly the tax cost base less specific legislative reductions.

An appropriate method to determine the market value of a Sandfire Share may be using a VWAP of that share on the Implementation Date. As soon as practicable after the Implementation Date, Sandfire will make available to holders of Sandfire Shares a determination of market value as at the Implementation Date.

Generally the tax cost base of any MOD Shares will be equal to the consideration paid to acquire the MOD Shares. In addition, other incidental costs of acquiring the MOD Shares (such as brokerage fees and transfer duty) may be included in the tax cost base (or reduced cost base).

The sum of all of a MOD Shareholder's taxable capital gains for an income year reduced by any available capital losses incurred during the year, or available capital losses carried forward from previous years (known as the net capital gain), should be included in their Australian assessable income.

Australian resident individual MOD Shareholders who have held directly or indirectly (through trusts) their MOD Shares for greater than 12 months should be able to discount their capital gain by 50%. Similarly, an eligible superannuation entity that has held its MOD Shares for greater than 12 months should be able to discount its capital gain by 33.3%. The discount will generally be applied to a MOD Shareholder's capital gain for the period after the offset of any capital losses. Corporate MOD Shareholders are not entitled to discount their capital gain.

### Availability of Scrip-for-Scrip Roll-over Relief

MOD Shareholders that make a capital gain may elect that scrip-for-scrip roll-over relief is to apply to the extent of the gain that is referable to the receipt of Sandfire shares. The part of the gain that is referable to the receipt of cash or other consideration will not be eligible for relief as it is ineligible proceeds for which roll-over is not available.

### Consequences if Scrip-for-Scrip Roll-Over is Chosen

If a MOD Shareholder chooses scrip-for-scrip roll-over:

- (i) **(capital gain is partially disregarded)** that part of the capital gain that is referable to the receipt of Sandfire Shares will be disregarded. The part of the capital gain that is referable to the receipt of either cash or other consideration will not be disregarded because it is ineligible proceeds for which roll-over is not available;
- (iii) **(acquisition date of the Sandfire Shares)** the acquisition date of the Sandfire Shares received, for the purposes of making a discount capital gain, will be the date when they acquired the MOD Shares that were exchanged for those Sandfire Shares; and
- (iv) **(cost base and reduced cost base of the Sandfire Shares)** the first element of the cost base and reduced cost base of a Sandfire Share received in exchange for their MOD Shares, will be worked out by reasonably attributing the cost bases and reduced cost bases (respectively) of the MOD Shares that were exchanged for that Sandfire Share, and for which the roll-over was obtained. The cost base and reduced cost base of a MOD Share exchanged is reduced by so much of it as is attributable to the receipt of the cash or other consideration.

### Shareholders not eligible or not claiming scrip-for-scrip roll-over relief

If a MOD Shareholder is unable to obtain the CGT roll-over relief described under this Section or chooses not to claim roll-over relief, the total tax cost base of any Sandfire Shares received will be the Australian dollar market value of the MOD Shares exchanged on the Implementation Date.

The date of acquisition for CGT purposes will be the Implementation Date. This date will be relevant for any future qualifications for the CGT discount with respect to CGT events happening to the Sandfire Shares.

- (a) Consequences of holding Sandfire Shares
  - (i) Subsequent disposal of Sandfire Shares

If an Australian resident MOD Shareholder sells their Sandfire Shares after the Implementation Date, any gain or loss will prima facie be subject to CGT as the Sandfire Shares will be assets for CGT purposes.

- (ii) Dividend income

Dividends received by Australian resident MOD Shareholders with respect to Sandfire Shares must be included in their assessable income, including any amount of franking credits attached to those dividends.

## 11.3 Non-resident shareholders

If you are not a resident for Australian income tax purposes, you will generally not have to pay Australian income tax on any capital gain on the disposal of your MOD Shares, unless your MOD Shares constitute an

“indirect Australian real property interest”. Your MOD Shares will constitute an indirect Australian real property interest where both of the following requirements are satisfied:

- (a) you hold a “non-portfolio interest” in MOD; and
- (b) the MOD Shares pass the “principal asset test”.

If you do not hold a non-portfolio interest in MOD or the MOD Shares do not pass the principal asset test, any capital gain or loss realised on the disposal of your MOD Shares should be disregarded for Australian income tax purposes.

You will hold a “non-portfolio interest” in MOD if you, together with your associates for taxation purposes, own, or owned, throughout a 12 month period during the two years preceding the Implementation Date, 10% or more of all of the shares in MOD.

Broadly, the MOD Shares would pass the “principal asset test” if the market value of MOD’s direct and indirect interests in Australian land, including leases and mining rights, is more than the market value of its other assets at the time the Scheme is implemented. A detailed analysis is necessary to determine the results of the “principal asset test”.

If you hold a “non-portfolio interest” in MOD, you should seek independent tax advice to determine if the MOD Shares would pass the “principal asset test”. Where the MOD Shares pass the “principal asset test”, you would need to calculate your capital gain or loss arising from the disposal.

A non-resident MOD Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident in relation to their MOD Shares will be subject to Australian CGT consequences on disposal of the MOD Shares.

If you buy and sell shares in the ordinary course of business, or acquired the relevant MOD Shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief available under a double tax treaty that Australia has concluded with your country of residence). In these circumstances, you should seek your own tax advice.

You should also seek advice from your tax advisor as to the taxation implications of the Scheme being implemented in your country of residence and in Australia.

#### **11.4 Australian goods and services tax (GST)**

MOD Shareholders should not be liable to Australian GST in respect of the disposal of MOD Shares or the acquisition of Sandfire Shares pursuant to the Scheme.

MOD Shareholders may incur Australian GST on costs (such as third party brokerage and adviser fees) that relate to the disposal of MOD Shares or the acquisition of Sandfire Shares pursuant to the Scheme. MOD Shareholders that are registered for Australian GST may be entitled to recover the Australian GST payable on the costs. However, in some circumstances, recovery of the Australian GST payable on the costs, or a portion thereof, may be restricted. This will depend on each MOD Shareholder’s individual circumstances and it is recommended that professional tax advice be sought.

#### **11.5 Australian transfer duty**

No transfer duty should be payable in any Australian jurisdiction by MOD Shareholders in respect of the disposal of their MOD Shares.

Further, no transfer duty should be payable in any Australian jurisdiction by MOD Shareholders in respect of the issue to them of Sandfire Shares provided that:

- (a) all the Sandfire Shares are quoted on ASX; and
- (b) immediately after the issue to them of the Sandfire Shares, no MOD Shareholder, either directly or when aggregated with interests held by related persons of that MOD Shareholder, is entitled to obtain an interest in Sandfire of 90% or more.

## 12. Information about the Scheme

### 12.1 Scheme Implementation Deed

MOD and Sandfire have entered into the Scheme Implementation Deed in connection with the proposed Scheme. The Scheme Implementation Deed sets out the obligations of MOD and Sandfire in relation to the Scheme.

On 8 August 2019, MOD and Sandfire entered into a deed of amendment and restatement (**Deed of Amendment**) to the SID and Scheme to ensure that the MOD Shares will not be transferred to Sandfire until after the provision of Scheme Consideration to MOD Shareholders by Sandfire.

The Scheme Implementation Deed (as amended and restated on 8 August 2019 and amended on 19 August 2019) is contained in Annexure 2 of this Scheme Booklet and is a consolidated version shorting all amendments.

### 12.2 Scheme Meeting

The Court has ordered that a meeting of MOD Shareholders be held at 11:00am (WST) on 1 October 2019 to consider the Scheme.

The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how MOD Shareholders should vote (on this matter MOD Shareholders must reach their own decision); or
- (b) has prepared, or is responsible for, the content of this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

The Scheme is conditional, among other things, on approval of the Scheme Resolution by the Requisite Majority of MOD Shareholders, being:

- (a) unless the Court orders otherwise, a majority in number (more than 50%) of MOD Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and
- (b) at least 75% of the total number of votes which are cast at the Scheme Meeting.

Further details of the consequences of the Scheme not being implemented are set out in Section 3 under the heading titled "What happens if the Scheme is not approved?".

### 12.3 Court approval of the Scheme

MOD will apply to the Court for orders approving the Scheme if:

- (a) the Scheme Resolution is approved by the Requisite Majority of MOD Shareholders at the Scheme Meeting; and
- (b) all other conditions to the Scheme which are required (under the Scheme Implementation Deed) to be satisfied by the Second Court Date are satisfied or waived (where applicable).

The date on which the Court hears MOD's application is the Second Court Date.

The Court may refuse to grant the orders referred to above even if the Scheme Resolution is approved by the Requisite Majority of MOD Shareholders.



ASIC has been requested to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

MOD Shareholders have the right to seek leave to appear at the Court on the Second Court Date to oppose the approval of the Scheme by the Court or make representations to the Court in relation to the Scheme. If you wish to oppose approval of the Scheme by the Court at the Court hearing you may do so by filing with the Court, and serving on MOD, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on MOD at least one Business Day (in Perth, Western Australia) before the Second Court Date. That date is currently scheduled to occur on or around 8 October 2019. Any change to this date will be announced through ASX and will be available on ASX's website, [www.asx.com.au](http://www.asx.com.au). Alternatively, if you wish to make representations to the Court in relation to the Scheme, the Court may grant you leave to be heard at the hearing without becoming a party to the proceeding.

## 12.4 Actions by MOD and Sandfire

If Court orders approving the Scheme are obtained, the MOD Board and the Sandfire Board will take or procure the taking of the steps required for the Scheme to be implemented. These will include the following:

- (a) MOD will lodge with ASIC an office copy of the Court order approving the Scheme, under section 411(10) of the Corporations Act, and the Scheme will become Effective;
- (b) on the close of trade on the Effective Date, MOD Shares will be suspended from trading on ASX, and at the opening of trade (London time) on the Effective Date, MOD Shares will be suspended from trading on LSE (subject to the necessary permission from the UKLA);
- (c) subject to the provision of the Scheme Consideration, MOD must procure that those persons nominated by Sandfire are appointed to the MOD Board and each MOD Group member (with consents to act provided by the nominated persons) and each of those MOD Directors and directors of each MOD Group member, as nominated by Sandfire, resign as a director of the relevant entity;
- (d) Sandfire must, no later than two Business Days before the Implementation Date, deposit in cleared funds an amount equal to the total Cash Consideration into an Australian denominated trust account operated by MOD or the MOD Share Registry who made a valid Cash Election to receive Cash Consideration;
- (e) on the Implementation Date, Sandfire will register the holders of Sandfire Shares in the Sandfire Register;
- (f) on the Implementation Date, and subject to the provision of the Scheme Consideration:
  - (i) all of the MOD Shares held by Scheme Participants at 5:00pm (WST) on the Record Date will be transferred to Sandfire and, in exchange, each Scheme Participant will be issued the Scheme Consideration (refer to Section 5.2);
  - (ii) MOD will enter the name of Sandfire in the MOD Register as the holder of the MOD Shares; and
- (g) on or shortly following the Implementation Date, MOD will be removed from the official list of ASX and (subject to the necessary permission from the UKLA) the trading of MOD Shares on the LSE will be cancelled.

## 12.5 Effective Date

The Scheme will become Effective on the date upon which the office copy of the order of the Court under section 411(10) of the Corporations Act approving the Scheme is lodged with ASIC or such earlier date as the Court determines or specifies in the order.

If the Scheme becomes Effective, MOD will immediately give notice of the event to ASX. MOD Shares will be suspended from trading on ASX on the close of trade on the Effective Date, and at the opening of trade (London time) on the Effective Date, MOD Shares will be suspended from trading on LSE (subject to the necessary permission from the UKLA).

Once the Scheme becomes Effective, MOD and Sandfire will become bound to implement the Scheme in accordance with its terms.

## 12.6 Scheme

If the Scheme becomes Effective (i.e. after it is approved by MOD Shareholders and the Court), all MOD Shares outstanding at 5:00pm (WST) on the Record Date (other than those already held by the Sandfire Group) will be transferred on the Implementation Date to Sandfire, in return for the issuance by Sandfire of the Scheme Consideration to MOD Shareholders and the Sale Agent on behalf of Ineligible Foreign Shareholders and Non-Electing UMP Shareholders. See Annexure 3 for a copy of the Scheme.

On 8 August 2019, MOD and Sandfire entered into a deed of amendment and restatement (**Deed of Amendment**) to the SID and Scheme to address a technical point. To reduce the risk of MOD Shareholders not receiving Scrip Consideration after transferring their MOD Shares to Sandfire, the Deed of Amendment amends the Scheme and SID to ensure that the MOD Shares will not be transferred to Sandfire until after the provision of Scheme Consideration to MOD Shareholders by Sandfire.

On 19 August 2019, MOD and Sandfire entered into a side letter to amend the SID and Scheme to bring forward the election date for MOD Shareholders who wish to make a Cash Election and to correct a small error that was identified in the formula in the SID for calculating the share consideration for MOD Shareholders who make a Cash Election where the Maximum Cash Consideration is exceeded.

## 12.7 Deed Poll

The Deed Poll contains an undertaking by Sandfire, in favour of all MOD Shareholders, to perform its obligations under the Scheme including the payment of the Scheme Consideration to MOD Shareholders if the Scheme is approved.

See Annexure 4 for a copy of the Deed Poll.

## 12.8 Record Date

The Record Date for the Scheme is 5:00pm (WST) on the date which is five Business Days after the Effective Date (or on such other date (after the Effective Date) as MOD and Sandfire may agree in writing). Only MOD Shareholders who appear on the MOD Register at 5:00pm (WST) on the Record Date will be entitled to receive the Scheme Consideration.

## 12.9 Implementation Date

The Implementation Date for the Scheme is the date which is five Business Days after the Record Date (or on such other date agreed to in writing by MOD and Sandfire).

On the Implementation Date for the Scheme, Sandfire must:

- (a) issue the Scrip Consideration to MOD Shareholders entitled to them and cause their names and addresses to be recorded in the Sandfire Register;
- (b) issue the Cash Consideration to MOD Shareholders who have made a valid Cash Election to receive Cash Consideration and;
- (c) issue Sandfire Shares to the Sale Agent as nominee on trust for Ineligible Foreign Shareholders and Non-Electing UMP Shareholders and cause the name and address of the Sale Agent to be recorded in the Sandfire Register.

In the case of each MOD Shareholder entitled to Sandfire Shares:

- (a) if they held their MOD Shares on the CHESSE subregister of the MOD Register on the Record Date, the Sandfire Shares issued to them will be recorded on the CHESSE subregister of the Sandfire Register; and
- (b) if they held their MOD Shares on the issuer sponsored subregister of the MOD Register on the Record Date, the Sandfire Shares issued to them will be recorded on the issuer sponsored subregister of the Sandfire Register.

In the case of MOD Shares held in joint names, the Scheme Consideration will be issued to, and registered in the names of, the joint holders, and holding statements and CHESSE confirmation advices will be sent to the registered address as recorded on the MOD Register at 5:00pm (WST) on the Record Date.

Once the relevant Scheme Consideration has been issued, all MOD Shares at 5:00pm (WST) on the Record Date will be transferred on the Implementation Date to Sandfire without any need for further actions by MOD Shareholders.

## 12.10 Despatch of holding statements and CHESSE confirmation advices

Sandfire will despatch holding statements and CHESSE confirmation advices to Scheme Participants entitled to them no later than three Business Days after the Implementation Date.

## 12.11 Commencement of trading in Sandfire Shares on ASX

Trading in Sandfire Shares issued under the Scheme on ASX is expected to commence on a normal settlement basis with effect from the next trading day after the Implementation Date (or such other date as ASX requires). The Implementation Date is currently expected to be 23 October 2019. The actual dates will be announced to ASX and published on the MOD website (<https://www.modresources.com.au/>).

## 12.12 Delisting of MOD

After the Scheme has been fully implemented, it is intended that MOD will request ASX remove MOD from the official list of ASX and (subject to the necessary permission from the UKLA) the trading of MOD Shares on the LSE will be cancelled.

## 12.13 Share Splitting

If Sandfire forms the opinion (acting reasonably) that two or more MOD Shareholders have, before the Record Date, been a party to:

- (a) splitting a holder of MOD Shares into two or more parcels of MOD Shares whether or not it results in any change of legal or beneficial ownership of the MOD Shares (**Share Splitting**); or
- (b) division in an attempt to obtain unfair advantage by reference to rounding (in respect to fractional entitlements),

Sandfire may give notice to such MOD Shareholders attributing the MOD Shares held by all of them to one of them (specifically identified in such notice). This notice deems the MOD Shareholder identified in such notice to be the holder of all those shares the subject of the Share Splitting.

If the Scheme is not approved by MOD Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test and MOD or Sandfire considers (each acting reasonably) that Share Splitting or some abusive or improper conduct may have caused or contributed to the Headcount Test not having been satisfied then MOD must apply for an order of the Court to disregard the Headcount Test and seek Court approval of the Scheme, notwithstanding that the Headcount Test has not been satisfied.

## 12.14 Conditions precedent to the Scheme

### (a) Conditions precedent to Scheme

The Scheme and the obligations of MOD and Sandfire to implement the Scheme are subject to the following conditions precedent being satisfied or, where applicable, waived, in accordance with the terms of the Scheme Implementation Deed on or prior to the Second Court Date:

- (i) Court approval of the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (ii) approval of the resolution put forward at the General Meeting by MOD Shareholders;
- (iii) approval of the Scheme by the Requisite Majority of MOD Shareholders;
- (iv) in respect of the MOD Options, each MOD Optionholder:
  - (A) exercising all of their MOD Options they hold and the MOD Shares issued upon such exercise are entered into the register of members of MOD prior to the Record Date; or
  - (B) entering into a deed with MOD and Sandfire regarding the cancellation of MOD Options held by them at least two hours before the Court hearing on the Second Court Date;
- (v) no order or legal restraint preventing the implementation of the Scheme being issued or made by any court or Governmental Agency, and no other legal restraint or prohibition preventing implementation of the Scheme before and as at two hours before the Court hearing on the Second Court Date;
- (vi) no action or investigation is announced or commenced by any Government Agency relating to a substantial part of the ordinary business of MOD Group taken as a whole, in each case which is reasonably likely to have a materially adverse effect on that part of the business before and as at two hours before the Court hearing on the Second Court Date;
- (vii) any consents, authorisations and approvals from ASIC or ASX necessary to implement the Scheme are obtained before and as at two hours before the Court hearing on the Second Court Date;
- (viii) any consents, authorisations and approvals from Botswana regulatory authorities, including the Minister for Mines and the Botswana Competition Authority necessary to implement the Scheme are obtained before and as at two hours before the Court hearing on the Second Court Date;
- (ix) no tax or the imposition of foreign exchange control is announced or proposed by the Government of Botswana (other than proposed amendments to the transfer pricing regime) which would:
  - (A) require any member of the MOD Group or Sandfire Group to pay a material sum of tax to a revenue authority in Botswana in connection with the Scheme; and
  - (B) limit the ability of any member of the MOD Group to repatriate funds from Botswana to Australia,

before and as at two hours before the Court hearing on the Second Court Date;

- (x) the receipt by MOD of an Independent Expert's Report concluding that the Scheme is in the best interest of the MOD Shareholders, and the Independent Expert does not change or publicly withdraw this conclusion two hours before the Court hearing on the Second Court Date; and
- (xi) no MOD Prescribed Occurrence occurring between the date of the Scheme Implementation Deed and two hours before the Court hearing on the Second Court Date;
- (xii) no MOD Material Adverse Change occurring between the date of the Scheme Implementation Deed and two hours before the Court hearing on the Second Court Date;
- (xiii) the representations and warranties made by MOD in the Scheme Implementation Deed being true and correct in all material respects as at the date of the Scheme Implementation Deed and on each subsequent day until two hours before the Court hearing on the Second Court Date; and
- (xiv) no MOD Director fails to make, changes, qualifies or withdraws his or her recommendation or voting intention before the date of the scheme meeting except where, after first obtaining written advice from independent Senior Counsel, a MOD Director reasonably determines that he or she should not provide or continue to maintain any recommendation because that MOD Director has an interest in the Scheme that renders it inappropriate for him or her to maintain any such recommendation.

(b) Conditions precedent to Scheme that have been satisfied or waived

As at the date of this Scheme Booklet, the following condition to the Scheme has been satisfied or waived:  
Section 0(a)(a)(iv)

In relation to Section 0(a)(viii), the Botswana Competition Authority has provided approval for the Scheme.

## 12.15 Exclusivity arrangements

The Scheme Implementation Deed contains exclusivity arrangements which, during the Exclusivity Period, prevent MOD and its Subsidiaries, or any of its or Representatives, directly or indirectly:

- (a) (No shop): soliciting, inviting, encouraging or initiating any Competing Proposal or any enquiries, proposals, discussions or negotiations with any third party in relation to (or which may reasonably be expected to lead to) a Competing Proposal, or communicating any intention to do any of these things;
- (b) (No talk):
  - (i) responding to or facilitating any enquiries, proposals, negotiations or discussions with any third party or entering into any letter of intent, memorandum of understanding or other agreement;
  - (ii) negotiating or entering into or participating in negotiations or discussions with any person; or
  - (iii) communicating any intention to do any of these things,

in relation to, or which may reasonably be expected to lead to a Competing Proposal.

- (c) (Due diligence information):
  - (i) soliciting, inviting, initiating, encouraging, facilitating or permitting any person (other than Sandfire or its Representatives) to undertake due diligence investigations on MOD, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal;

- (ii) making available to any other person (other than Sandfire, its Representatives or a Government Agency) or permitting any such person to receive any non-public information relating to MOD, its Related Bodies Corporate, or any of their businesses and operations with a view to obtaining, or which may reasonably be expected to lead to, a Competing Proposal; or
- (iii) providing any non-public information to a third party (other than in the ordinary course of business, as required by law or the rules of any prescribed financial market).

MOD and its Subsidiaries, or any of its Representatives must also cease discussions with third parties in relation to a potential Competing Proposal (or that could reasonably be expected to lead to a Competing Proposal) and cease the provision of due diligence access to any third party where it was for the purposes of a potential Competing Proposal.

Certain of these restrictions are subject to MOD's right to engage with third parties in connection with a written Competing Proposal where the Directors have determined (after receiving relevant advice) that such a Competing Proposal is or may reasonably be expected to lead to a Superior Proposal and that failing to respond to a Competing Proposal or failing to or refusing to take account may constitute a breach of their fiduciary or statutory obligations.

However, Sandfire has the right, but not the obligation, at any time during the period of 4 Business Days following the receipt of the notice from MOD of a Superior Proposal, to amend the terms of the Scheme including increasing the amount of consideration offered under the Scheme or proposing any other form of Scheme, each a counter proposal to the Superior Proposal.

At the date of this Scheme Booklet, MOD has not received any Competing Proposals.

For more information refer to clause 9 of the Scheme Implementation Deed in Annexure 2 of this Scheme Booklet.

## 12.16 Termination of the Scheme Implementation Deed

The Scheme Implementation Deed may be terminated prior to two hours before the Court hearing on the Second Court Date (in this Section 12.16 "terminate") in certain circumstances, including:

- (a) **(Material breach of the Scheme Implementation Deed):** MOD or Sandfire may terminate if the other is in material breach of any of its obligations under the Scheme Implementation Deed (other than a material breach of a representation or warranty) and, if capable of remedy, the material breach is not remedied within ten Business Days of receipt of a breach notice from the other party;
- (b) **(Conditions Precedent):** MOD or Sandfire may terminate if there is a breach or non-fulfilment of a condition precedent (provided the condition is for the benefit of the party seeking to terminate) which is not waived and there is failure to agree on an alternative means of completing the Transaction;
- (c) **(Official quotation):** MOD or Sandfire may terminate if ASX refuses to grant, or informs one or both of MOD and Sandfire that ASX will refuse to grant, official quotation on the ASX of any or all of the New Sandfire Shares;
- (d) **(Sandfire is removed from the official list):** MOD may terminate if Sandfire is removed from the official list of ASX or ASX determines that will occur;
- (e) **(MOD Board recommends a Superior Proposal):** MOD may terminate, if all or a majority of MOD directors publicly withdraw or adversely change their recommendation as a result of a Superior Proposal being made or the Independent Expert concluding in the Independent Expert's Report (or any update or variation to that report) that the Scheme is not in the best interests of MOD Shareholders;<sup>10</sup>

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<sup>10</sup> See note 1 above.



- (f) **(Sandfire breaches any representation or warranty):** MOD may terminate if Sandfire materially breaches any representation or warranty contained in the Scheme Implementation Deed and:
  - (i) Sandfire fails to remedy that breach within ten Business Days of receipt of a breach notice from MOD; and
  - (ii) the aggregate loss to MOD and MOD's Shareholders that would reasonably be expected to follow from the relevant breach is material in the context of the Transaction taken as a whole;
- (g) **(MOD breaches exclusivity provisions):** Sandfire may terminate if MOD materially breaches an exclusivity arrangement contained in the Scheme Implementation Deed;
- (h) **(General Meeting Resolution):** Sandfire may terminate if the resolution put forward at the General Meeting is not approved by the requisite majority;
- (i) **(MOD breaches any representation or warranty):** Sandfire may terminate if MOD materially breaches any representation or warranty contained in the Scheme Implementation Deed and MOD fails to remedy that breach within ten Business Days of receipt of a breach notice from Sandfire; and
- (j) **(A Director fails to recommend the Scheme):** Sandfire may terminate if a Director fails to recommend the Scheme or changes, withdraws or modifies his or her recommendation that MOD Shareholders vote in favour of the Scheme (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of MOD Shareholders)<sup>11</sup> or makes a public statement that is inconsistent with his or her recommendation of the Scheme (including where a Competing Proposal is recommended or supported by any MOD Director).

## 12.17 MOD Break Fee

MOD has agreed to pay to Sandfire the MOD Break Fee if at any time on or after the date of the Scheme Implementation Deed and before the End Date, any of the following events occur:

- (a) any Director changes, withdraws or modifies his or her recommendation of the Scheme or makes any public statement, or takes any other action that is inconsistent with his or her recommendation of the Scheme (including where a Competing Proposal is recommended or supported by any MOD Director), other than where the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report) that the Scheme is not in the best interests of MOD Shareholders;
- (b) a Competing Proposal is disclosed to MOD or publicly announced by a third party and within 12 months thereafter, a Competing Proposal is entered into or completed involving that third party or any of its Associates;
- (c) Sandfire terminates the Scheme Implementation Deed because MOD is in material breach of any of its material obligations under the Scheme Implementation Deed (other than a material breach of a representation or warranty) and the relevant material breach constitutes a material adverse change or is material in the context of the Scheme taken as a whole; or
- (d) Sandfire terminates the Scheme Implementation Deed because MOD materially breaches an exclusivity arrangement contained in the Scheme Implementation Deed or there is a breach or non-fulfilment of a MOD Prescribed Occurrence.

The amount of the Break Fee, being A\$1.66 million, was less than 1% of the implied equity value of MOD based on the Scheme Consideration (being A\$167 million).

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<sup>11</sup> See note 1 above.

## 12.18 Arrangements for holders of MOD Performance Rights

MOD has 3,050,000 MOD Performance Rights on issue which, if they vest and are exercised in accordance with their terms of issue, convert into MOD Shares on a one-for-one basis.

Under the terms of the MOD Employee Incentive Plan, where a change of control event has occurred or, in the opinion of the MOD Board will occur all granted MOD Performance Rights which have not yet vested or lapsed shall automatically and immediately vest.

The MOD Performance Rights will vest and be deemed to become vested Performance Rights once the Scheme becomes Effective. Upon exercise of the vested Performance Rights, the Performance Rights will convert into 3,050,000 MOD Shares and the holders of those MOD Shares will participate in the Scheme.

Pursuant to the SID, MOD must take such action as is necessary after the Effective Date and prior to the Record Date to ensure that any MOD Performance Rights which have not already vested, so vest and convert prior to the Record Date. MOD must, prior to the Record Date, issue the number of MOD Shares required by the terms of those MOD Performance Rights on such vesting, so that the relevant former holders of the MOD Performance Rights, can participate in the Scheme.

The total consideration under the Scheme once the Performance Rights have vested into Shares is A\$1,372,500 (assuming the Scheme Consideration per MOD Share is A\$0.45).

## 12.19 Arrangements for holders of MOD Options

At the date of this Scheme Booklet, the following MOD Options are on issue:

Number	Class
40,673,566	Unlisted options with a nil exercise price and expiring on 16 November 2021.
3,015,000	Unlisted options exercisable at A\$0.457 on or before 30 January 2023, vesting 12 months from the date of issue and subject to a restriction period to 30 January 2022.
3,015,000	Unlisted options exercisable at A\$0.707 on or before 30 January 2023, vesting 24 months from the date of issue and subject to a restriction period to 30 January 2022.
3,015,000	Unlisted options exercisable at A\$0.907 on or before 30 January 2023, vesting 36 months from the date of issue and subject to a restriction period to 30 January 2022.
5,030,000	Unlisted options exercisable at A\$0.522 on or before 12 April 2023, vesting 36 months from the date of issue and subject to a restriction period to 12 April 2022.
3,630,000	Unlisted options exercisable at A\$0.435 on or before 29 May 2023, vesting 36 months from the date of issue and subject to a restriction period to 29 May 2022.

MOD and Sandfire have entered into Option Cancellation Deeds with each of the MOD Optionholders (except for the Consideration Options issued to Metal Tiger). The material terms of the Option Cancellation Deeds are summarised below:

(a) Each MOD Optionholder has agreed to the cancellation of their MOD Options for cash, being:

MOD Optionholder	A\$0.457, expiring 30.01.2023	A\$0.707, expiring 30.01.2023	A\$0.907, expiring 30.01.2023	A\$0.522, expiring 12.04.2023	A\$0.435, expiring 29.05.2023	Total
Bronwyn Barnes <The S&B Family A/C>	72,500 Options for A\$5,238	72,500 Options for A\$2,521	72,500 Options for A\$1,503	Nil	Nil	217,500 Options for A\$9,262
Julian Philip Hanna & Mrs Patricia Gail Hanna <JHanna Superfund A/C>	425,000 Options for A\$30,705	425,000 Options for A\$14,780	425,000 Options for A\$8,808	Nil	1,635,000 Options for A\$135,516	2,910,000 Options for A\$189,809

MOD Optionholder	A\$0.457, expiring 30.01.2023	A\$0.707, expiring 30.01.2023	A\$0.907, expiring 30.01.2023	A\$0.522, expiring 12.04.2023	A\$0.435, expiring 29.05.2023	Total
Value per Option	A\$0.0722	A\$0.0348	A\$0.0207	A\$0.0624	A\$0.0829	
Balion Pty Ltd <Clements Family A/C>	325,000 Options for A\$23,480	325,000 Options for A\$11,303	325,000 Options for A\$6,736	Nil	885,000 Options for A\$73,352	1,860,000 Options for A\$114,871
Steven James McGhee and Steven James McGhee <McGhee Family A/C>	325,000 Options for A\$23,480	325,000 Options for A\$11,303	325,000 Options for A\$6,736	Nil	1,110,000 Options for A\$92,001	2,085,000 Options for A\$133,520
Simon (Sui Hee) Lee	72,500 Options for A\$5,238	72,500 Options for A\$2,521	72,500 Options for A\$1,503	Nil	Nil	217,500 Options for A\$9,262
Other MOD Optionholders	1,795,000 Options for \$129,682	1,795,000 Options for \$62,426	1,795,000 Options for \$37,201	5,030,000 Options for \$313,967	Nil	10,415,000 Options for \$543,278

- (b) Sandfire must provide, or procure the provision of, the consideration to the MOD Optionholders on the Implementation Date;
- (c) the cancellation of the MOD Options is conditional on:
- (i) the Scheme becoming Effective;
  - (ii) the necessary regulatory approvals, consents and waivers having been obtained by MOD; and
  - (iii) the MOD Optionholder not having dealt with the MOD Options contrary to the terms of the Option Cancellation Deed.

MOD applied for, and was granted, a waiver from ASX of the requirements of Listing Rule 6.23.2 to permit the MOD Options to be cancelled for consideration without requiring MOD Shareholder approval to be obtained. Refer to Section 13.14(a) for further details.

## 12.20 Sandfire Dividend

If, at its sole discretion, the directors of Sandfire decide to pay an ordinary dividend to Sandfire shareholders for the 2019 FY Final period (in an amount to be determined), Sandfire has agreed (per the SID), to use reasonable endeavours to set the dividend record date after the Implementation Date so that Scheme Participants will be entitled to any dividend, provided that the Implementation Date occurs on or prior to 15 November 2019.

There is no guarantee that Sandfire will pay a dividend for FY 2019 and as to the amount of any dividend. If the Implementation Date occurs after the record date for any Sandfire dividend, MOD Shareholders receiving Sandfire Shares will not receive any Sandfire dividend.

## 13. Additional information

### 13.1 Interests of MOD Directors

#### (a) MOD marketable securities

The number, description and amount of MOD marketable securities controlled or held by, or on behalf of, each Director as at the date of this Scheme Booklet are:

Director	MOD Shares <sup>1</sup>	MOD Options	MOD Performance Rights
Mr Mark Clements	4,064,041	1,860,000	400,000
Mr Julian Hanna	6,438,068	2,910,000	500,000
Mr Steven McGhee	5,346,002	2,085,000	400,000
Mr Simon Lee AO	5,746,291	217,500	250,000
Ms Bronwyn Barnes	Nil	217,500	500,000
Mr Michael McNeilly <sup>2</sup>	Nil	Nil	Nil

Notes:

- In the absence of a Superior Proposal, each MOD Director presently intends to vote or cause to vote all MOD Shares in which they have a relevant interest in favour of the Scheme.
- Mr Michael McNeilly is the Chief Executive Officer of Metal Tiger and the arrangements with Metal Tiger are disclosed in Section 10.

#### (b) Consideration for Options

The cash consideration payable on cancellation of the MOD Options pursuant to the Option Cancellation Deeds and the valuation given to the MOD Options by the Independent Expert are detailed below.

The Independent Expert, as part of their consideration of the Scheme, performed a valuation of the outstanding MOD Options controlled or held by, or on behalf of, each Director as at the date of this Scheme Booklet.

Director	MOD Options	Cash Consideration	Valuation
Mr Mark Clements <sup>1</sup>	1,860,000	A\$114,871	A\$115,373
Mr Julian Hanna <sup>2</sup>	2,910,000	A\$189,809	A\$189,745
Mr Steven McGhee <sup>3</sup>	2,085,000	A\$133,520	A\$139,695
Mr Simon Lee AO <sup>4</sup>	217,500	A\$9,262	A\$9,498
Ms Bronwyn Barnes <sup>5</sup>	217,500	A\$9,262	A\$9,498
Mr Michael McNeilly	Nil	Not applicable	Not applicable

- Mr Mark Clements controls or holds 325,000 Options exercisable at A\$0.450 on or before 30 January 2023 (valued at A\$22,978), 325,000 Options exercisable at A\$0.707 on or before 30 January 2023 (valued at A\$12,025), 325,000 Options exercisable at A\$0.907 on or before 30 January 2023 (valued at A\$7,800) and 885,000 Options exercisable at A\$0.435 on or before 29 May 2023 (valued at A\$72,570).
- Mr Julian Hanna controls or holds 425,000 Options exercisable at A\$0.450 on or before 30 January 2023 (valued at A\$29,750), 425,000 Options exercisable at A\$0.707 on or before 30 January 2023 (valued at A\$15,725), 425,000 Options exercisable at A\$0.907 on or before 30 January 2023 (valued at A\$10,200) and 1,635,000 Options exercisable at A\$0.435 on or before 29 May 2023 (valued at A\$134,070).
- Mr Steven McGhee controls or holds 325,000 Options exercisable at A\$0.450 on or before 30 January 2023 (valued at A\$22,750), 325,000 Options exercisable at A\$0.707 on or before 30 January 2023 (valued at A\$15,725), 325,000 Options exercisable at A\$0.907 on or before 30 January 2023 (valued at A\$10,200) and 1,110,000 Options exercisable at A\$0.435 on or before 29 May 2023 (valued at A\$91,020).

- 4 Mr Simon Lee controls or holds 72,500 Options exercisable at A\$0.450 on or before 30 January 2023 (valued at A\$5,075), 72,500 Options exercisable at A\$0.707 on or before 30 January 2023 (valued at A\$2,683) and 72,500 Options exercisable at A\$0.907 on or before 30 January 2023 (valued at A\$1,740).
- 5 Ms Bronwyn Barnes controls or holds 72,500 Options exercisable at A\$0.450 on or before 30 January 2023 (valued at A\$5,075), 72,500 Options exercisable at A\$0.707 on or before 30 January 2023 (valued at A\$2,683) and 72,500 Options exercisable at A\$0.907 on or before 30 January 2023 (valued at A\$1,740).

Further details are set out in the Independent Expert's Report at section 5.8 in Annexure 1 of this Scheme Booklet.

(c) Value of Performance Rights

The number of MOD Performance Rights controlled or held by, or on behalf of, each Director as at the date of this Scheme Booklet and the valuation of those MOD Performance Rights is detailed below:

Director	MOD Performance Rights	Value per Performance Right <sup>1</sup>	Valuation
Mr Mark Clements <sup>1</sup>	400,000	\$0.45	\$180,000
Mr Julian Hanna <sup>2</sup>	500,000	\$0.45	\$225,000
Mr Steven McGhee <sup>3</sup>	400,000	\$0.45	\$180,000
Mr Simon Lee AO <sup>4</sup>	250,000	\$0.45	\$112,500
Ms Bronwyn Barnes <sup>5</sup>	500,000	\$0.45	\$225,000
Mr Michael McNeilly	Nil	Nil	Nil

Notes:

1. Assuming the Scheme Consideration per MOD Share is A\$0.45.

(d) Employment Retention Bonus

At the date of this Scheme Booklet, Sandfire has entered into agreements with Executive Directors Messers Julian Hanna and Steven McGhee under which they are entitled to remain employed by the Merged Group for a period of at least 12 months following implementation of the Scheme. Under the terms of these agreements, in addition to the current terms of their employment contracts, Messers Julian Hanna and Steven McGhee will be entitled to an employment retention bonus payment of 25% of their base salary on the date which is 12 months following the implementation of the Scheme. The maximum employment retention bonus payable to Messers Julian Hanna and Steven McGhee is A\$95,813 and A\$82,500, respectively.

## 13.2 Agreements or arrangements with Directors and executive officers

(a) Deeds of indemnity, access and insurance

MOD has entered into Deeds of Indemnity, Insurance and Access with its Directors and various executive officers, on customary terms.

MOD pays premiums in respect of a directors and officers insurance policy for the benefit of the Directors and executive officers. MOD may, prior to on the Implementation Date, enter into arrangements to secure directors and officers run-off insurance for any and all directors and executive officers of each member of the MOD Group for up to a 7 year period from their respective retirement dates. Clause 13 of the SID (at Annexure 2) provides various Sandfire undertakings in support of that insurance.

Clause 13 of the SID (at Annexure 2) also provides for certain releases by MOD of each director, officer or employee of any member of the MOD Group as is customary for transactions such as the Scheme.

(b) Other termination benefits

Except as set out in this Section 13.2 or elsewhere in this Scheme Booklet, there are no payments or other benefits that are proposed to:

- (i) be made or given to any director, secretary or executive officer of MOD as compensation for loss of, or as consideration for or in connection with his or her retirement from, office in MOD or in a Related Body Corporate of MOD; or
- (ii) be made or given to any director, secretary or executive officer of any Related Body Corporate of MOD as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that body corporate or in MOD.

	Mr Mark Clements	Mr Julian Hanna	Mr Steven McGhee
Total fixed remuneration per annum (inclusive of superannuation)	A\$264,000	A\$383,250	A\$330,000
Termination notice by MOD without cause (which can be paid out in lieu notice)	6 months	12 months	6 months

### 13.3 Substantial holders

At 16 August 2019, being the last practicable date prior to the date of this Scheme Booklet, the following persons had notified MOD that they had Voting Power in 5% or more of MOD Shares:

Shareholder Name	Number of MOD Shares	percentage of MOD Shares
Australian Super Pty Ltd	35,724,428	11.74%
Credit Suisse Holdings (Australia) Limited	20,730,090	6.81%
Mitsubishi UFJ Financial Group	18,599,293	6.11%
Metal Tiger	31,838,393	10.46%
Sandfire	31,838,393 <sup>1</sup>	10.46%

<sup>1</sup> At the date of this Scheme Booklet, Sandfire has a relevant interest in 31,838,393 MOD Shares, as a result of a support agreement between Sandfire and Metal Tiger dated 25 June 2019. Sandfire's relevant interest in MOD corresponds to a voting power of 10.46% at the date of this Scheme Booklet and pursuant to the Support Agreement will hold, after the exercise of the MOD Options by Metal Tiger prior to the Scheme Meeting, a relevant interest in up to a maximum of 19.9% of MOD Shares.

### 13.4 Intentions of MOD Directors

If the Scheme is implemented, subject to the provision of the Scheme Consideration, MOD must procure that those persons nominated by Sandfire are appointed to the MOD Board and each MOD Group member (with consents to act provided by the nominated persons) and each of those MOD Directors and directors of each MOD Group member, as nominated by Sandfire, resign as a director of the relevant entity.

If the Scheme is not implemented, the Directors intend to continue the business of MOD in accordance with its stated strategy. In this event, the MOD Board does not presently intend to make any major changes to the business of MOD, whether in respect of redeployment of its assets or the future employment of the present employees of MOD or elsewhere.

### 13.5 Intentions of Sandfire after the Implementation Date

If the Scheme is implemented, it will be a matter for Sandfire to determine its intentions in relation to:



- (a) the continuation of the business of MOD;
- (b) any major changes to be made to the business of MOD; and
- (c) the future employment of the present employees of MOD.

The current intentions of Sandfire in relation to the Merged Group are set out in this Scheme Booklet, particularly in Section 8.

## 13.6 ASX Announcements

MOD has lodged the following announcements with ASX since the lodgement of its annual report for the financial year ended 31 December 2018:

Date	Description of Announcement
16.08.19	Change in substantial holding
15.08.19	Becoming a substantial holder
30.07.19	Quarterly Activities Report
30.07.19	Quarterly Cashflow Report
19.07.19	Section 708A Notice and Appendix 3B
16.07.19	Becoming a substantial holder from MUFG
12.07.19	Becoming a substantial holder from MS
27.06.19	Change of Directors Interest Notice (Corrected)
27.06.19	Becoming a substantial holder from SFR
27.06.19	Change of Director's Interest Notices
26.06.19	Section 708A Notice and Appendix 3B
25.06.19	Sandfire to Acquire MOD Resources - Investor Presentation
25.06.19	Sandfire to Acquire MOD Resources - Announcement
25.06.19	Trading Halt
30.05.19	Change of Director's Interest Notices
30.05.19	Appendix 3B
29.05.19	Results of Annual General Meeting
29.05.19	Chairman Addresses for the 2018 Annual General Meeting
07.05.19	MOD Progresses Growth Strategy
29.04.19	Impressive T3 Resource Infill Drilling Results Continue
26.04.19	Quarterly Activities Report
26.04.19	Quarterly Cashflow Report
26.04.19	Notice of Annual General Meeting/Proxy Form
16.04.19	Change of Director's Interest Notices
16.04.19	Section 708A Notice and Appendix 3B
02.04.19	Ceasing to be a substantial holder
28.03.19	T3 Feasibility Study Presentation
28.03.19	Feasibility Study Confirms Outstanding T3 Project Economics
28.03.19	Appendix 4G

## 13.7 Lodgement of Scheme Booklet

This Scheme Booklet was given to ASIC on 2 August 2019 in accordance with section 411(2)(b) of the Corporations Act.

## 13.8 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any MOD Shareholder that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

## 13.9 Creditors of MOD

The Scheme, if implemented, is not expected to materially prejudice MOD’s ability to pay its creditors, as the Scheme involves the acquisition of MOD Shares for consideration provided by a third party, rather than the acquisition of MOD’s underlying assets. No material new liability (other than transaction costs) is expected to be incurred by MOD as a consequence of the Scheme (refer also to Section 12.17 for information relating to the MOD Break Fee). MOD has paid and is paying all of its creditors within normal terms of trade and is solvent and trading in an ordinary commercial manner.

## 13.10 Interests of Sandfire Directors

The Sandfire Directors have no interest in the outcome of the Scheme, except as provided for in this Scheme Booklet.

## 13.11 Interests of MOD Directors in Sandfire

No Sandfire Shares are held by, or on behalf of, any MOD Director.

## 13.12 Consents

### (a) Role of advisers and experts

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the Scheme or the preparation or distribution of this Scheme Booklet are:

Name	Role	Estimate of Fees (ex. GST)
Deloitte Corporate Finance Pty Ltd	Independent Expert	A\$180,000
Deloitte Technical Mining Advisory	Technical Expert	A\$70,000
Legal fees including DLA Piper, Counsel, UK and Botswana	Legal adviser to MOD	A\$475,000
Sternship Advisers	Financial adviser to MOD	A\$1,570,000
BMO Capital Markets Limited	Financial adviser to MOD	A\$1,640,000
Grant Thornton	MOD's Auditor and Tax Adviser	A\$5,000
Computershare Investor Services Pty Limited	MOD's share registry	A\$39,000

### (b) Consents

Deloitte Corporate Finance Pty Ltd has given its consent to the inclusion of its Independent Expert’s Report in this Scheme Booklet in the form and context in which it appears in Annexure A of this Scheme Booklet

and has not withdrawn that consent before the date of this Scheme Booklet. Deloitte Corporate Finance Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than the Independent Expert's Report. The interests of Deloitte Corporate Finance Pty Ltd in its capacity as Independent Expert are disclosed in the Independent Expert's Report.

Deloitte Technical Mining Advisory has given its consent to the inclusion in the Independent Expert's Report in this Scheme Booklet of its Independent Technical Report in the form and context in which the information appears, and has not withdrawn that consent before the date of this Scheme Booklet. Deloitte Technical Mining Advisory takes no responsibility for the contents of the Scheme Booklet other than the Independent Technical Report. The interests of Deloitte Technical Mining Advisory in its capacity as Technical Expert are disclosed in the Independent Technical Report.

DLA Piper has given its consent to be named in this Scheme Booklet as legal adviser to MOD and has not withdrawn that consent before the date of this Scheme Booklet.

Sternship Advisers has given its consent to be named in this Scheme Booklet as financial adviser to MOD and has not withdrawn that consent before the date of this Scheme Booklet.

BMO Capital Markets Limited has given its consent to be named in this Scheme Booklet as financial adviser to MOD and has not withdrawn that consent before the date of this Scheme Booklet.

Grant Thornton has consented to the inclusion in the Scheme Booklet of references to the audited financial statements of MOD for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 in the form and context in which they appear, and has not withdrawn that consent before the date of this Scheme Booklet. Grant Thornton has consented to the inclusion of Section 11 of this Scheme Booklet and references to the information set out in that Section in the form and context in which they appear and has not withdrawn that consent before the date of this Scheme Booklet. Grant Thornton has given its consent to be named in this Scheme Booklet as MOD's auditor and tax adviser and has not withdrawn that consent before the date of this Scheme Booklet.

Computershare Investor Services Pty Limited has given its consent to be named in this Scheme Booklet as Share Registry for MOD and has not withdrawn that consent before the date of this Scheme Booklet.

Sandfire has given its consent to the inclusion of the Sandfire Information in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

Each person named in Section 13.12(a) has given, and before the time of registration of this Scheme Booklet with ASIC, has not withdrawn, their consent to being named in this Scheme Booklet in the capacity indicated next to their name.

(c) Disclaimer

Each person named in Section 13.12(a):

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in Section 13.12(a); and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme Booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person.

(d) Fees

Each of the persons named in Section 13.12(a) as performing a function in a professional, advisory or other capacity in connection with the Scheme and the preparation of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging. The estimated fees payable to these parties is detailed in Section 13.12(a).

If the Scheme is implemented, costs of approximately A\$5.3 million (excluding GST) are expected to be paid by MOD. This includes advisory fees for MOD's financial, legal, accounting and tax advisers, the Independent Expert and the Independent Technical Specialist's fees, governance support and proxy advisor engagement support fees, general administrative fees, printing and distribution costs, expenses associated with convening and holding the Scheme Meeting and other expenses.

If the Scheme is not implemented, costs of approximately A\$860,000 (excluding GST) are expected to be paid by MOD.

These amounts do not include the transaction costs that may be incurred by Sandfire in relation to the Scheme.

### 13.13 Competent Persons' Statements

#### (a) MOD

The Competent Persons who reviewed and compiled the information relating to the T3 Ore Reserve presented in this Scheme Booklet are given below. Each person has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he or she has undertaken to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each person has given their consent to the inclusion of the T3 Ore Reserve table and the inclusion of statements in the Scheme Booklet based on their information in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

- (i) Mr Carl Murray (Principal Consultant, SRK Australia) - Mine Planning and Scheduling;
- (ii) Mr Peter Hayward (Snr Metallurgist, Sedgman Pty Ltd) - Metallurgy;
- (iii) Mr Neil Marshall (Principal Geotechnical Engineer, SRK UK) – Geotechnical;
- (iv) Mr David Morgan (Managing Director, Knight Piesold) – Geochemistry, Waste Stockpiles, TSF;
- (v) Ms Louanne Munz (Community Consultant, MOD) – Social content of Draft ESIA;
- (vi) Ms Catherine Galli (Principal Environmental Consultant, Minescope Services) – review of draft ESIA (excluding Social);
- (vii) Ms Catherine Galli (Principal Environmental Consultant, Rescology Environmental Consultants) – Conceptual Mine Closure Plan (prefeasibility level); and
- (viii) Mr Jeffery Bowen (Manager – Project Development, MOD) – Financial Modelling.

#### (b) Sandfire

The information in this Scheme Booklet that relates to DeGrussa and Monty Mineral Resource is based on information compiled by Mr Callum Browne who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Browne is a permanent employee of Sandfire and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Browne consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

The information in this Scheme Booklet that relates to DeGrussa and Monty Ore Reserve is based on information compiled by Mr Neil Hastings who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hastings is a permanent employee of Sandfire and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hastings consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

The information in this Scheme Booklet that relates to Black Butte Mineral Resource is based on information compiled by Mr Michael J. Lechner who is a Registered Member of SME, a CPG with AIPG, a RPG in Arizona, and a P. Geo. in British Columbia. Mr Lechner is an independent consultant and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Lechner consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

The information in this Scheme Booklet that relates to the Thaduna and Green Dragon Mineral Resource is based on information compiled by Mr Ekow Taylor who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Taylor was a permanent employee of Sandfire at the time of Mineral Resource compilation and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Taylor consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

The information in this Scheme Booklet that relates to the Temora Mineral Resource is based on information compiled by Mr Ross Corben who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Corben is employed by GEOWiZ Consulting, who has been engaged by Sandfire, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Corben consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

(c) Disclaimer

Each person named in Section 13.13:

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in Section 13.13; and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme Booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person.

## 13.14 Regulatory conditions and relief

(a) ASX waivers

ASX Listing Rule 6.23.2 provides that the cancellation of options for consideration requires the approval of shareholders. MOD applied for, and was granted, a waiver of ASX Listing Rule 6.23.2 to permit the MOD Options to be cancelled without requiring the approval of MOD Shareholders, subject to the Scheme being approved by the Requisite Majority of MOD Shareholders and the Court. The waiver application was made on the basis that MOD Shareholders are provided with information of the proposed treatment of MOD Options in this Scheme Booklet and therefore able to consider this information when determining whether to vote in favour of the Scheme. Refer to Section 12.19 for further information on the proposed treatment of MOD Options.

ASX Listing Rule 10.7 provides that if an acquisition to which ASX Listing Rule 10.1 applies is of a classified asset, the consideration payable must be restricted securities. ASX Listing Rule 10.1 applies to the JV Acquisition as the sale asset is considered a substantial asset as the value of the consideration being paid by MOD to acquire the 30% interest in MCEL is greater than 5% of the equity interests of MOD as detailed in the latest accounts given by MOD to the ASX and the 30% interest is held by Metal Tiger, a substantial shareholder of MOD. The acquisition of the JV Acquisition by MOD will constitute the acquisition of a classified asset for the purpose of Listing Rule 10.7 as the term classified asset includes an interest in an

entity (MCEL), the substantial proportion of whose assets is an interest in a mining exploration area (exploration licences in Botswana). MOD applied for, and was granted, a waiver of ASX Listing Rule 10.7 to permit MOD to issue 22,322,222 MOD Shares (unrestricted securities) and grant a 2% net smelter return royalty to Metal Tiger as consideration for the JV Acquisition.

(b) Trading in Sandfire Shares during the deferred settlement period

In December 2017 ASIC released its "No action position for trading during deferred settlement periods", which applies:

- (i) to the sale of unissued securities during a deferred settlement period (including the on-sale of those securities); and
- (ii) where sellers believe on reasonable grounds that they have an unconditional entitlement to the securities.

It is expected that the Sandfire Shares to be issued to Scheme Participants (other than to Ineligible Foreign Shareholders and Non-Electing UMP Shareholders) will commence trading on ASX on a deferred settlement basis on the day following the Effective Date, at which point the Scheme will be unconditional.

### 13.15 Foreign jurisdictions

(a) General

The distribution of this Scheme Booklet outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. MOD disclaims all liabilities to such persons.

No action has been taken to register or qualify this Scheme Booklet, the New Sandfire Shares (or otherwise permit a public offering of such securities) or any aspect of the Scheme in any jurisdiction outside Australia.

Based on the information available to MOD as at the date of this Scheme Booklet, MOD Shareholders whose addresses are shown in the register on the Record Date as being in the following jurisdictions will be entitled to have New Sandfire Shares issued to them pursuant to the Scheme subject to the qualifications, if any, set out below in respect of that jurisdiction:

- (i) Australia and its external territories;
- (ii) New Zealand;
- (iii) Singapore;
- (iv) Hong Kong, where (i) the MOD Shareholder is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong) and (ii) the number of non-professional investors does not exceed 50;
- (v) the United Kingdom; and
- (vi) any other person or jurisdiction in respect of which Sandfire reasonably believes that it is not prohibited and not unduly onerous or impractical to implement the Scheme and to issue Sandfire Shares to a MOD Shareholder with a registered address in such jurisdiction.

Nominees, custodians and other MOD Shareholders who hold MOD Shares on behalf of a beneficial owner resident in Australia, New Zealand, Singapore, Hong Kong or the United Kingdom may forward this Scheme Booklet (or accompanying documents) to such beneficial shareholder but may not forward this Scheme Booklet to any person in any other country without the consent of MOD.

(b) New Zealand

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets



Conduct Act 2013 (or any other relevant New Zealand law). The offer of New Sandfire Shares under the Scheme is being made to existing shareholders of MOD in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

(c) Singapore

This Scheme Booklet and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of New Sandfire Shares have not been and will not be registered as a prospectus with the Monetary Authority of Singapore and this offering is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act, Cap. 289 (the SFA) will not apply.

This Scheme Booklet and any other document or material in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of New Shares may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part XIII of the SFA, including the exemption under section 273(1)(c) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to New Sandfire Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

Neither this document nor any copy of it may be taken or transmitted into any country where the distribution or dissemination is prohibited. This document is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person.

The investments contained or referred to in this document may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

Neither Sandfire nor MOD is in the business of dealing in securities or hold itself out or purport to hold itself out to be doing so. As such, Sandfire and MOD are neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

(d) Hong Kong

**WARNING:** The contents of this Scheme Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which

is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of these securities, to the public in Hong Kong. The document is for the exclusive use of MOD Shareholders in connection with the Scheme, and no steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Scheme by the person to whom this Scheme Booklet is addressed.

(e) United Kingdom

This Scheme Booklet does not constitute an offer of New Sandfire Shares in the United Kingdom and, accordingly, is not a prospectus (under the Financial Services and Markets Act 2000 (“FSMA”). Neither the information in this document, nor any other document relating to the offer, has been registered with, filed with, or approved by, any United Kingdom regulatory authority (including, for the avoidance of doubt, the Financial Conduct Authority) under or in accordance with FSMA (or any other relevant law of England and Wales). Therefore, this Scheme Booklet may not contain all the information that a prospectus under the law of England and Wales is required to contain.

### 13.16 Supplementary information

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, MOD becomes aware of any of the following:

- (a) a material statement in this Scheme Booklet is false or misleading or deceptive;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter that has arisen and that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

MOD will make available supplementary material to MOD Shareholders. MOD intends to make available any supplementary material by releasing that material to ASX ([www.asx.com.au](http://www.asx.com.au)) and posting the supplementary document to MOD’s website (<https://www.modresources.com.au/>). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, MOD may also send such supplementary materials to MOD Shareholders.

### 13.17 Other material information

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of MOD which has not previously been disclosed to MOD Shareholders.

THE ISSUE OF THIS SCHEME BOOKLET IS AUTHORISED BY THE DIRECTORS OF MOD RESOURCES LIMITED AND THIS SCHEME BOOKLET HAS BEEN SIGNED BY OR ON BEHALF OF THE DIRECTORS OF MOD RESOURCES LIMITED ON 20 August 2019

A handwritten signature in black ink, appearing to read 'Mark Clements', written in a cursive style.

Mark Clements  
**Executive Chairman**

## 14. Glossary

In this Scheme Booklet, unless the context requires otherwise:

**A\$** means the lawful currency of Australia.

**Annexure** means an annexure to this Scheme Booklet.

**Announcement Date** means the date on which MOD and Sandfire announced to ASX that they had entered into the Scheme Implementation Deed, being 25 June 2019.

**ASIC** means the Australian Securities & Investments Commission.

**Associate** has the meaning given to that term in the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691) or where the context requires, the financial market operated by it known as the Australian Securities Exchange.

**Authorised Person** means, in respect of a person:

- (a) a director, officer or employee of the person;
- (b) an adviser of the person; and
- (c) a director, officer or employee of an adviser of the person.

**Board** means the board of directors of MOD or Sandfire (as applicable).

**Bonus Issue** has the meaning given to that term in the Listing Rules.

**Business Day** means a day that is not a Saturday, Sunday or a public holiday in Perth, Western Australia.

**Cash Consideration** means has the meaning given to that term in Section 5.3.

**Cash Election** has the meaning given to that term in Section 5.3.

**Cash Election Form** means the election form provided with the Scheme Booklet under which an Eligible Shareholders may make a Cash Election to receive Cash Consideration in respect of all their MOD Shares, up to the Maximum Cash Consideration.

**Competing Proposal** means any inquiry, offer, proposal or expression of interest, transaction or arrangement (including by way of takeover bid or scheme of arrangement), other than the Transaction, under which, if entered into or ultimately completed substantially in accordance with its terms:

- (a) a person or two or more persons who are Associates (other than Sandfire or its Related Bodies Corporate) would directly or indirectly:
- (b) acquire a Relevant Interest in or become the holder of more than 15% of the issued share capital of MOD;
- (c) acquire, obtain a right to acquire, or otherwise obtain an economic interest in 15% of the issued share capital of MOD;
- (d) acquire control of MOD or any member of the MOD Group which holds all or a substantial part or a material part of the business or assets of the MOD Group within the meaning of section 50AA of the Corporations Act (disregarding section 50AA(4));

- (e) acquire, become the holder of or have a right to acquire or an economic interest in all or a substantial part of the business, or any of the material assets, of the MOD Group; or
- (f) otherwise acquire Control (within the meaning of section 50AA of the Corporations Act) of or merge with MOD or any other member of the MOD Group,

including by takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase or exchange, sale or purchase of assets or businesses, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for MOD or other synthetic merger or any other transaction or arrangement.

**Computershare UK** means Computershare Investor Services plc.

**Consideration Options** has the meaning given to that term in Section 10.1.

**Consideration Shares** has the meaning given to that term in Section 10.2.

**Control** has the meaning given to that term in section 50AA of the Corporations Act and **Controlled** has the corresponding meaning.

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

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

**Court** means the Supreme Court of Western Australia or such other court of competent jurisdiction under the Corporations Act as agreed in writing between MOD and Sandfire.

**Deed Poll** means the deed poll executed by Sandfire and set out in Annexure 4 of this Scheme Booklet.

**Deloitte** means Deloitte Corporate Finance Pty Ltd.

**Directors** mean the directors of MOD.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act, in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**Electing Eligible Shareholder** means an Eligible Shareholder who makes an election to Cash Consideration under the Scheme.

**Eligible Shareholder** has the meaning given to that term in Section 5.3.

**End Date** means the date that is six months after the date of the Scheme Implementation Deed or such later date as Sandfire and MOD agree in writing.

**European Economic Area** means each of Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom, Iceland, Liechtenstein and Norway.

**European Shareholder** in respect of any particular MOD Shares or MOD Depositary Interests means a holder of such MOD Shares or MOD Depositary Interests who is resident in the European Economic Area, or is holding such MOD Shares or MOD Depositary Interests or any of them or any interest in any of them directly or indirectly on behalf of any person who is resident in, or has a registered address in, the European Economic Area.

**Exclusivity Period** means the period commencing on 25 June 2019 and ending on the earlier of:

- (a) the date that the Scheme Implementation Deed is terminated;
- (b) the Implementation Date; and

- (c) the End Date.

**Explanatory Statement** means the statement pursuant to section 412 of the Corporations Act, which is registered by ASIC in relation to the Scheme, copies of which are included in this Scheme Booklet.

**Exploration Assets** has the meaning given to that term in Section 10.1.

**FY** means financial year.

**General Meeting** means the general meeting to be convened by MOD at which MOD Shareholders will vote on the resolution relating to the JV Acquisition.

**Governmental Agency** means any foreign (including Botswanan) or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign (including Botswanan) or Australian (including ASIC and the Takeovers Panel). It also includes ASX and LSE and any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions.

**GST** means the tax levied under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Headcount Test** means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of MOD Shareholders present and voting, either in person or by proxy.

**Implementation Date** means the day that is 5 Business Days after the Record Date, or such other date as MOD and Sandfire agree in writing.

**Independent Expert** means Deloitte.

**Independent Expert's Report** means the report in Annexure 1.

**Independent Technical Specialist** means Deloitte Technical Mining Advisory.

**Independent Technical Specialist's Report** means the report of the Independent Technical Specialist in Appendix 10 to the Independent Expert's Report.

**Ineligible Foreign Shareholder** means a Scheme Participant whose address as shown in the Share Register (as at the Record Date) or the MOD Depository Interest Register (as at the time of Rematerialisation or, if Rematerialisation does not occur prior thereto, as at the Record Date) is in a place which Sandfire reasonably determines is a place that it is unlawful or unduly onerous to issue that Scheme Participant or MOD Depository Interest Holder with New Sandfire Shares when the Scheme becomes Effective (provided that a Scheme Participant or MOD Depository Interest Holder whose address shown in the Share Register or the MOD Depository Interest Register is within Australia and its external territories, New Zealand, the United Kingdom, Hong Kong or Singapore will not be an Ineligible Foreign Shareholder).

**Ineligible Jurisdiction** means, any jurisdiction which Sandfire reasonably determines is a place that it is unlawful or unduly onerous to issue that Scheme Participant or MOD Depository Interest Holder with New Sandfire Shares when the Scheme becomes Effective that is outside Australia and its external territories, New Zealand, the United Kingdom, Hong Kong and Singapore.

**Insolvent** means in relation to a person:

- (d) **(insolvency official)** the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days;
- (e) **(arrangements)** the entry by the person into a compromise or arrangement with its creditors generally;



- (f) **(winding up)** the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (g) **(suspends payments)** the person suspends or threatens to suspend payment of its debts as and when they become due;
- (h) **(ceasing business)** the person ceases or threatens to cease to carry on business;
- (i) **(insolvency)** the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (j) **(deregistration)** the person being deregistered as a company or otherwise dissolved;
- (k) **(deed of company arrangement)** the person executing a deed of company arrangement;
- (l) **(person as trustee or partner)** the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:
  - (i) a breach of trust or obligation as partner by the person;
  - (ii) the person acting outside the scope of its powers as trustee or partner;
  - (iii) a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability;
  - (iv) the assets of the trust or partnership being insufficient to discharge the liability; or
- (m) **(analogous events)** anything analogous to those set out in any of paragraphs (a) to (g) inclusive occurs in relation to the person under the laws of a foreign jurisdiction,

**Interested Persons** has the meaning given to that term in Section 7.14.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.

**JV Acquisition** has the meaning given to that term in Section 10.2.

**JV Consolidation Option** has the meaning defined in Section 6.2.

**JV Exploration Licences** has the meaning defined in Section 6.2.

**JV Roll-Up Option** has the meaning defined in Section 6.2.

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

**LSE** means collectively the Official Listing of the Financial Conduct Authority and the London Stock Exchange's Main Market for list securities.

**Marketable Parcel** has the meaning as defined in the Listing Rules.

**Material Adverse Change** means:

- (a) a change, event, circumstance, occurrence or matter that occurs in or relates to Botswana that is announced, is disclosed or otherwise becomes known to Sandfire or the MOD Board (whether it becomes public or not) after the date of this deed which (whether individually or when aggregated with all such events, circumstances, occurrences or matters) has had or is reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the MOD Group taken as a whole;
- (b) a change, event, circumstance, occurrence or matter that occurs, is announced, is disclosed or otherwise becomes known to Sandfire or the MOD Board (whether it becomes public or not) after the date of this deed which (whether individually or when aggregated with all such changes, events, circumstances, occurrences or matters) has had or is reasonably likely to have:
  - (i) the effect of diminution in the value of the consolidated net assets of the MOD Group, taken as a whole, by at least A\$5 million against MOD's accounts of 31 December 2018;
  - (ii) an impact on the T3 Project due to fiscal regime change, access, land ownership, permitting or Authorisations such that the construction start date on the T3 Project is reasonably expected to be delayed to a date after 1 July 2020;
  - (iii) a downgrade to the key physical or economic outputs of the Feasibility Study of 10% or more; or
  - (iv) an impact on the T3 Project such that the mining lease for the T3 Project will not be granted or only granted subject to conditions which are likely to preclude development of the T3 Project substantially as described in the Feasibility Study,

and:
- (c) in each case other than changes, events, circumstances, occurrences or matters:
  - (i) expressly required or permitted by this deed or the Scheme or the transactions contemplated by either;
  - (ii) Fairly Disclosed to Sandfire in the Disclosure Materials;
  - (iii) Fairly Disclosed by MOD in any announcement to or filing with ASX or in a document lodged by MOD with ASIC that is publicly available, in each case between 5 November 2015 and the Business Day prior to the date of this deed;
  - (iv) approved by written consent of Sandfire;
  - (v) arising from changes in the securities market in general;
  - (vi) arising from any changes to commodity prices and commodity market conditions;
  - (vii) arising from changes in exchange rates applicable to MOD;
  - (viii) comprising or arising from anything contemplated by the MOD Directors' deeds of indemnity, access and insurance;
  - (ix) arising from the payment of Transaction Costs; or
  - (x) arising from the proposed amendments to the transfer pricing regime in Botswana gazetted prior to the date of this deed.

**Maximum Cash Consideration** has the meaning given to that term in Section 5.3.

**MCEL** means Metal Capital Exploration Limited.

**Merged Group** means the Sandfire Group and the MOD Group.

**Metal Tiger** means Metal Tiger Plc (UK company number 04196004) of 107 Cheapside, London EC2V 6DN, United Kingdom.

**Option Exercise** has the meaning given to that term in Section 10.4.

**Mineral Resource** has the meaning given to that term in the JORC Code.

**Mineral Resource Option** has the meaning defined in Section 6.2.

**Mining Tenement** means all tenure granted under the *Mining Act 1978* (WA).

**MOD** means MOD Resources Limited ACN 003 103 544.

**MOD Board** means the board of directors of MOD.

**MOD Break Fee** means A\$1,660,000 (exclusive of GST).

**MOD Depositary** means Computershare Investor Services PLC.

**MOD Depositary Interest** means dematerialised depositary interests issued by the MOD Depositary in respect of underlying MOD Shares.

**MOD Depositary Interest Custodian** means Computershare Investor Services PLC or a subsidiary or third party appointed by Computershare Investor Services PLC to provide custody services.

**MOD Depositary Interest Deed** means the deed poll executed by the MOD Depositary in favour of the MOD Depositary Interest Holders from time to time.

**MOD Depositary Interest Holder** means a holder of MOD Depositary Interests from time to time.

**MOD Depositary Interest Register** means the register of MOD Depositary Interest Holders maintained by the MOD Depositary.

**MOD Director** means a director of MOD.

**MOD Employee Incentive Plan** means the MOD Employee Incentive Plan as approved by MOD Shareholders on 30 May 2018.

**MOD Group** means, collectively, MOD and each of its Related Bodies Corporate.

**MOD Indemnified Party** means a director, officer, employee or adviser of a member of the MOD Group.

**MOD Information** means all the information in a Scheme Booklet other than the Sandfire Information and the Independent Expert's Report.

**MOD Optionholder** means a holder of MOD Options.

**MOD Options** or **Options** means options over MOD Shares.

**MOD Performance Right** means a right granted by MOD to acquire by way of issue a Share and for the avoidance of doubt, does not include an Option.

**MOD Prescribed Occurrence** has the meaning given in the Scheme Implementation Deed.

**MOD Register** means the register of MOD Shareholders maintained in accordance with the Corporations Act.

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

**MOD Shareholder** means a holder of one or more MOD Shares as shown in the Share Register.

**MOD Share Registry** means Computershare Investor Services Pty Limited.

**New Sandfire Share** means a Sandfire Share to be issued under the Scheme.

**Non-Electing UMP Shareholder** has the meaning given to that term in Section 5.6.

**Notice of Meeting** means the notice convening the General Meeting together with the Proxy Forms for that meeting.

**Notice of Scheme Meeting** means the notice convening the Scheme Meeting together with the Proxy Forms for that meeting as set out in Annexure 5.

**Option Cancellation Deeds** means the deeds executed by MOD, Sandfire and the MOD Optionholders (other than Metal Tiger) dated 25 July 2019.

**Ore Reserve** has the meaning given to that term in the JORC Code.

**Pro-forma adjustments** has the meaning given to that term in Section 8.7.

**Proxy Form** means the proxy form that accompanies this Scheme Booklet or is available from the MOD Share Registry.

**Q** means a quarter of a financial year.

**Record Date** means 5:00pm (WST) on the fifth Business Day after the Effective Date.

**Related Body Corporate** has the meaning given to that term in section 50 of the Corporations Act.

**Relevant Interest** has the meaning given to that term in section 9 of the Corporations Act.

**Rematerialisation** means the process by which the underlying MOD Shares deposited with the MOD Depository Interest Custodian rematerialise, so that the person registered as the holder of the MOD Depository Interests is recorded in the MOD Share Register as the holder of the underlying MOD Shares as at the Record Date.

**Representative** means, in respect of a party, an employee, agent, officer, director, adviser or financier of that party (or of a Related Body Corporate of that party), and, in the case of advisers, includes employees, officers and agents of the adviser.

**Requisite Majority** means in relation to the Scheme Resolution, a resolution passed by:

- (d) unless the Court orders otherwise, a majority in number (more than 50%) of MOD Shareholders (as the case may be), who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and
- (e) at least 75% of the votes cast on the resolution.

**Rights Issue** has the same meaning as defined in the Corporations Act.

**Royalty** has the meaning given to that term in Section 10.2.

**Sale Agent** means Citigroup Global Markets Australia Pty Limited.

**Sale and Demerger Agreement** has the meaning given to that term in Section 10.1.

**Sale Facility** means the facility offered to Ineligible Foreign Shareholders and Non-Electing UMP Shareholders to sell their entire MOD Shares.

**Sale Facility Shareholders** has the meaning given to that term in Section 5.7.

**Sandfire** means Sandfire Resources NL ACN 105 154 185.

**Sandfire Board** means the board of directors of Sandfire.

**Sandfire Group** means, collectively, Sandfire and each of its Related Bodies Corporate.

**Sandfire Indemnified Party** means a director, officer, employee or adviser of a member of the Sandfire Group.

**Sandfire Information** means information regarding the Sandfire Group provided by or on behalf of Sandfire to MOD or its Representatives in writing for inclusion in a Scheme Booklet, being the information in the sections or parts of those sections described below:

- (a) joint letter from the Chairman and CEO of Sandfire;
- (b) the Important Notices Section:
  - (i) the second paragraph under the heading “Responsibility statement”; and
  - (ii) the third paragraph under the heading “Forward looking statements”;
- (c) Section 3 under the part named “Questions about Sandfire”;
- (d) Section 7;
- (e) Section 8 as it relates to Sandfire’s contribution to the information regarding the Merged Group;
- (f) Sections 9.2(d), 9.2(e) in respect of Sandfire, 9.2(g), 9.4;
- (g) Section 13.12(b); and
- (h) Section 14: the following definitions contained in the Glossary:
  - (i) Sale Agent;
  - (ii) Sandfire;
  - (iii) Sandfire Board;
  - (iv) Sandfire Group;
  - (v) Sandfire Indemnified Party;
  - (vi) Sandfire Register;
  - (vii) Sandfire Share;
  - (viii) Sandfire Shareholder; and
  - (ix) Sandfire Share Registry,

except in each case to the extent that information is based on information provided or prepared by or on behalf of MOD.

**Sandfire Register** means the share register of Sandfire Shareholders kept pursuant to the Corporations Act.

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

**Sandfire Shareholder** means a person registered in the Sandfire Register.

**Sandfire Share Registry** means Security Transfer Australia Pty Ltd.

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between MOD and MOD Shareholders, the form of which is contained in Annexure 3 of this Scheme Booklet, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

**Scheme Booklet** means this scheme booklet (including all of the Annexures, the Proxy Form and the Election Form which accompanies this Scheme Booklet).

**Scheme Consideration** has the meaning given to that term in Section 5.2.

**Scheme Implementation Deed** or **SID** means the Scheme Implementation Deed dated 25 June 2019 between MOD and Sandfire (as amended and restated on 8 August 2019 and amended on 19 August 2019) which is contained in Annexure 2 of this Scheme Booklet.

**Scheme Meeting** means the meeting of MOD Shareholders ordered by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act, to be held at 11:00am (WST) on 1 October 2019 and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Participant** means a person who is a MOD Shareholder as at 5:00pm (WST) on the Record Date, other than those held by the Sandfire Group.

**Scheme Resolution** means the resolution to be proposed to the MOD Shareholders at the Scheme Meeting to approve the Scheme, set out in the Notice of Scheme Meeting.

**Scheme Participant** means a MOD Shareholder (other than any member of Sandfire Group) as at the Record Date.

**Scrip Consideration** has the meaning given to that term in Section 5.3.

**Scrip Election** has the meaning given to that term in Section 5.6.

**Scrip Election Form** means the election form provided with the Scheme Booklet under which a UMP Shareholder who would be entitled to receive at least one whole Sandfire Share as Scheme Consideration (other than a European Shareholder or Ineligible Foreign Shareholder) can make a Scrip Election to receive their Scheme Consideration in the form of New Sandfire Shares.

**Second Court Date** means the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard (or if the application is adjourned before consideration of any substantive matters, the first day on which the adjourned application is heard and substantive matters are considered).

**Share and Voting Deed** has the meaning given to that term in Section 10.1.

**Share Splitting** has the meaning given to that term in Section 12.13.

**Subsidiary** has the meaning given to that term in section 46 of the Corporations Act.

**Superior Proposal** means a bona fide, written Competing Proposal received after the date of this deed which in the determination of the MOD Board acting reasonably, in order to satisfy its fiduciary or statutory duties (after having received written advice from their external legal and financial advisers), having undertaken a comparison of value of between the Competing Proposal and the Scrip Consideration based upon the 30 day VWAP of Sandfire Shares (and if applicable, the potential acquirer's 30 day VWAP, provided its securities are listed on a recognised exchange) prior to receipt of the Competing Proposal:



- (a) is capable of being completed in accordance with its terms, taking into account all financial, regulatory and other aspects of the proposal, including the ability of the proposing party to consummate the transactions contemplated by the Competing Proposal;
- (b) is not subject to any conditions relating to the conduct of the due diligence or to the provision of finance to the acquirer, or which are substantially more onerous than the Conditions Precedent, other than conditions pertaining to due diligence investigations which are merely confirmatory and can reasonably be completed in an efficient and timely manner, and regulatory conditions required by law that raise no significant policy or issues and are reasonably likely to be satisfied; and
- (c) would, if completed substantially in accordance with its terms, be reasonably likely to result in a transaction more favourable to MOD Shareholders than the Transaction, taking into account all of the terms and conditions of the Competing Proposal, including consideration, conditionality, funding, certainty and timing.

**T3 Acquisition** has the meaning given to that term in Section 10.1.

**Tshukudu Exploration** has the meaning given to that term in Section 10.1.

**Transaction** means the acquisition of MOD by Sandfire by means of the Scheme.

**Transaction Implementation Committee** means the committee established pursuant to the SID, which is made up of three Sandfire representatives and three MOD representatives, to act as a forum for consultation and planning by Sandfire and MOD to, among other things, implement the Scheme.

**UKLA** means the United Kingdom Listing Authority.

**UMP Shareholder** has the meaning given to that term in Section 5.6.

**US\$** means United States dollars.

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

**VWAP** means the volume weighted average price.

**WST** means Western Standard Time in Australia.

In this Scheme Booklet (other than in Annexures 1 to 5):

- (a) all dates and times are Perth, Western Australia times unless otherwise indicated;
- (b) words and phrases not otherwise defined in this Scheme Booklet (excluding the Annexures) have the same meaning (if any) as is given to them by the Corporations Act;
- (c) the singular includes the plural and vice versa. A reference to a person includes a reference to a corporation;
- (d) headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet; and
- (e) a reference to a Section is to a Section in this Scheme Booklet unless stated otherwise.

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**ANNEXURE 1 – INDEPENDENT EXPERT'S REPORT**

## **MOD Resources Limited**

Independent expert's report and Financial Services Guide

Proposed Scheme

19 August 2019

# Financial Services Guide (FSG)

## What is a Financial Services Guide?

An FSG is designed to provide information about the supply of financial services to you.

## Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (AFSL 241457) has been engaged by MOD Resources Limited to prepare an independent expert's report (our Report) in connection with the proposed acquisition of 100% of the issued shares in MOD Resources Limited by Sandfire Resources NL via a scheme of arrangement (the Proposed Scheme). MOD Resources Limited will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration.

## What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

## We are providing general financial product advice

In our Report, we provide general financial product advice as we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

## How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. You are not responsible for our fees.

We will receive a fee of approximately \$180,000 exclusive of GST in relation to the preparation of this report, and the report in relation to the proposed transaction with Metal Tiger Plc. This fee is not contingent upon the success or otherwise of the proposed transactions between MOD Resources Limited and Sandfire Resources NL (the **Proposed Scheme**), and MOD Resources Limited and Metal Tiger Plc (the **Metal Tiger Transaction**). In addition to this Deloitte Technical Mining Advisory will receive a fee of

approximately \$70,000 exclusive of GST in relation to the preparation of their report. This fee is not contingent on the outcome of the Proposed Scheme or the Metal Tiger Transaction.

Apart from these fees, Deloitte Corporate Finance, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

## Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls Deloitte Corporate Finance. Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

## What should you do if you have a complaint?

If you have a concern about our Report, please contact us:

The Complaints Officer  
PO Box N250  
Grosvenor Place  
Sydney NSW 1220  
[complaints@deloitte.com.au](mailto:complaints@deloitte.com.au)  
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Financial Ombudsman Service (FOS). FOS provides fair and independent financial services dispute resolution free to consumers.

[www.fos.org.au](http://www.fos.org.au)  
1800 367 287 (free call)  
Financial Ombudsman Service  
GPO Box 3 Melbourne VIC 3001

## What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

The Directors  
MOD Resources Limited  
First Floor, 1304 Hay Street  
West Perth WA 6005

19 August 2019

Dear Directors

## Re: Independent expert's report – Proposed Scheme

### Introduction

On 25 June 2019, MOD Resources Limited (**MOD, the Target or the Company**), together with the Board of Sandfire Resources NL (**Sandfire, or the Bidder**), announced a proposal under which Sandfire would acquire 100% of the issued shares in MOD via a scheme of arrangement (**the Proposed Scheme**). If the Proposed Scheme is approved, holders of MOD shares (**Shareholders**) can elect to receive either:

- 0.0664 Sandfire shares for 1 MOD share (**Scrip Consideration**)<sup>1</sup>; or
- Cash of \$0.45 per share (**Cash Consideration**) up to a "scheme" maximum of \$41.6 million (**Maximum Cash Consideration**)<sup>2</sup>.

Upon completion of the Proposed Scheme, MOD will become a wholly owned subsidiary of Sandfire and will subsequently be delisted from the Australian Securities Exchange Limited (**ASX**) and the London Stock Exchange (**LSE**). A scheme booklet has been prepared containing the detailed terms of the Proposed Scheme (**the Scheme Booklet**) and an overview of the Proposed Scheme is provided in Section 1 of our report.

Concurrently to the Proposed Scheme, MOD has agreed under the Scheme Implementation Deed (**SID**) to exercise its option<sup>3</sup> to acquire Metal Tiger Plc's (**Metal Tiger**) 30% interest in Metal Capital Exploration Limited (**Metal Capital Exploration**), which indirectly owns several exploration licences in the Kalahari copper belt in Botswana, for 22,322,222 MOD shares and a 2% net smelter royalty (**NSR**), (**Metal Tiger Transaction**).

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<sup>1</sup> Ineligible Foreign Shareholders, European Holders and UMP Shareholders should refer to sections 5.4, 5.5 and 5.6, respectively of the Scheme Booklet for specifics of the Consideration related to their shareholding

<sup>2</sup> Shareholders need to elect to receive the Cash Consideration, otherwise the Scrip Consideration will be issued. In the event the Cash Consideration election exceeds the Maximum Cash Consideration, the amount of cash paid per share to Shareholders electing cash will be reduced pro rata, and Sandfire shares will be issued in respect of the shortfall

<sup>3</sup> As amended under the Sale and Demerger Agreement dated 18 July 2018

## Purpose of the report

The directors of MOD (**the Directors**) have requested that Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) provide an independent expert's report advising whether, in our opinion, the Proposed Scheme is in the best interests of Shareholders.

Section 411 of the Corporation Act 2001 (**Section 411**) regulates schemes of arrangement between companies and their shareholders. Part 3 of Section 411 (**Part 3**) prescribes the information to be provided to shareholders in relation to schemes of arrangement.

As Sandfire does not have any directors in common with MOD, and does not hold any shares in MOD, there is no legal requirement for an independent expert's report under Section 411(3). Notwithstanding this, the Directors have requested that Deloitte Corporate Finance prepare this independent expert's report in order to assist Shareholders in their consideration of the Proposed Scheme.

We have prepared this report having regard to Section 411(3) and Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 111 and ASIC Regulatory Guide 112.

This report is to be included in the Scheme Booklet to be sent to Shareholders and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Scheme. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and MOD, in respect of this report, including any errors or omissions however caused.

## Basis of evaluation

### Guidance

We have prepared this report having regard to Part 3 and ASIC Regulatory Guide 111 in relation to the content of expert's reports and ASIC Regulatory Guide 112 in respect of the independence of experts.

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a Chapter 6<sup>4</sup> takeover bid. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 of the Corporations Act 2001 (**Section 640**) requires an independent expert's report in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the company'. Accordingly, if an expert were to conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the proposed scheme is in the best interests of the members of the company. If an expert were to conclude that the proposal was 'not fair but reasonable', it is open to the expert to conclude whether the proposal is in the best interests of the members of the company. If the expert concludes that the proposal is 'neither fair nor reasonable' then the expert would conclude that the proposal is not in the best interests of members.

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<sup>4</sup> Chapter 6 of the Corporations Act 2001 (**Cth**)



## ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of section 611 of the Corporations Act 2001, a selective capital reduction or selective buy back under Chapter 2J of the Corporations Act 2001.

Under ASIC Regulatory Guide 111, a control transaction such as the Proposed Scheme is:

- fair, when the value of the consideration is equal to or greater than the value of the shares subject to the proposed scheme. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or despite not being fair, after considering other significant factors, securityholders should accept the offer under the proposed scheme, in the absence of any higher bids.

To assess whether the Proposed Scheme is in the best interests of Shareholders, we have adopted the test of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

### Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming 100% ownership of the target company.

**We have assessed whether the Proposed Scheme is fair by comparing the value of a MOD share with the value of the consideration to be received from Sandfire. We have assessed the value of each MOD share by estimating the current value of MOD on a control basis and dividing this value by the notional number of shares on issue (on a diluted basis). We have assessed the value of the scrip consideration to be received from Sandfire with reference to the share trading price of Sandfire post the announcement of the Proposed Scheme.**

### Reasonableness

ASIC Regulatory Guide 111 considers an offer in respect of a control transaction, to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, security holders should accept the offer in the absence of any higher bid before the close of the offer.

## Definition of value

For the purpose of our opinion, we have referred to the concept of fair market value. Fair market value is defined as the amount at which the shares in the entities valued would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

## Role of the Technical Expert

Given the nature of the assets of MOD, Deloitte Technical Mining Advisory (**DTMA**<sup>5</sup>), advisors with technical expertise in the mining industry, were engaged to assist Deloitte Corporate Finance in the valuation of MOD's assets. DTMA's work included:

- input and advice on the appropriateness of assumptions (**the Technical Assumptions**) adopted in the T3 Project feasibility study model (**T3 Project Model**), including
  - the level of reserves and resources contained in the T3 Project Model
  - production profiles
  - production rates (ore milled, feed grade, recovery rates)
  - operating expenditure, including rehabilitation and abandonment costs
  - capital expenditure
- estimating the fair market value of the additional resources relating to the T3 copper project in Botswana (the **T3 Project**) but not included in the T3 Project Model
- estimating the fair market value of MOD's other mineral assets in Botswana, including the mineral assets held by Metal Capital Exploration.

DTMA prepared its technical report having regard to the "Code for Public Reporting of Technical Assessment and Valuation of Minerals Assets" (**VALMIN code**). The scope of DTMA's work was controlled by Deloitte Corporate Finance. A copy of DTMA's report is provided in Appendix 10.

## Summary and conclusion

In our opinion the Proposed Scheme is fair and reasonable and therefore in the best interests of Shareholders. In arriving at this opinion, we have had regard to the following factors.

### The Proposed Scheme is fair

According to ASIC Regulatory Guide 111, in order to assess whether the Proposed Scheme is fair, the independent expert is required to compare the fair market value of a share in MOD on a control basis with the fair market value of the consideration under the Proposed Scheme. The Proposed Scheme is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer.

In forming our assessment of fairness of the Proposed Scheme, the majority of our valuation analysis and field work was completed on 29 July 2019.

Since this date, there has been a significant increase in volatility in global markets and a rerating (downwards) of growth expectations which has had an impact on the share trading prices of both MOD and Sandfire (which have declined approximately 6% and 8% respectively), as well as the spot price of copper (which has declined approximately 5%). We understand that there are no Sandfire or MOD specific matters that these declines can be attributed to. The declines are consistent with the share price decreases experienced by other copper producers and explorers, and more broadly the ASX 200 Index (which declined by approximately 3% since the completion of our fieldwork).

We have had particular regard to the decrease in the trading price of Sandfire shares, which Shareholders are receiving as consideration, and our assessed value of the Scrip Consideration which is set out below and in Section 6.

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<sup>5</sup> Venmyn Deloitte (Pty) Ltd, trading as DTMA

We have also considered whether any adjustment is required to our valuation of a MOD share. Given the decline in the spot price of copper and the decline of the share prices of the copper sector as a whole, it would be reasonable to expect that the value of a MOD share would also have declined. One of the key drivers of value is the long term copper price which is based on consensus price estimates, however there is limited information available on the impact of recent events on the long term copper price which would enable us to revise our valuation parameters and analysis. Over time, more information may become available regarding market inputs to our valuation, which may indicate that the value of a MOD share on a control basis should be changed.

We will continue to monitor market parameters which affect our valuation and opinion, up to the date of the Scheme Meeting, and we will advise Shareholders if our opinion changes. Set out in the table below is a comparison of our assessment of the fair market value of a MOD share with the consideration offered by Sandfire.

**Table 1**

	Low (\$)	High (\$)	Mid (\$)
Estimated fair market value of a MOD share (Section 5.2)	0.41	0.51	0.45
Estimated fair market value of Scrip Consideration alternative (Table 3)	0.40	0.43	0.42
Estimated fair market value of Cash Consideration alternative (Table 3)	0.45	0.45	0.45

Source: Deloitte Corporate Finance analysis

Given the recent volatility in global markets as noted above, we consider that the value of a MOD share on a control basis is more likely to lie towards the low end of our valuation range, particularly given the current decline in the spot price of copper and the decline in the share trading prices experienced by other copper producers and explorers.

The consideration offered by Sandfire overlaps the range of our estimate of the fair market value of a MOD share, at the low end. However, as we consider the value of a MOD share is also likely to lie towards the low end of our valuation range, it is our opinion that the Proposed Scheme is fair.

We note that our valuation of a MOD share is highly sensitive to the copper price assumptions used in the valuation of the T3 Project, and therefore the value range can change significantly with relatively small changes in commodity prices. A +/-2.5% movement in copper prices would result in approximately +/- 15% movement in the value of a MOD share. As noted above, despite the recent decline in the spot price of copper, there has been no observable movement in the consensus long term copper price. If Shareholders hold a different view to Deloitte Corporate Finance on future copper prices, they may or may not form a different valuation conclusion to that presented in this report.

## Valuation of MOD

We have estimated the fair market value of MOD by applying the sum of the parts method, which estimates the value of MOD by valuing the various assets and liabilities of MOD and aggregating those values as presented in the table below.

**Table 2**

Values based on MOD's interest	Unit <sup>1</sup>	MOD's Interest	Low	High	Mid
T3 Project <sup>2</sup>	\$m <sup>3</sup>	100%	107.00	129.00	118.00
Metal Capital Exploration's assets	\$m <sup>3</sup>	70%	17.30	23.60	17.30 <sup>6</sup>
Other exploration assets in Botswana	\$m <sup>3</sup>	100%	21.43	24.71	22.86 <sup>6</sup>
Sams Creek Gold Project	\$m	Various	0.00	3.80	1.90
Less: Corporate support	\$m	100%	(7.14)	(7.89)	(7.52)
Less: Options liability	\$m	100%	(1.01)	(1.01)	(1.01)
Add: Other surplus assets <sup>4</sup>	\$m	Various	0.29	0.29	0.29
Add: Adjusted <sup>5</sup> cash balance	\$m	100%	4.75	4.75	4.75
<b>Equity value of MOD Resources (control basis)</b>	<b>\$m</b>		<b>142.61</b>	<b>177.25</b>	<b>156.57</b>
Number of ordinary shares on issue (on a diluted basis)	million		348.01	348.01	348.01
<b>Value of a share in MOD (on a control basis)</b>	<b>\$/share</b>		<b>0.41</b>	<b>0.51</b>	<b>0.45</b>

Source: Deloitte Corporate Finance analysis

Notes:

1. The table above is subject to rounding
2. Including an assessment of the impact of Botswana Government option to acquire a minority stake in the project
3. Converted to \$ based on the US\$: \$ rate of 0.70 as at 24 July 2019
4. Comprised of Metal Capital Exploration's (70% interest) and MOD Resources Botswana's (100% interest) assets and liabilities, being fixed assets, payables and receivables
5. Current cash balance adjusted for transaction costs and change of control payments to employees
6. For Metal Capital Exploration's assets and other exploration assets in Botswana the mid values have been based on DTMA's preferred value

In addition to the above, we have considered the reserve multiple implied by our sum of the parts valuation of MOD to provide additional evidence of the fair market value of a MOD share (refer to Section 5.10).

## Valuation of consideration

The valuation of a share in Sandfire post the implementation of the Proposed Scheme (**Enlarged Sandfire**) has been assessed on a minority interest basis because, if the Proposed Scheme is approved, Shareholders will hold a portfolio interest and will therefore become minority shareholders in Enlarged Sandfire.

We have valued the Scrip Consideration offered to Shareholders under the Proposed Scheme at between \$0.40 and \$0.43 per share, and the Cash Consideration being offered is \$0.45 per share, as set out in the table below.

**Table 3**

	Unit	Low	High	Mid
<b>Cash Consideration per MOD share</b>	<b>\$/share</b>	<b>0.45</b>	<b>0.45</b>	<b>0.45</b>
<b>Scrip Consideration</b>				
<b>Value of a share in Enlarged Sandfire<sup>1</sup></b>	<b>\$/share</b>	<b>6.05</b>	<b>6.55</b>	<b>6.30</b>
Sandfire shares for 1 MOD share ( <b>Merger Ratio</b> )		0.0664	0.0664	0.0664
<b>Implied Scrip Consideration per MOD share</b>	<b>\$/share</b>	<b>0.40</b>	<b>0.43</b>	<b>0.42</b>

Source: Deloitte Corporate Finance analysis

Notes:

1. The value of a share in Enlarged Sandfire has been determined with reference to the analysis of trading in the shares of Sandfire post the announcement of the Proposed Scheme

If the value of a share in Enlarged Sandfire (which is based on the share trading price of Sandfire) declines further, without a corresponding change in the value of a MOD share (which needs to be supported by observable market parameters), our opinion in respect of the Proposed Scheme may change to not fair.

As noted above, we will continue to monitor market parameters which affect our valuation and opinion, up to the date of the Scheme Meeting, and we will advise Shareholders if our opinion changes.

### **The Proposed Scheme is reasonable**

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Scheme is reasonable. We have also considered the following significant factors in assessing the reasonableness of the Proposed Scheme.

### **Shareholders are receiving a premium to MOD's share price prior to the announcement of the Proposed Scheme**

The consideration offered under the Proposed Scheme of \$0.45 per MOD share (based on Cash Consideration) and \$0.40 to \$0.43 per MOD share based on our valuation range of a share in Enlarged Sandfire post the implementation of the Proposed Scheme, represents a significant premium over the prices realised in ASX and LSE share trading prior to the announcement of the Proposed Scheme.

The one-month volume weighted average price (**VWAP**) of an MOD share, prior to the announcement of the Proposed Scheme, was \$0.32 and the three-month VWAP was \$0.31. Based on this, the Consideration represents a premium to the share trading in MOD shares prior to the announcement of the Proposed Scheme in excess of 41%. MOD's 'undisturbed' share price prior to the announcement of Sandfire's first bid on 21 January 2019, was \$0.22. The Consideration represents a premium to the 'undisturbed' share price in excess of 100%. However, we note, subsequent to Sandfire's initial approach, MOD released the findings of the feasibility study in respect of the T3 Project which resulted in an increase in the share price of MOD.

In the absence of the Proposed Scheme or another alternative proposal, MOD's shares may trade below the prices achieved since the announcement of the Proposed Scheme and our assessed value range.

## Funding requirements

As set out in Section 5.3 of our report, approximately US\$ 220<sup>6</sup> million is required to fund the T3 project and bring it into production. MOD does not currently have these funds available, or the funds to undertake further extensive exploration activities. In the second half of 2018, MOD appointed debt advisors to solicit and evaluate numerous indicative funding proposals in respect of the T3 Project. We understand the following funding options have been considered:

- establishment of a project related debt or project finance facility; based on current indications from financiers, debt funding would likely be obtained up to a maximum of 70% to 75% of the funding requirements (subject to the Board approving this level of gearing)
- an equity raising; MOD management have indicated that it would be difficult for MOD to raise sufficient equity to fully fund the T3 Project, and any equity raised to supplement a finance facility would be dilutive to shareholders, as it is likely to take place at a discounted share price
- a sell-down of a controlling interest in the T3 Project or a control transaction in MOD shares. There have been a number of confidential indicative offers received in addition to Sandfire's proposal
- supplier funding or off-take agreement (prepayments), which would be classified as debt by the senior financiers

Whilst none of the funding offers were progressed due to the emergence of the Proposed Scheme, they provide a good indication that funding for the T3 Project would have been possible.

For the purpose of our valuation of MOD on a control basis, we have assumed the capital requirements for the T3 Project would be funded by the balance sheet of a market participant (through existing cash reserves and debt facilities), as evidenced by the current Proposed Scheme and the number of alternate indicative offers received. However, in the absence of the Proposed Scheme, MOD would be required to secure funding for the T3 Project on a stand alone basis. Therefore, in evaluating the reasonableness of the Proposed Scheme, we have also had regard to the impact funding would have on the value of a MOD share. For the purposes of our analysis we have presented a number of scenarios for funding of the T3 Project.

In undertaking this analysis, we have assumed the funding requirements of approximately US\$ 220 million would be met by a combination of:

- a project finance facility of US\$ 150 million (approximately 70% of the funding requirement), which we consider could reasonably be obtained in the current market conditions given the indicative market sounding undertaken by MOD management and its debt advisors
- US\$ 70 million (equivalent to approximately \$100 million) by way of an equity capital raising by MOD. However, given this represents a significant level of equity funding compared to the approximately \$94 million market capitalisation of MOD prior to the announcement of the Proposed Scheme, a capital raising would likely be at a significant discount to the trading price of MOD at the time of the capital raising.

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<sup>6</sup> Reflecting capital expenditure of US\$ 182 million, provisions for operational shortfalls, transaction costs, cost over-run allowances and working capital facility.



The price at which MOD shares will trade in the absence of the Proposed Scheme, or in the event of a future capital raising for the development of the T3 Project, is unknown. For illustrative purposes, we have presented a range of potential share prices at which capital could be raised. The last institutional capital raising undertaken by MOD was at \$0.30 per share. We have therefore, assumed a hypothetical future capital raising price at +/- \$0.05 on the previous institutional capital raising price, being \$0.25 to \$0.35 per share.

**Table 4**

	Unit	Low	High	Mid
<b>Capital requirement</b>	<b>\$m</b>	<b>100</b>	<b>100</b>	<b>100</b>
Issue price	\$A/share	0.25	0.35	0.30
New Shares Issued	million	400.0	285.7	333.3
<b>Equity value of MOD (after a potential capital raising)<sup>1</sup></b>	<b>\$m</b>	<b>243.5</b>	<b>277.5</b>	<b>257.1</b>
Diluted number of ordinary shares on issue <sup>2</sup>	million	748.0	633.7	681.3
<b>Diluted value of a share in MOD</b>	<b>\$/share</b>	<b>0.33</b>	<b>0.44</b>	<b>0.38</b>

Source: Deloitte Corporate Finance analysis

Note:

1. Equity value of MOD before the Proposed Scheme plus cash raised
2. The diluted number of ordinary shares on issue has been based on the number of new MOD shares to be issued under the presented capital raising scenario plus the number of existing MOD shares on issue, and the number of MOD shares issued on conversion of the performance rights and exercise of the share options held by Metal Tiger. It does not consider the impact of the potential new MOD shares being issued as a result of the Metal Tiger Transaction

If MOD needs to secure funding for the T3 Project on a stand alone basis the implied diluted value of a MOD share subsequent to any potential capital raising is likely to be lower than the consideration offered under the Proposed Scheme.

### The Proposed Scheme de-risks the development of the T3 Project

Sandfire has indicated that if the Proposed Scheme is implemented, the T3 Project will be funded via a combination of its current balance sheet, external financing and operating cash flows. Sandfire had a cash balance of approximately \$247 million and a market capitalisation of approximately \$1.15 billion prior to the announcement of the Proposed Scheme. Sandfire also had a profit before income tax expense in 2018 of \$176 million. Given the financial strength of Sandfire, there is minimal financing risk associated with the development of the T3 Project, if the Proposed Scheme proceeds.

There is also the potential to benefit from further exploration activities in the acreage held by MOD in the Kalahari copper belt, which has been limited to date by MOD's balance sheet.

### Sandfire dividend

If the Proposed Scheme is implemented by 15 November 2019, and Sandfire declares a dividend for the 2019 financial year, Shareholders who elect to receive the Scrip Consideration will participate in the distribution of the Sandfire dividend (if Shareholders continue to hold their Sandfire shares until the dividend record date).

Refer to section 7.9 of the Scheme Booklet for information on the historical dividends paid by Sandfire. Sandfire does not have a dividend policy nor has it provided any guidance on the final dividend amount for the 2019 financial year, therefore the amount of any dividend payable is uncertain.

Although this has not been explicitly factored into the value of the Scrip Consideration, we note that the trading in Sandfire shares should implicitly reflect the anticipated value of any future dividends payable. It is not uncommon for the share price of a company to fall after the dividend record date, by an amount equivalent to the dividend payable.

### **Diluted shareholding in MOD's assets, in particular the T3 Project**

On implementation of the Proposed Scheme, Shareholders will change from holding 100% of the issued capital in MOD to holding between 10.4% and 13.4% of the issued shares in Enlarged Sandfire. As a result, Shareholders will receive a diluted return in the upside potential associated with the development of the T3 Project and any further advancement in the exploration of MOD's assets.

However, Shareholders will hold an interest in a wider portfolio of assets including Sandfire's operating DeGrussa copper-gold mine and Monty copper-gold project in Western Australia along with Sandfire's expanded portfolio of development and exploration projects.

Shareholders who elect to receive the Cash Consideration will cease to hold an interest in MOD's assets, assuming the Maximum Cash Consideration is not exceeded.

### **The Cash Consideration option pursuant to the Proposed Scheme allows Shareholders to immediately realise their investment in MOD**

The Proposed Scheme allows Shareholders who elect the Cash Consideration to immediately realise their investment in MOD for a known cash amount and at a premium to the traded share price of MOD prior to the announcement of the Proposed Scheme.

If Shareholders accept the Cash Consideration, they will not be able to participate in the future growth of MOD's assets to the extent that they generate future value above the Cash Consideration.

However, there are several broadly comparable companies listed in Australia and internationally in which Shareholders can invest the proceeds from the sale of their MOD shares to gain similar exposure to copper and silver assets.

### **No superior alternatives to the Proposed Scheme have emerged**

MOD has not received any alternative binding offers for the T3 Project or MOD's issued capital.

Since the completion of the feasibility study for the T3 Project in early 2019, MOD has considered numerous alternatives to fund the T3 Project and maximise value for Shareholders. This process included soliciting and engaging with a number of potential parties in relation to a potential equity transaction.

The MOD Board considered that none of the confidential indicative proposals received were likely to realise greater value for Shareholders than the Proposed Scheme, particularly after considering the location and liquidity of the potential bidders, relative risks and conditions attached to the indicative offers, and the cost and timing associated with progressing any alternatives.

Any further interest in MOD may take time to materialise, and there is no guarantee of an offer price higher than that provided under the Proposed Scheme.

### Conclusion on reasonableness

On balance, in our opinion, the Proposed Scheme is reasonable.

## Opinion

In our opinion, the Proposed Scheme is fair and reasonable to Shareholders. It is therefore in the best interests of Shareholders. An individual security holder's decision in relation to the Proposed Scheme may be influenced by his or her particular circumstances. If in doubt the security holder should consult an independent adviser, who should have regard to their individual circumstances.


This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully



**Nicki Ivory**

Authorised Representative  
AR Number: 461005



**Stephen Reid**

Authorised Representative  
AR Number: 461011

# Glossary

Reference	Definition
\$	Australian dollars
A3	A3 highway
AR	Authorised representative
ASIC	The Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
AUASB	Auditing and Assurance Standards Board
ASA	Auditing Standard
Bidder, the	Sandfire Resources NL
Botswana Pula	The local currency in Botswana
bps	Basis points
$\beta$	Beta
CAPM	Capital Asset Pricing model
Cash Consideration	Cash of \$0.45 per share up to a "scheme" maximum of \$41.6 million for those shareholders who elect to receive cash as their consideration for the Proposed Scheme
Company, the	MOD Resources Limited
Condamine	Condamine Resources Ltd
Cu Eq Resource	Copper Equivalent Resource
CYXX	31 December 20XX
DCF	Discounted cash flow methodology
DEA	Department of Environmental Affairs
Debt Model, the	The debt model for the T3 Project
Deloitte	Deloitte Touche Tohmatsu
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
DeGrussa	Sandfire's DeGrussa copper-gold mine
Directors, the	The directors of MOD
dmt	Dry metric tonnes
DRC	Democratic Republic of the Congo
DTMA	Deloitte Technical Mining Advisory
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIU	Economist Intelligence Unit
EMRP	Equity Market Risk Premium
Enlarged Sandfire	The valuation of a share in Sandfire post implementation of the Proposed Scheme
ESIA	Environmental and Social Impact Assessment
ETFs	Exchange traded funds
FSG	Financial Services Guide
FY	Financial year

Reference	Definition
G&A	General and administrative costs
Hana	Hana Mining Limited
IBIS	IBIS World Pty Limited
JV	Joint venture
Kalongwe	Kalongwe Copper-Cobalt Project
Kd	Cost of debt
Ke	Cost of equity capital
Km	Kilometres
kt	Kilotonne
kV	Kilovaults
LSE	London Stock Exchange
LOM	Life of mine
Maximum Cash Consideration	Cash of \$0.45 per share up to a maximum of \$41.6 million
Metal Capital Exploration	Metal Capital Exploration Limited
Metal Tiger	Metal Tiger Plc
Metal Tiger Transaction, the	MOD acquisition of Metal Tiger Plc's 30% interest in Metal Capital Exploration Limited in exchange for 22,322,222 MOD shares and a 2% net smelter royalty
MMRGTES	Botswanan Ministry of Mineral Resources, Green Technology and Energy Security
MOD	MOD Resources Limited
Monty	Sandfire's Monty copper-gold mine
MSCI Index	Morgan Stanley Capital International World Index
Mtpa	Million tonnes per annum
MW	Megawatt
NPAT	Net profit after tax
NSR	Net smelter return
NTA	Net tangible assets
Part 3	Part 3 of Section 411
PEM	Prospectivity enhancement multiplier
PL	Prospecting License
Proposed Scheme, the	The announced proposal under which Sandfire would acquire 100% of the issued shares in MOD via a scheme of arrangement
Rf	Risk free rate of return
Rm	Expected return on the market portfolio
SAG	Semi-autogenous grinding
Sandfire	Sandfire Resources NL
Sams Creek	Sams Creek gold project
Section 411	Section 411 of the Corporations Act 2001
Section 640	Section 640 of the Corporations Act 2011
Scheme Booklet, the	Booklet detailing the Proposed Scheme

<b>Reference</b>	<b>Definition</b>
Scrip Consideration	0.0664 Sandfire shares for 1 MOD share
Shareholders	Existing holders of MOD shares
SID	Scheme Implementation Deed
SSA	Share sale agreement
t	tonne
T3 Project	The T3 copper project in Botswana
T3 Project Model	Financial model for the T3 Project
Talisman	Talisman Mining
Target, the	MOD Resources Limited
Technical Assumptions, the	Technical Assumptions adopted in the Model
Tintina Resources Inc.	Tintina
TSF	Tailing storage facility
Tshukudu Metals	Tshukudu Metals Botswana (Pty) Ltd
US\$	United States Dollars
US\$/t	US Dollars per tonne
US\$/oz	US Dollars per ounce
VALMIN code	Code for Technical Assessment and Valuation of Minerals and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
YTD19	30 April 2019



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# 1 Overview of the Proposed Scheme

## 1.1 Summary

On 25 June 2019, the directors of MOD and Sandfire announced the execution of a binding SID under which Sandfire would acquire 100% of MOD via a scheme of arrangement.

Pursuant to the Proposed Scheme, Shareholders can elect to receive either:

- Scrip Consideration of 0.0664 Sandfire shares for every 1 MOD share held<sup>7</sup>; or
- Cash Consideration of \$0.45 per share, subject to a Maximum Cash Consideration of \$41.6 million<sup>8</sup>.

Sandfire has agreed to extend its FY19 final dividend record date to no later than 15 November 2019 to allow Shareholders to participate in the dividend distribution if the Proposed Scheme is completed by this date.

The Proposed Scheme has been unanimously recommended by the MOD Board, who have confirmed their intention to vote in favour of the Proposed Scheme in respect of the shares they control, in the absence of a superior proposal and subject to the independent expert's opinion that the Proposed Scheme is in the best interests of Shareholders.

Full details of the Proposed Scheme are provided in section 1 of the Scheme Booklet.

## 1.2 Key conditions of the Proposed Scheme

The Proposed Transaction is subject to various conditions, the most significant being:

- MOD Shareholder approval by the requisite majority in respect of the Proposed Scheme
- Court approval of the Proposed Scheme in accordance with Section 411 of the Corporations Act 2001
- Shareholders' approval of the Extraordinary General Meeting Resolutions by the requisite majorities, including the Metal Tiger Transaction<sup>9</sup>. MOD has agreed to exercise its option to acquire Metal Tiger's 30% interest in Metal Capital Exploration, which owns several exploration licences in the Kalahari copper belt in Botswana, in exchange for 22,322,222 MOD shares and a 2% net smelter royalty. This condition is for the sole benefit of Sandfire and may be waived by Sandfire (in the event of non-fulfilment)
- MOD optionholders:
  - Exercising all of the MOD options they hold, and MOD shares issued upon such exercise prior to the record date; or
  - Entering into a "cancellation" deed with Sandfire and MOD regarding the MOD options held by each MOD optionholder. We note that option cancellation deeds have been entered into with MOD optionholders
- any consents, authorisations and approvals from Botswana regulatory authorities, including the Minister for Mines and the Botswana Competition Authority necessary to implement the Scheme are obtained before and as at two hours before the Court hearing on the Second Court Date
- the Independent Expert concluding that the Proposed Scheme is in the best interests of Shareholders and not changing that conclusion.

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<sup>7</sup> Ineligible Foreign Shareholders, European Holders and UMP Shareholders should refer to sections 5.4, 5.5 and 5.6, respectively of the Scheme Booklet for specifics of the Consideration related to their shareholding

<sup>8</sup> Shareholders will need to elect to receive the Cash Consideration, otherwise Scrip Consideration will be received. In the event the Cash Consideration election exceeds the Maximum Cash Consideration, the amount of cash paid per share to Shareholders electing cash will be reduced pro rata, and Sandfire shares will be issued in respect of the shortfall

<sup>9</sup> Refer to our contemporaneous independent expert's report in respect of the Metal Tiger Transaction and the conversion of Metal Tiger's options for further evaluation of this proposed transaction

## 1.3 Rationale for the Proposed Scheme

MOD's primary asset is the T3 Project. To develop the T3 Project, approximately US\$ 182 million is required to be invested in capital expenditure but an estimated US\$ 220 million is needed to fully fund the project. The Directors have been evaluating the options available to MOD to fund this project. The Proposed Scheme presents an immediate funding option to progress the project development.

The MOD Board consider that the Proposed Scheme provides the opportunity to maximise value from the T3 Project which can be funded from Sandfire's balance sheet and cash flows, as well as its capacity to raise external debt. In addition, the Proposed Scheme provides Shareholders with exposure to Sandfire's existing high-grade DeGrussa Project, as well as the potential of Sandfire's exploration holdings and development assets. MOD shareholders will also benefit from the consideration which represents a premium in excess of 41% on the price of a MOD share prior to the announcement of the Proposed Scheme.

## 1.4 Intentions if the Proposed Scheme proceeds

Following implementation of the Proposed Scheme, Shareholders are expected to own approximately between 10.4% and 13.4%, depending on the number of Shareholders opting to receive full cash consideration, of Enlarged Sandfire, as illustrated in the table below.

**Table 5**

Shareholder	Low <sup>1</sup>		High <sup>2</sup>	
	No ordinary shares held (m)	% issued shares (%)	No ordinary shares held (m)	% issued shares (%)
Sandfire existing shareholders	159.6	89.6%	159.6	86.6%
MOD shareholders <sup>3</sup>	18.5	10.4%	24.6	13.4%
<b>Total shares outstanding</b>	<b>178.0</b>	<b>100.0%</b>	<b>184.1</b>	<b>100.0%</b>

Source: Deloitte Corporate Finance analysis

Note:

1. Assumes Maximum Cash Consideration is reached
2. Assumes 100% Scrip Consideration
3. Based on the assumption of acquisition of 370.3 million shares in MOD, which includes 22.3 million shares to be issued to Metal Tiger in consideration for the Metal Tiger Transaction, 287,187 shares issued as part of the employees short term incentive plan and the conversion of 40.7 million options and 3.1 million performance rights into shares
4. The above table is subject to rounding

If the Proposed Scheme is successful, MOD will become a wholly owned subsidiary of Sandfire and be delisted from the ASX and LSE.

## 2 Profile of MOD

### 2.1 Overview

MOD is an Australian copper development and exploration company which is dual listed on the ASX and LSE. MOD’s primary asset is its 100% interest in the T3 Project, a copper-silver project at pre-development stage located in the Kalahari Copper Belt, Botswana. The T3 Project prospecting license is held by MOD’s wholly owned subsidiary Tshukudu Metals Botswana (Pty) Ltd (**Tshukudu Metals**). The Botswana Government has the option to acquire up to a maximum 15% interest in the proposed mine when a mining license is issued (further details in Section 5.3).

In addition to the development of the T3 Project, MOD, through its wholly and majority owned subsidiaries, is undertaking exploration programs across a number of mining tenements, with licences covering approximately 14,853 km<sup>2</sup> in the Kalahari Copper belt. MOD holds 31 copper and silver exploration licences at various stages of exploration (12 in MOD Resources Botswana (Pty) Ltd, 4 of which relate to precious stone licences, 18 in Tshukudu Exploration (Pty) Ltd and 1 in Tshukudu Metals).

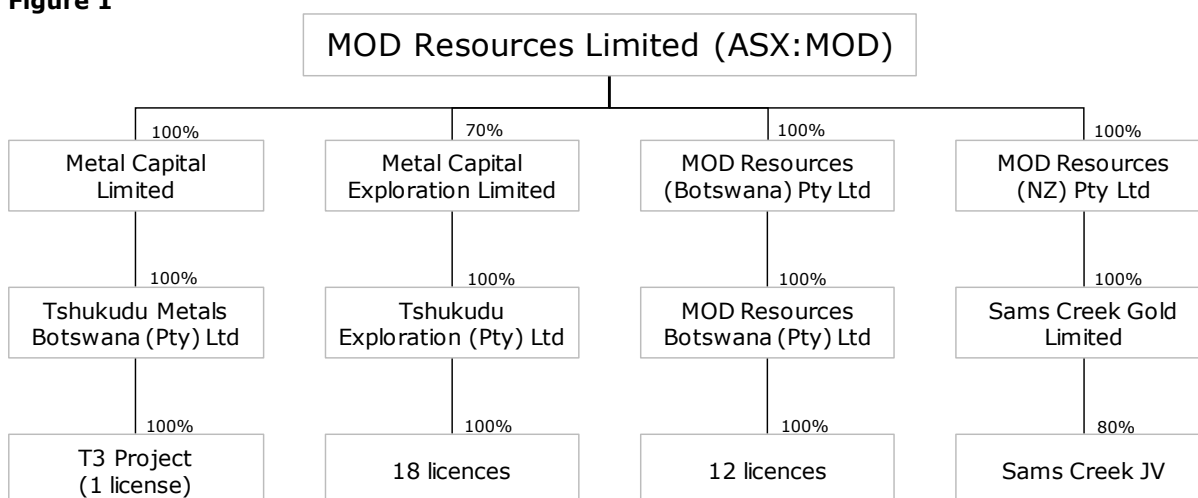
Metal Capital Exploration is a joint venture (**JV**) between MOD and AIM-listed Metal Tiger, holding 70% and 30% respectively. It is engaged in some of the exploration activities in Botswana described above, while some are 100% owned by MOD (see Figure 1 below). Pursuant to the terms of the JV agreement, MOD has the right to acquire Metal Tiger’s 30% stake in Metal Capital Exploration upon a change of control of MOD (i.e. triggered by the Proposed Scheme). As discussed in Section 1, the Metal Tiger Transaction is a condition precedent to the Proposed Scheme, albeit this condition can be waived by Sandfire in the event of non-fulfilment. The interconditionality of the Metal Tiger Transaction and the Proposed Scheme, means that there is no practical possibility of the Metal Tiger Transaction completing without the Proposed Scheme completing and therefore, for the purpose of valuing the shares in MOD, we have assumed that the Metal Tiger Transaction has not yet been implemented. We have, however, considered the exercise of the 40.7 million Options held by Metal Tiger in our valuation as these have already been granted. While they cannot all legally be exercised immediately unless Shareholder approval is obtained, in substance they all have a claim on value and could all be exercised over time using the 3% creep provision.

In addition, MOD holds an interest in the Sams Creek gold project (**Sams Creek**) located in New Zealand through its subsidiary MOD Resources (NZ) Pty Ltd. MOD’s interest in the Sams Creek project consists of a 100% interest in EP 54454 and a 80% interest in EP 40338. MOD considers the Sams Creek project, which is yet to be developed, to be a non-core asset and is exploring options to dispose of the project.

Please refer to Section 2.2 for a detailed description of MOD’s mining assets.

The figure below sets out MOD’s existing group structure as well as its relevant interests in subsidiaries.

**Figure 1**



Source: MOD Management

The diagram above is before the Metal Tiger Transaction. After the Metal Tiger Transaction, MOD will wholly own Metal Capital Exploration (100%).

## 2.2 Portfolio of mining assets

### 2.2.1 T3 Project overview

MOD's 100% owned T3 Project is a significant copper and silver deposit located in the Kalahari Copper Belt in Botswana. The T3 Project's deposit was discovered in March 2016 and this has been followed by scoping and additional technical studies that confirmed the mining potential of the deposit. In January 2018 MOD released the results of a pre-feasibility study for the T3 Project confirming a robust, long-life copper silver mine.

Following a program of resource infill drilling and additional technical studies undertaken during 2018, MOD completed its feasibility study for the T3 Project in March 2019. The results of the feasibility study delivered a significant increase in the T3 Project's assessed ore reserve, underpinned by a life of mine (**LOM**) average copper grade of 1.0% and silver grade of 13.2 g/t. The feasibility study suggested a LOM period of approximately 11.5 years, with first production estimated in H1 2021. The development capital expenditure estimated by the feasibility study is approximately US\$ 182 million, which includes mine development, processing plant and infrastructure. With the addition of working capital and overrun facilities, total funding requirements for the T3 Project will be approximately US\$ 220 million to US\$ 230 million.

The ore reserves and mineral resources for the project are presented in Table 6 and Table 7.

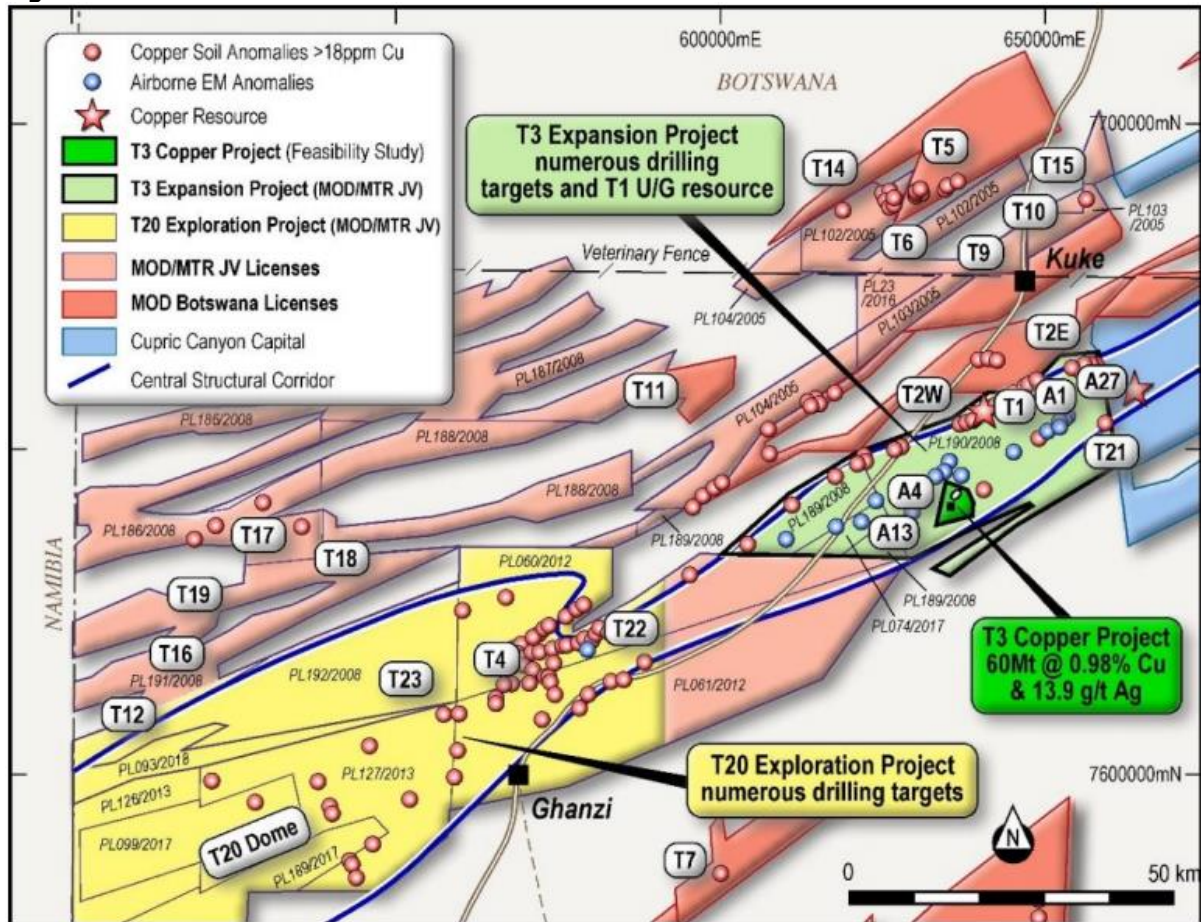
The T3 Project is currently at pre-development stage, MOD management has been exploring alternatives for funding its development. MOD submitted a draft Environmental and Social Impact Assessment (**ESIA**) to the Department of Environmental Affairs (**DEA**) in Botswana on 24 December 2018. DEA provided comments on the draft ESIA in March 2019 and MOD submitted a revised ESIA in early June 2019. Since the original submission, MOD has held several meetings with the DEA, with the last being in Ghanzi on 18 July 2019 to discuss the ESIA. Once final approval of the DEA is received and the four week public review period is completed, a mining license application can be made. Up to the moment when the mining license is granted, the Botswana Government can make an election to acquire an interest of up to 15% in the project.

#### Location

The proposed T3 Project mine site is located approximately 80 km north-east of Ghanzi and 200 km south-west of Maun on the western side of Botswana. The T3 deposit is located within freehold Farm 153-NL which is located in Prospecting License (**PL**) 190/2008. MOD, through its subsidiary Tshukudu Metals, has a binding agreement to acquire 100% of the approximately 25 km<sup>2</sup> area of the PL on which the T3 Project is located. The balance of PL190/2008 is held by Tshukudu Metals on trust for Tshukudu Exploration (Pty) Ltd.

The following figure illustrates the location of the T3 Project in relation to the wider exploration projects.

**Figure 2**



Source: MOD Annual Report 2018

## Geology

The T3 Project is a vein related sediment hosted deposit. The Mineral Resource is defined along a 1.5 km long strike length. The copper and silver sulphide mineralisation occurs in veins and disseminations within host rocks that include mudstone, siltstone, sandstone and marl.

The T3 mineralisation is a sheeted vein deposit dipping at 20-30 degrees to the northwest and is primarily chalcopryite, with lesser amount of chalcocite and bornite copper sulphides. MOD has indicated that the deposit may represent multiple stacked, mineralised veins and units, thrust one upon the other. Mineralisation commences at approximately 25 metres below the surface and extends to approximately 480 metres vertical depth.

## Mining

The T3 Project is designed to be an open pit mining operation utilising conventional drill and blast, load and haul methodologies. MOD proposes to use a mining contractor whilst maintaining orebody definition, quality control and medium to long term mine planning functions and management.

Drilling and blasting of ore and waste are planned to occur on 10 metre benches. MOD plans to use 120-250 tonne excavators and 140 tonnes haul trucks mining on 2.5 metre high flitches in ore zones and 3.5 metre high flitches in bulk waste zones. Ore is expected to be directly fed to the crusher or stockpiled for future rehandling. MOD expects dewatering to be minimal and it will be managed by a number of external dewatering and depressurising bores and in-pit sumps.

A total of six stages have been designed for the open pit to minimise the capitalised pre-strip and minimise variability in total material movement while maintaining process plant throughput and monitoring feed grades. A minimum cutback width of 100 metres will be targeted between stages to ensure full production rates are maintained safely.



## Processing

The T3 Project is designed to have a 3.0 million tonnes per annum (**Mtpa**) conventional processing plant (with a peak treatment rate of 3.2 Mtpa) located under 1 km to the west of the proposed mine. The plant project includes a primary crusher, semi-autogenous grinding (**SAG**), ball mill comminution circuit, a natural pH flotation circuit, rougher flotation with a regrind circuit and a cleaner flotation circuit. Direct capital costs for the construction of the processing plant are estimated at US\$ 49 million, excluding site infrastructure and tailings.

The processing plant is forecast to produce a LOM annual average copper in concentrate of 28 kt, with average concentrate grades of 30.4% copper and 383g/t silver. The final copper concentrate will be trucked to Walvis Bay in Namibia where it will be shipped to third-party smelters.

Tailing will be pumped to the tailing storage facility (**TSF**) south of the mine. The TSF is designed to store approximately 34.4 Mt of conventional thickened tailings across the entire LOM.

## Power and Water

The T3 Project is projected to have an installed maximum power demand of 11.5 megawatts (**MW**). MOD considers that the most cost effective energy source is grid power. The Botswana Government is currently extending the 220 kV grid power transmission line along the A3 highway (**A3**) that joins Toteng and Ghanzi, near the T3 Project. The extension is approximately 65% complete and is scheduled to be operational in the first quarter of 2020. To access the grid power, a connection station will be constructed at the intersection of the A3 and the T3 access road. From the connection station a 14 km 132 kV overhead transmission line will run to the principal substation at the processing plant.

MOD has undertaken test pumping and groundwater modelling which indicates that groundwater has the potential to meet the T3 Project's water demand. The dewatering of Stage 1 of the open pit will require 14 pit dewatering bores, of which 8 are already installed. The mine water supply will be sourced from the dewatering bores and a water supply bore field located up to 2 km to the west of the open pit.

## Infrastructure and Access

Access to the T3 Project is via a 2 hour drive from Maun along the A3. Flights from Johannesburg to Maun occur daily with a flight time of approximately 2 hours. The T3 Project is approximately 14 km from the A3 with an all-weather, unsealed access road planned to be built early in the T3 Project's development.

The T3 Project currently has a 40 person self-contained accommodation camp located approximately 6 km east of Ghanzi on the A3. As the workforce expands during construction the camp will expand to house an additional 360 people.

## T3 exploration potential

In August 2017, an extensive drilling program commenced for the T3 infill to test for resources in addition to those considered in the LOM plan underpinning the feasibility study. The drilling program intersected high grade veins that are commonly associated with wide zones of disseminated copper mineralisation within the T3 resource.

A systematic drilling program is underway to test the potential for high grade veins surrounding the T3 Project.

## Mineral Resources and Ore Reserves

The total Ore Reserves for the T3 Project are presented below.

**Table 6**

	Copper		Silver		
	Tonnes (Mt)	Grade (%)	Kt	Grade (g/t)	Moz
Proven	-	-	-	-	-
Probable	34.4	1.0	342.7	13.2	14.6
<b>Total 2P Ore Reserve</b>	<b>34.4</b>	<b>1.0</b>	<b>342.7</b>	<b>13.2</b>	<b>14.6</b>

Source: ASX Announcement - SFR to acquire MOD - Investor Presentation 25 June 2019

The total Mineral Resources for the T3 Project are presented below.

**Table 7**

	Copper			Silver	
	Tonnes (Mt)	Grade (%)	Kt	Grade (g/t)	Moz
Indicated	36.6	1.1	417.0	16.0	18.6
Inferred	23.5	0.7	173.3	11.0	8.3
<b>Total Mineral Resource</b>	<b>60.1</b>	<b>1.0</b>	<b>590.3</b>	<b>14.0</b>	<b>26.9</b>

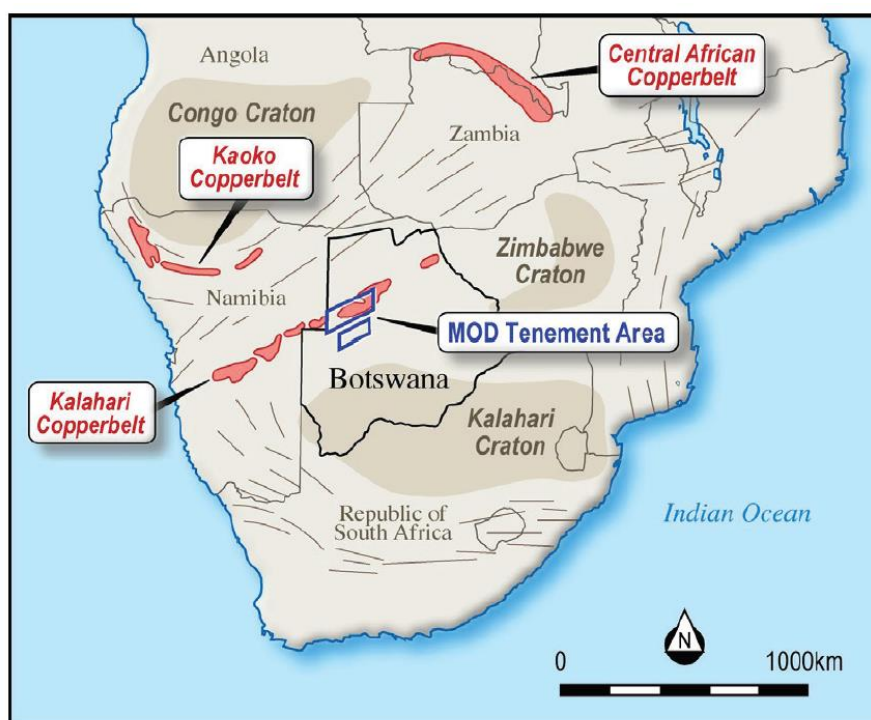
Source: ASX Announcement - SFR to acquire MOD - Investor Presentation 25 June 2019

### 2.2.2 Metal Capital Exploration – exploration assets

Metal Capital Exploration is a JV between MOD (70%) and Metal Tiger (30%). The company has a wholly owned subsidiary incorporated in Botswana, Tshukudu Exploration, which holds 18 PLs granted by the Botswanan Ministry of Mineral Resources, Green Technology and Energy Security (**MMRGTES**), covering approximately 8,000 km<sup>2</sup> of the Kalahari copper region.

The figure below presents the location of the Prospecting Licences owned by Metal Capital Exploration.

**Figure 3**



Source: Management of MOD

Note:

1. The blue outlines denote the approximate location of the Metal Capital Exploration PL

The table below sets out the details of the 18 PLs held by Metal Capital Exploration.

**Table 8**

#	License No.	Minerals Covered	Area (km <sup>2</sup> )	Date of Grant / Extension	Date of Expiry	Minimum Annual Expenditure Commitment (BWP'000 <sup>1</sup> )
1	PL186/2008	Base metals	557.0	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
2	PL187/2008	Base metals	648.8	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
3	PL188/2008	Base metals	395.0	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
4	PL189/2008	Base metals	210.7	1-Oct-18	30-Sep-20	Year 1: 1,000; Year 2: 1,000
5	PL191/2008	Base metals	572.0	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
6	PL192/2008	Base metals	604.5	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
7	PL102/2005	Base metals	331.1	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
8	PL103/2005	Base metals	131.1	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
9	PL104/2005	Base metals	285.3	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
10	PL060/2012	Base metals	809.2	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
11	PL061/2012	Base metals	974.9	1-Jan-19	31-Dec-20	Year 1: 500; Year 2: 700
12	PL231/2106	Base Metals	65.0	1-Oct-16	30-Sep-19	Year 1: 200; Year 2: 250; Year 3: 300
13	PL074/2017	Base metals	45.0	1-Apr-17	31-Mar-20	Year 1: 200; Year 2: 250; Year 3: 400
14	PL099/2017	Base metals	285.0	1-Oct-17	30-Sep-20	Year 1: 300; Year 2: 450; Year 3: 500
15	PL189/2017	Base metals	370.0	1-Oct-17	30-Sep-20	Year 1: 200; Year 2: 250; Year 3: 400
16	PL126/2013	Base metals	341.4	1-Oct-18	30-Sep-20	Year 1: 400; Year 2: 500
17	PL127/2013	Base metals	668.6	1-Oct-18	30-Sep-20	Year 1: 400; Year 2: 500
18	PL093/2018	Base metals	160.0	1-Oct-18	30-Sep-21	Year 1: 300; Year 2: 450; Year 3: 500

Source: Management of MOD

Note:

1. Thousands of Botswanan Pula (BWP)

### 2.2.3 Other exploration assets in Botswana

#### T1 Underground Project (Mahumo)

The 100% MOD owned Mahumo project is located on the northern extremity of the broader expansion area of the T3 Project, approximately 20 km north-east of the planned T3 Project processing plant. Mahumo has the potential to be a small scale underground project which could provide high grade ore to the T3 Project processing plant. The 2.7 Mt resource presented in Table 9 below is currently too small to develop independently. In CY18 a widely spaced drill program was undertaken at Mahumo to test for possible extensions below the existing resource. Whilst the results were encouraging, according to MOD management, no upgrade in resources has taken place as a result of the drilling efforts.

The total Mineral Resources for Mahumo are presented below.

**Table 9**

	Tonnes (kt)	Grade (%)	Copper		Silver	
			Kt	Grade (g/t)	koz	koz
Measured	518.0	1.93	10.0	48.8		813
Indicated	1,726.0	1.87	32.3	48.0		2,660
Inferred	433.0	2.52	10.9	57.4		800
<b>Total Mineral Resource</b>	<b>2,677.0</b>	<b>2.00</b>	<b>53.2</b>	<b>50.0</b>		<b>4,273</b>

Source: MOD Annual Report 2018

### 2.2.4 Sams Creek

Sams Creek is a gold exploration project located 100km north of the Reefion gold field in the South Island of New Zealand. Through its subsidiary Sams Creek Gold Limited, MOD owns 80% of Sams Creek with OceanaGold Corporation owning the remaining 20%. Sams Creek has the potential to be developed as an underground mine.

In July 2017, MOD entered into a conditional binding share sale agreement (**SSA**) to divest Sams Creek to Condamine Resources Ltd (**Condamine**), for total consideration of \$3.8 million. On successful completion of the sale, MOD would have received cash proceeds of \$1.75 million and 10.25 million shares in Condamine at a minimum issue price of \$0.20 per share. The SSA was later mutually terminated due to the non-fulfilment of conditions by Condamine. MOD considers Sams Creek to be non-core and it is fully impaired on MOD's balance sheet.

The total Mineral Resources for Sams Creek are presented below.

**Table 10**

	Cut-Off (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	Contained Au (koz)
Indicated	0.70	10.1	1.77	575
Inferred	0.70	10.4	1.31	439
<b>Total</b>	<b>0.70</b>	<b>20.5</b>	<b>1.54</b>	<b>1014</b>
Indicated	1.00	7.90	2.03	515
Inferred	1.00	5.80	1.70	315
<b>Total</b>	<b>1.00</b>	<b>13.70</b>	<b>1.89</b>	<b>830</b>
Indicated	1.50	5.0	2.48	402
Inferred	1.50	2.5	2.33	187
<b>Total</b>	<b>1.50</b>	<b>7.5</b>	<b>2.43</b>	<b>588</b>

Source: MOD Resources Annual Report 2018

## 2.3 Capital Structure

MOD currently has no external debt, therefore its capital structure is comprised of only equity.

## Shareholdings

MOD had 304,286,230 fully paid ordinary shares<sup>10</sup> outstanding at 26 July 2019, as summarised in the table below.

**Table 11**

No	Shareholder	No ordinary shares held (millions)	Percentage of issued shares (%)
1	J P Morgan Nominees Australia Pty Limited	50.5	16.6%
2	Citicorp Nominees Pty Limited	39.5	13.0%
3	Metal Tiger Plc	31.8	10.5%
4	Morgan Stanley Australia Securities (Nominee) Pty Limited	20.9	6.9%
5	Hsbc Custody Nominees (Australia) Limited	16.8	5.5%
6	Cs Fourth Nominees Pty Limited	12.7	4.2%
7	National Nominees Limited	9.1	3.0%
8	Phoenix Properties International Pty Ltd	6.3	2.1%
9	Mr Simon (Sui Hee) Lee	5.7	1.9%
10	Bnp Paribas Noms Pty Ltd	5.2	1.7%
	<b>Total top 10 shareholders</b>	<b>198.6</b>	<b>65.3%</b>
	<b>Other shareholders</b>	<b>105.7</b>	<b>34.7%</b>
	<b>Total shares outstanding</b>	<b>304.3</b>	<b>100.0%</b>

Source: MOD

Please refer to Section 5.9 for details regarding the number of diluted shares on issue considered in our valuation.

## Share options and performance rights

As at 30 June 2019, MOD had 58.4 million unlisted share options and 3.1 million performance rights on issue. Each of those entitles the holder to one MOD share, once it is exercised. The expiry dates and exercise prices are presented in the table below.

**Table 12**

Type	Expiry date	Exercise Price (\$)	Number
Performance rights	21-Feb-22	Nil	3,050,000
	16-Nov-21	Nil	40,673,566
	30-Jan-23	0.457	3,015,000
Share options	30-Jan-23	0.707	3,015,000
	30-Jan-23	0.907	3,015,000
	12-Apr-23	0.522	5,030,000
	29-May-23	0.435	3,630,000

Source: MOD Final Prospectus LSE Listing, MOD ASX Announcement - Section 708A Notice 16 April 2019, MOD Announcement - Appendix 3B 30 May 2019

The 40,673,566 share options expiring on 16 November 2021 are held by Metal Tiger. They were issued as consideration for a 30% stake in the T3 Project, acquired by MOD in November 2018. Under the terms of the proposed Metal Tiger Transaction, these options will be exercised before the completion of the Proposed Scheme up to an interest in MOD of 19.9%. The conversion of the balance of these options is subject to shareholder approval at the Extraordinary General Meeting of MOD shareholders to be held immediately before the Proposed Scheme meeting.

The performance rights were issued to directors, key management personnel, staff and selected contractors following the approval of the Company's Performance Rights Plan in February 2017. Additional performance rights were issued in June 2017 and June 2018 to directors and key employees. Some of these performance rights have been exercised by holders over the past two years. Upon a change of control event, the Board can approve that the performance rights vest immediately. The performance rights will vest and are deemed to become vested once the Proposed Scheme becomes effective.

Sandfire has offered cash consideration to option holders, with the exception of Metal Tiger, as part of the Proposed Scheme. Refer to the Scheme Booklet for further details regarding the option

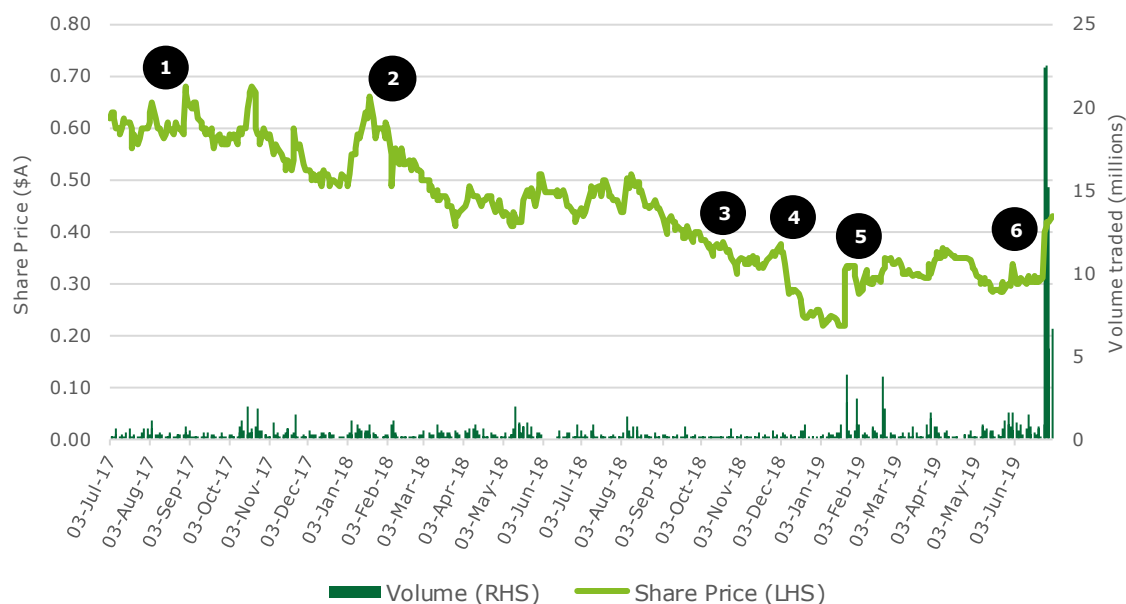
<sup>10</sup> Including 287,187 shares issued to employees as part of the short-term incentive program

consideration.

## 2.4 Recent share trading

The figure below illustrates MOD's share trading from July 2017 to July 2019.

**Figure 4**



Source: CapitalIQ, ASX announcements

The key market activities and announcements from the figure above are detailed in the following table. We note 12 month trading volumes in MOD shares represents 45.8% of issued shares, considering volumes traded both on ASX and LSE until the day prior to the announcement of the Proposed Scheme (i.e. 24 June 2019). We note that since MOD shares were listed on the LSE, approximately 8% of trading value occurred on the LSE.

**Table 13**

Ref	Date	Commentary
1	03-Jul-18	MOD announced it had entered into an agreement to divest Sams Creek to Condamine. Refer to Section 5.5 for further details.
2	31-Jan-18	MOD announced the PFS for a proposed open pit mine and copper concentrator at the T3 project. The PFS base case indicated a technically sound and financially robust project generating approximately \$960 million in EBITDA over 9 years.
3	11-Nov-18	MOD completes acquisition of the remaining 30% interest in T3 Project from Metal Tiger. MOD issued Metal Tiger 17,090,000 shares and 40,673,566 unlisted options with a nil exercise price and expiring on 15 November 2021. Mr Michael McNeilly was appointed to the Board of MOD as a nominee of Metal Tiger.
4	26-Nov-18	MOD is admitted to trading on the LSE.
5	21-Jan-19	MOD announced it had received an unsolicited, non-binding, indicative, conditional proposal from Sandfire at \$0.38/share. The Board of MOD believed the proposal undervalued the Company's assets. MOD successfully raised \$10 million through an oversubscribed institutional placement at \$0.30/share on 30 January 2019. It also announced that \$5.2 million would be raised through a fully underwritten Rights Issue at \$0.24/share. These shares were allotted on 27 February 2019.
6	25-Jun-19	MOD announced the Proposed Scheme.

Source: CapitalIQ and MOD ASX Announcements



## 2.5 Financial performance

We have summarised in the table below the profit and loss statement of MOD. The period of coverage is for the year ended 31 December 2017 (**CY17**) and 31 December 2018 (**CY18**).

**Table 14**

\$'000	Audited Actual 31-Dec-17 CY17	Audited Actual 31-Dec-18 CY18
<b>Continuing operations</b>		
Interest income	284	292
Foreign exchange gain / (loss)	205	(26)
Share-based payments	(1,074)	(228)
Administrative expenses	(2,551)	(5,699)
Exploration and evaluation expenditure expensed	(50)	-
Impairment loss on exploration and evaluation expenditure	(16)	-
(Loss) on disposal of plant and equipment	-	(3)
Interest expense	(61)	(4)
<b>Loss before income tax from continuing operations</b>	<b>(3,263)</b>	<b>(5,668)</b>
Income tax benefit	-	-
<b>Net loss from continuing operations</b>	<b>(3,263)</b>	<b>(5,668)</b>
<b>Discontinued operations</b>		
Loss after tax for the year from discontinued operations	(57)	(3,737)
<b>Net loss for the year</b>	<b>(3,321)</b>	<b>(9,405)</b>

Source: MOD Annual Report 2017 and 2018

We note the following in relation to the financial performance of MOD:

- MOD's financial performance reflects the non-operational stage of its mining assets. The Company has no operating assets and has been dedicated to exploration activities as well as to undertake the pre-development activities associated with the T3 Project
- administrative expenses increased significantly in CY18 from \$2.6 million to \$5.7 million, primarily driven by transaction costs associated with the acquisition of 30% of the T3 Project from Metal Tiger in November 2018 and expenses related to the LSE listing which amounted to \$1.24 million. Professional fees increased by \$631,000 as MOD hired advisors to assess equity and debt funding options for the T3 Project
- in CY18 the investment in Sams Creek was fully impaired, generating an expense of \$3.7 million (recognised as a loss after tax from discontinued operations). The impairment followed the termination of the binding SSA with Condamine. At 31 December 2018, MOD was exploring options to monetise the project, however discussions were not advanced enough to classify the project as "held for sale" with a supportable value
- increases in salaries and wages and directors' fees of approximately \$649,000 and \$170,000 accounted for over half of the \$1.5 million increase in administration expenses in CY17. A general increase in all other administration expenses such as professional fees and rent accounted for the rest of the increase
- during CY17 MOD issued 5 million performance rights<sup>11</sup> to eligible participants including directors, key management personnel, staff and selected contractors. The fair value of, and corresponding expense associated with, the performance rights issued during the period was \$1.074 million.

## 2.6 Financial position

We have summarised in the table below the financial position of MOD as at 31 December 2017 and 31 December 2018.

<sup>11</sup> The performance rights were subject to consolidation at a rate of 1 performance right for every 10 existing performance rights, as a result of a shares and options consolidation in CY18

**Table 15**

\$'000	Audited Actual 31-Dec-17 CY17	Audited Actual 31-Dec-18 CY18
Cash and cash equivalents	10,004	5,038
Trade and other receivables	645	832
Prepayments	84	798
Assets held for sale	3,428	-
<b>Total current assets</b>	<b>14,161</b>	<b>6,668</b>
Exploration and evaluation expenditure	21,431	41,111
Property, plant and equipment	774	2,810
Other non-current assets	37	37
<b>Total non-current assets</b>	<b>22,241</b>	<b>43,957</b>
<b>Total assets</b>	<b>36,402</b>	<b>50,626</b>
Trade and other payables	1,935	3,257
Metal Tiger contributions	3,124	439
Interest bearing liabilities	500	-
Employee benefits provisions	80	235
Liabilities directly associated with assets held for sale	65	-
<b>Total current liabilities</b>	<b>5,704</b>	<b>3,931</b>
Trade and other payables	44	11
<b>Total non-current liabilities</b>	<b>44</b>	<b>11</b>
<b>Total liabilities</b>	<b>5,748</b>	<b>3,942</b>
<b>Net assets</b>	<b>30,654</b>	<b>46,684</b>

Source: MOD Annual Report 2017 and 2018

We note the following in relation to the financial position of MOD:

- MOD's main assets consist of cash and cash equivalents, capitalised exploration and evaluation expenditure and property, plant and equipment
- MOD's cash on hand has been driven by exploration expenditure requirements and capital raisings undertaken by the Company. MOD had cash on hand of approximately \$8.2 million as at 30 June 2019 and it has since incurred costs associated with the Proposed Scheme and in the ordinary course of business
- MOD has been regularly raising capital over the past three years to fund its exploration activities. In CY17 and CY18 MOD raised approximately \$14.9 million and \$18.3 million respectively, through oversubscribed share placements and fully underwritten rights issues
- CY18 was an expenditure intense year as MOD progressed with the technical and economic feasibility study associated with the T3 Project and as a result capitalised exploration and evaluation expenditures increased significantly in the period
- MOD's property, plant and equipment increased in CY18 primarily due to the completion of the construction of stage 1 of the 40 person accommodation village at the T3 Project in late 2018 and the first payment being made to acquire 50% of Farm 153 NL required to develop the T3 Project
- In CY17 MOD recognised a \$3.4 million asset held for sale following the binding SSA with Condamine to divest Sams Creek. The asset was subsequently fully impaired
- Interest bearing liabilities decreased from \$0.5 million in CY17 to nil in CY18. The interest bearing liabilities pertained to a loan from SHL Pty Ltd, a Company controlled by a related party of MOD director Simon Lee, AO which has been fully repaid.

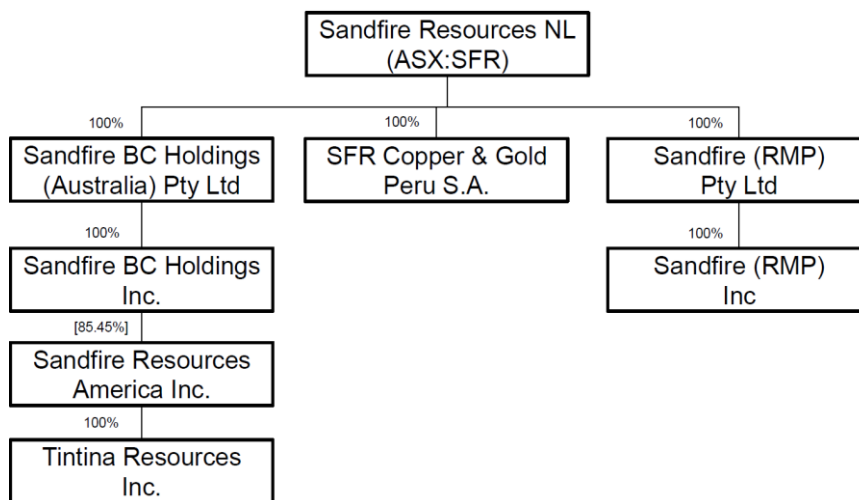
# 3 Profile of Sandfire

## 3.1 Overview of Sandfire

Sandfire is an ASX listed mid-tier mining and exploration company. Sandfire’s flagship project is the DeGrussa copper-gold project (**DeGrussa**) located in the Bryah Basin 900km north of Perth in WA. Sandfire listed on the ASX in March 2004 and commenced production in 2012 following the construction and commissioning of DeGrussa.

The figure below sets out Sandfire’s existing group structure as well as its relevant interests in subsidiaries.

**Figure 5**

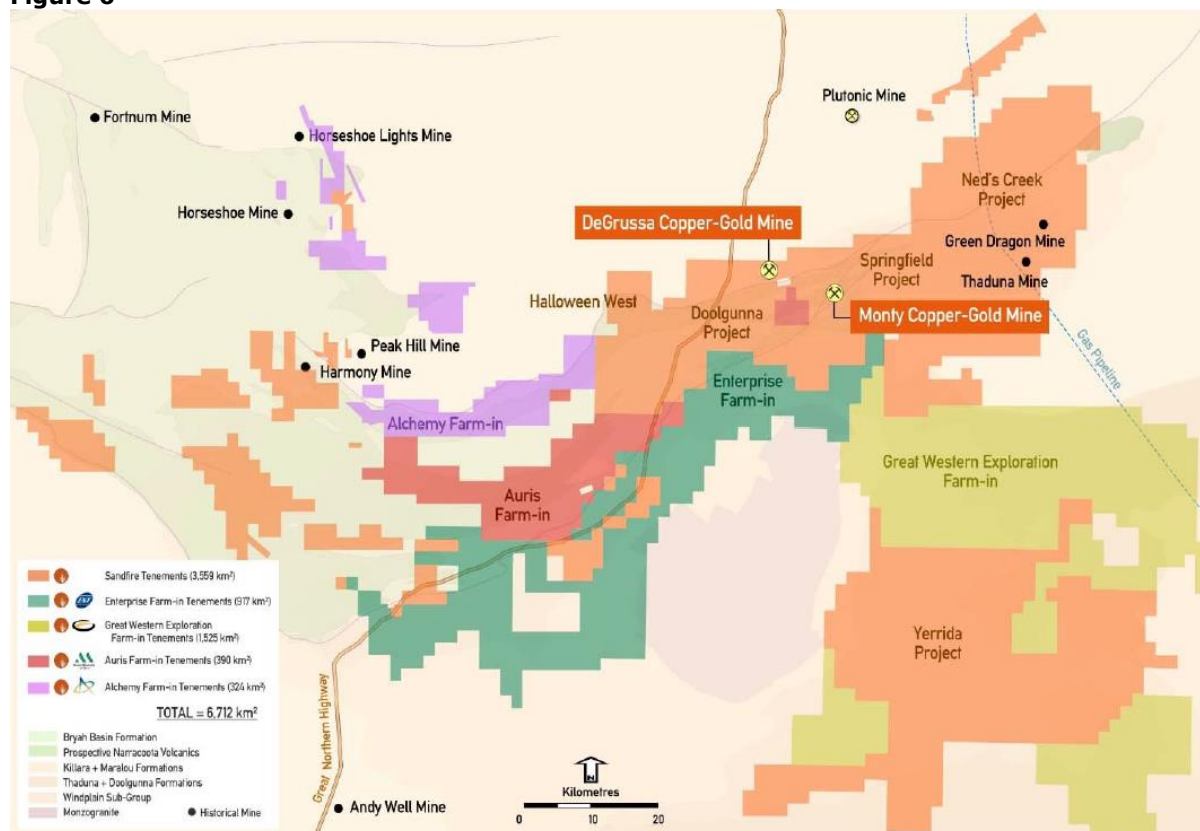


Source: Scheme Booklet

## 3.2 Mining Assets

The figure below depicts the Greater Doolgunna project area, including the DeGrussa mine and the Monty copper-gold mine (**Monty**) which are the current operating projects of Sandfire.

**Figure 6**



Source: Sandfire June 2019 Quarterly Report

### 3.2.1 DeGrussa Mine

The DeGrussa Copper-Gold Mine is a high grade underground copper mine. First discovery at the site occurred in April 2009 with the development and construction being completed in 2012. For the first two years of production DeGrussa was an open pit operation before transitioning to an underground operation. DeGrussa produces sulphide ore which is processed on-site at Sandfire's 1.6Mtpa concentrator. In addition to the concentrator, DeGrussa also includes a tailings storage facility, power station, paste plant for the underground mine, a sealed airstrip, a 400 room mine village, mobile phone service and fibre optic communications.

### 3.2.2 Monty Mine

The Monty Copper-Gold Mine is an underground mine located 10km east of DeGrussa. Monty has been developed as a satellite source of ore feed for the DeGrussa mining operation. Mining at Monty commenced in the December quarter of 2018 with the first ore sent to the DeGrussa factory in the March 2019 Quarter.

Monty was previously part of a JV arrangement with Talisman Mining (**Talisman**), however in 2018 Sandfire purchased Talisman's 30% interest in Monty for \$72.3 million.

### 3.2.3 Exploration assets

Sandfire holds interests in numerous exploration projects, mining ventures and prospective areas in different stages of development, located in Australia and in other countries.

Sandfire's exploration activities are mostly undertaken through farm-in arrangements and JV arrangements with other explorers. It also has exposure to exploration projects through minority investments in listed and unlisted companies.

Sandfire's portfolio of exploration and non-operating mining assets consists of the following:

- Greater Doolguna Project: 100% Sandfire owned and farm-in tenements with junior explorers covering an area of 6,712 km<sup>2</sup> within the Bryah Basin in WA surrounding the DeGrussa and Monty mines
- Exploration and prospective base and precious metals tenements in the McArthur Basin (NT), Mt Isa Inlier (QLD) and Lachland Ford Belt (NSW)
- 85% stake in the Black Butte Copper Project in Montana, USA, owned through Sandfire Resources America Inc
- 12.7% stake in White Rock Minerals (ASX: WRM) – copper-gold projects in Alaska, USA
- 11.1% stake in Adriatic Metals Plc (ASX: ADT) – base metals in Bosnia-Herzegovina
- 19.4% stake in Andes Resources Ltd, an unlisted exploration company focusing on gold and base metals in Colombia, currently subject to a merger transaction.

### 3.2.4 Mineral Resources and Ore Reserves

The Ore Reserves and Mineral Resources for Sandfire's producing mines, Degruassa and Monty, are presented below.

**Table 16**

	<b>Tonnes (Mt)</b>	<b>Copper (%)</b>	<b>Gold (g/t)</b>	<b>Contained Copper (t)</b>	<b>Contained Gold (oz)</b>
Proven	6.50	3.0%	1.2	195,000	248,000
Probable	1.72	6.0%	1.4	104,000	75,000
<b>Total Ore Reserve</b>	<b>8.22</b>	<b>3.6%</b>	<b>1.2</b>	<b>299,000</b>	<b>323,000</b>

Source: SFR ASX Announcement: Degruassa Ore Reserve and Mineral Resource Update - 21 June 2019

**Table 17**

	<b>Tonnes (Mt)</b>	<b>Copper (%)</b>	<b>Gold (g/t)</b>	<b>Contained Copper (t)</b>	<b>Contained Gold (oz)</b>
Measured	5.9	3.9	1.49	228,000	282,000
Indicated	1.5	7.1	1.49	110,000	74,000
Inferred	0.1	2.7	0.85	3,000	3,000
<b>Total Mineral Resource</b>	<b>7.6</b>	<b>4.5</b>	<b>1.48</b>	<b>341,000</b>	<b>359,000</b>

Source: SFR ASX Announcement: Degruassa Ore Reserve and Mineral Resource Update - 21 June 2019

The mineral resources for Sandfire's exploration assets, Black Butte, Thaduna and Green Dragon and Temora, are presented below.

**Table 18**

	<b>Tonnes (Mt)</b>	<b>Cu (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Co (%)</b>	<b>Cu (kt)</b>	<b>Au (koz)</b>	<b>Ag (koz)</b>	<b>Co (kt)</b>
Measured	2.7	2.93	-	16	0.12	79	-	1,393	3
Indicated	42.5	1.46	0.47	11	0.10	619	381	6,035	13
Inferred	220.9	0.35	0.26	8	0.09	776	1,827	1,515	2
<b>Total Mineral Resource</b>	<b>266.1</b>	<b>0.55</b>	<b>0.29</b>	<b>11</b>	<b>0.10</b>	<b>1,474</b>	<b>2,208</b>	<b>8,943</b>	<b>18</b>

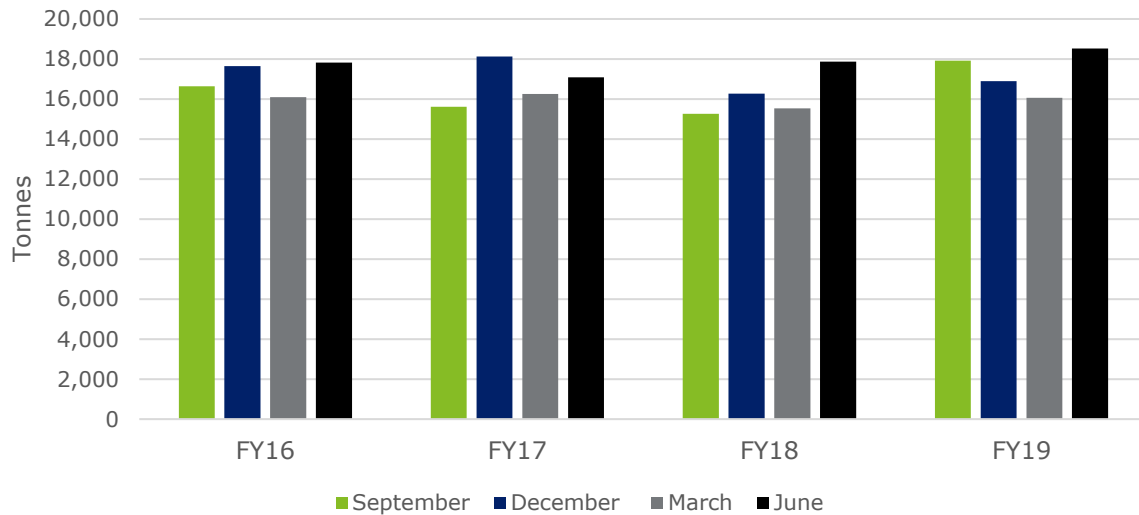
Source: SFR Annual Report 2018

### 3.2.5 Operational Highlights

#### Production

The figure below presents Sandfire's total copper production on a quarterly basis over the past four financial years ending 30 June.

**Figure 7**



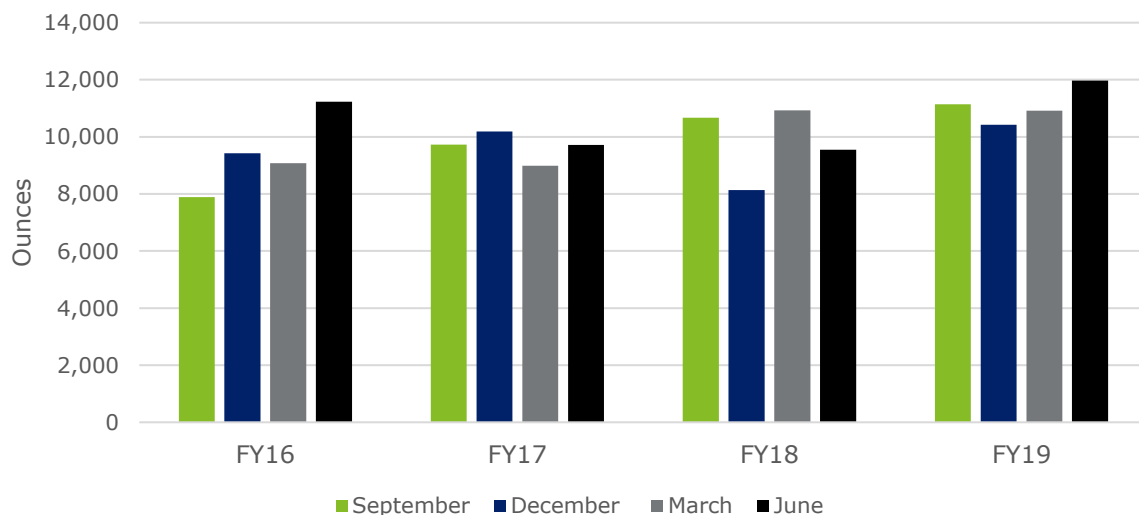
Source: SFR Quarterly Reports

We note the following in relation to the figure above:

- Production has been relatively consistent over the three year period to FY18 with full-year production ranging from 64,919 tonnes in FY18 to 69,393 tonnes in FY19
- FY19 production represents an increase compared to FY18 and is broadly consistent with the production in the three prior years
- Production in the June quarter of FY19 increased to a record 18,519 tonnes, compared to 16,062 tonnes and 16,888 tonnes in the March and December quarters of FY19, respectively. This was due to the continued ramp up of Monty with a significantly increased grade of 7.9%.

The figure below presents Sandfire’s total gold production on a quarterly basis over the past four financial years ending 30 June.

**Figure 8**



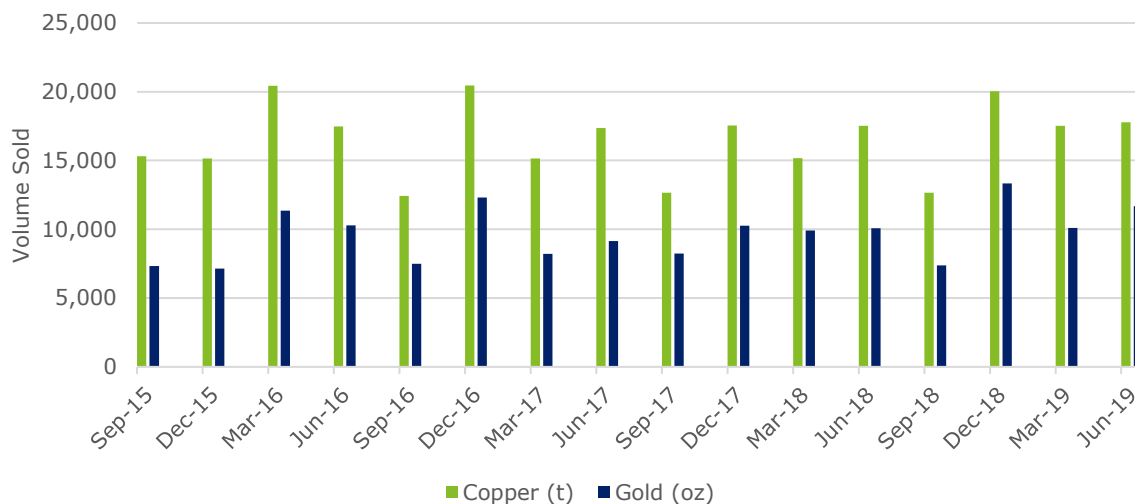
Source: SFR Quarterly Reports

**Sales**

The figure below shows the quarterly volume of copper and gold sold over the past four financial years ending 30 June.



**Figure 9**

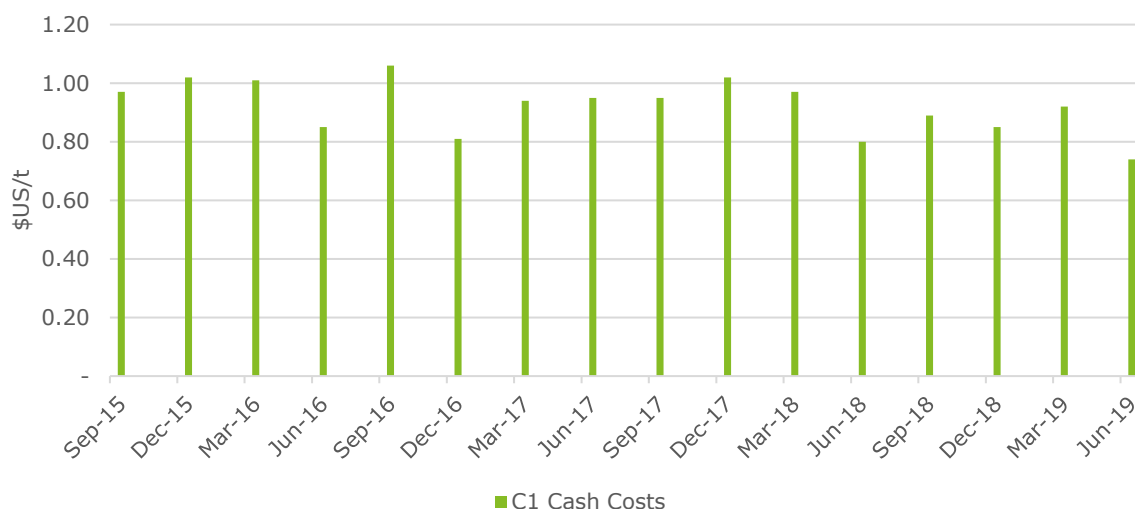


Source: SFR Quarterly Reports

**C1 Cash Costs**

The figure below shows the quarterly C1 cash costs over the past four financial years ending 30 June.

**Figure 10**



Source: SFR Quarterly Reports

We note the following in relation to the figure above:

- C1 cash costs decreased in the June quarter of FY19 to a record low of US\$ 0.74/lb. This was driven by record copper production decreasing the costs per unit, combined with record gold production and the resulting increase in by-product credits
- Peak C1 cash costs of US\$ 1.06 per pound occurred in the September 2016 quarter due to a stronger AUD
- C1 cash cost guidance for FY20 is expected to increase to US\$ 0.90/lb to US\$ 0.95/lb.

## 3.3 Capital Structure

### 3.3.1 Equity

#### Shareholdings

Sandfire had 159,558,793 fully paid ordinary shares outstanding at 24 July 2019, as summarised in the table below.

**Table 19**

No	Shareholder	No ordinary shares held	Percentage of issued shares (%)
1	Vinva Investment Management	9,510,139	6.0%
2	Commonwealth Bank of Australia	8,209,385	5.1%
3	LSV Asset Management	8,061,413	5.1%
4	Dimensional Entities	7,979,525	5.0%
<b>Total top shareholders</b>		<b>33,760,462</b>	<b>21.2%</b>
<b>Other shareholders</b>		<b>125,798,331</b>	<b>78.8%</b>
<b>Total shares outstanding</b>		<b>159,558,793</b>	<b>100.0%</b>

Source: Scheme Booklet

In addition to the above, Sandfire also has 1,169,046 performance rights on issue, which are held by Sandfire employees.

### 3.3.2 Net Cash

**Table 20**

\$'000	Unaudited Actual 30 June 2019
<b>Cash and cash equivalents<sup>1</sup></b>	247,400
Less: Interest bearing liabilities – current <sup>2</sup>	445
Less: Interest bearing liabilities - non current <sup>2</sup>	291
<b>Total net cash (pro-forma)</b>	<b>246,664</b>

Source: Sandfire's half year report 31 December 2018, SFR Quarterly Report -30 June 2019

Notes:

1. Based on cash balance as at 30 June 2019 disclosed in Sandfire's quarterly report

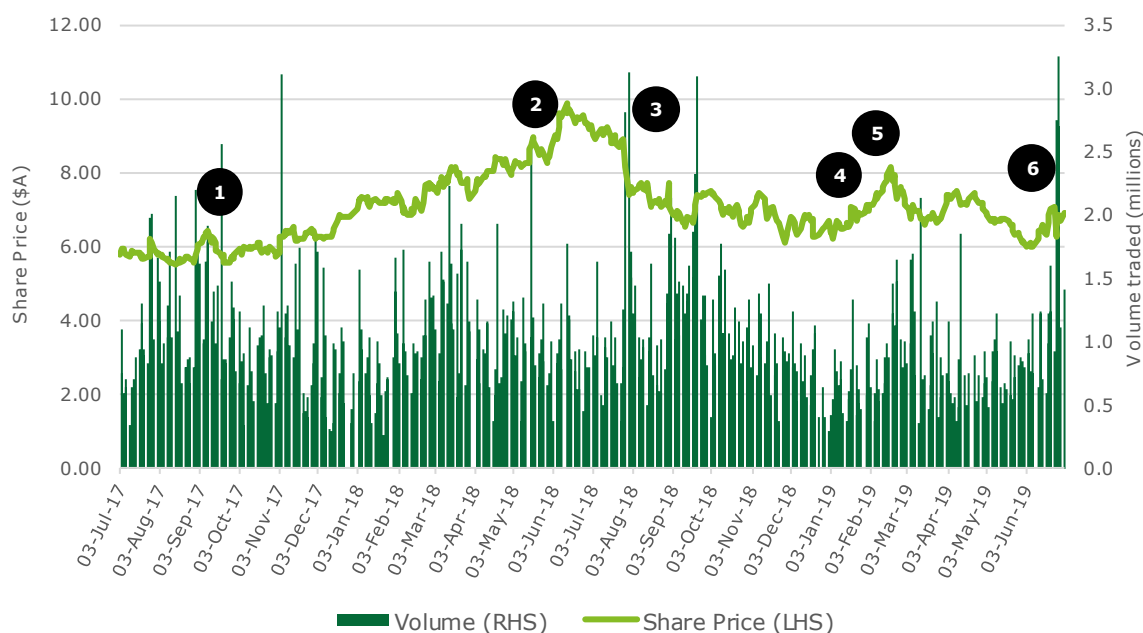
2. As at 31 December 2018, based on reviewed financial information included in Sandfire's half year report for 31 December 2018

In FY16 and FY17 Sandfire made debt repayments of \$70 million and \$50 million respectively, representing substantially all of its outstanding debt. The company had a net cash balance of \$178.3 million as at 31 December 2018.

## 3.4 Recent share trading

The figure below illustrates Sandfire's share trading from July 2017 to July 2019.

**Table 21**



Source: CapitalIQ, ASX announcements

The key market activities and announcements from the figure above are detailed in the following table. We note that Sandfire shares have been highly liquid, with trading volumes over the 12 month period up to the day prior to the announcement of the Proposed Scheme (i.e. 24 June 2019) representing 149.72% of Sandfire's shares on issue.

**Table 22**

Ref	Date	Commentary
1	30-Aug-17	Sandfire announced a \$0.13 per share fully franked final dividend to be paid on 26 September 2017. The dividend represented a 44% increase on the final dividend in 2016.
2	15-May-18	Sandfire announced that Aircore drilling at the Morcks Well Project intersected narrow zones of sulphide and supergene copper mineralisation approximately 22km south-west of DeGrussa.
3	30-Aug-18	Sandfire released its Annual Financial Report for the year ended 30 June 2018. SFR reported a 17% increase in revenue to \$570 million and a 61% increase in net profit to \$121 million.
4	21-Jan-19	Sandfire announced it had made a preliminary, indicative and non-binding offer of \$0.38 per share for MOD.
5	19-Feb-19	Sandfire announced its half year results to 31 December 2018. Sandfire reported a decrease in revenue from \$277.4 million in 1HFY18 to \$272.3 million in 1HFY19 and a decrease in profit to \$48.3 million from \$59.5 million in the prior period.
6	25-Jun-19	Sandfire together with MOD announced the Proposed Scheme.

Source: CapitalIQ and ASX Announcements

## 3.5 Financial performance

We have summarised in the table below the profit and loss statement of Sandfire. The period of coverage is from the year ended 30 June 2017 (**FY17**) to 31 December 2018 (**YTD19**).

**Table 23**

\$'000	Audited (Restated) Actual 30-Jun-17 FY17	Audited (Restated) Actual 30-Jun-18 FY18	Reviewed Actual 31-Dec-18 YTD19
Revenue	488,084	570,045	272,286
Other income	2,138	836	77
<b>Total Revenue</b>	<b>490,222</b>	<b>570,881</b>	<b>272,363</b>
Changes in inventories of finished goods and work in progress	(3,883)	8,123	6,268
Mine operations costs	(115,533)	(125,452)	(65,525)
Employee benefit expenses	(45,245)	(40,709)	(19,724)
Freight	(39,718)	(40,800)	(22,790)
Royalties expense	(24,625)	(29,896)	(13,659)
Exploration and evaluation expenses	(23,208)	(31,977)	(21,157)
Depreciation and amortisation expenses	(117,321)	(130,311)	(61,916)
Impairment expense	(360)	-	-
Administrative expenses	(6,157)	(6,094)	(3,716)
<b>Profit before net finance income and income tax expense</b>	<b>114,172</b>	<b>173,765</b>	<b>70,144</b>
Finance income	1,392	3,297	4,311
Finance expense	(5,160)	(1,521)	(1,314)
<b>Profit before income tax expense</b>	<b>110,404</b>	<b>175,541</b>	<b>73,141</b>
Income tax expense	(35,388)	(54,788)	(24,812)
<b>Net profit for the period</b>	<b>75,016</b>	<b>120,753</b>	<b>48,329</b>

Source: Scheme Booklet

We note the following in relation to the financial performance of Sandfire:

- Sandfire's financial performance has presented a positive trend over the past two financial years, with revenues increasing to \$571 million in FY18. Net profit after tax increased from \$75 million to \$120 million within the same period
- Mine operation costs and freight expenses are the most significant operational expenditures of Sandfire. Overall, these operational expenditures have decreased as a percentage of revenue in the past few financial years. Management has lowered its C1 cash cost guidance for FY19 from \$US 1.0/lb at the end of FY2018 to \$US 0.90 -0.95/lb after half year FY19 results were announced
- Exploration and evaluation expenses increased by 38% to \$32 million in CY18. This was driven by the continued comprehensive exploration program at the Greater Doolgunna Project combined with the completion of Sandfire's initial aircore and RC drilling programs at the Morck Well Farm-in Project
- On 18 November 2018 Sandfire increased its stake in Sandfire Resources America Inc (formerly Tintina Resources Inc (**Tintina**)) to 57% from 36% for a total consideration of \$4.16 million. Following the acquisition Sandfire applied the acquisition method of accounting to its interest in Tintina, previously it used the equity method. The fair value of the existing equity at the date of acquisition was assessed to be \$6.125 million resulting in an impairment reversal of \$2.2 million.

## 3.6 Financial position

We have summarised in the table below the financial position of Sandfire as at 30 June 2017, 30 June 2018 and 31 December 2018.

**Table 24**

\$'000	Audited Actual 30-Jun-17 FY17	Audited Actual 30-Jun-18 FY18	Reviewed Actual 31-Dec-18 HY19
Cash and cash equivalents	126,743	243,367	179,022
Trade and other receivables	15,970	13,773	13,854
Inventories	26,473	33,961	40,473
Other current assets	3,006	2,680	1,273
<b>Total current assets</b>	<b>172,192</b>	<b>293,781</b>	<b>234,622</b>
Receivables	-	465	475
Inventories	11,698	11,698	11,698
Exploration and evaluation assets	21,852	24,410	24,940
Property, plant and equipment	369,016	330,619	393,982
Financial investments	1,151	9,925	13,063
<b>Total non-current assets</b>	<b>403,717</b>	<b>377,117</b>	<b>444,158</b>
<b>Total assets</b>	<b>575,909</b>	<b>670,898</b>	<b>678,780</b>
Trade and other payables	35,478	39,898	49,397
Interest bearing liabilities	1,567	1,611	445
Income tax payable	20,460	31,203	10,745
Provisions	3,352	4,255	4,258
<b>Total current liabilities</b>	<b>60,857</b>	<b>76,967</b>	<b>64,845</b>
Trade and other payables	97	-	2,642
Interest bearing liabilities	210	239	291
Provisions	24,534	29,467	28,802
Deferred tax liabilities	48,361	32,174	26,186
<b>Total non-current liabilities</b>	<b>73,202</b>	<b>61,880</b>	<b>57,921</b>
<b>Total liabilities</b>	<b>134,059</b>	<b>138,847</b>	<b>122,766</b>
<b>Net assets</b>	<b>441,850</b>	<b>532,051</b>	<b>556,014</b>

Source: SFR Annual Financial Report 2017 and 2018, SFR Half Year Report December 2018

We note the following in relation to the financial position of Sandfire:

- Cash and cash equivalents have increased significantly from FY17 to FY18. This was largely due to net cash inflow from operations of \$216 million and \$245 million in FY17 and FY18 respectively. Sandfire also repaid \$50 million of debt in FY17 which offset the cash inflow from operations. The decrease in cash to \$179 million at HY19 was due to the \$73 million acquisition of Talisman's 30% interest in Monty, \$51 million in income tax paid, \$30 million final FY18 dividend and development expenditure at Monty
- In the half year to 31 December 2018, property, plant and equipment increased by \$63 million to \$393 million as a result of the acquisition of Talisman's interest in Monty
- Financial investments represents Sandfire's investments in various junior explorers. In FY18 financial investments increased by \$8.8 million to \$9.9 million following the strategic investments in Adriatic Metals Plc and White Rock Minerals Ltd and a \$3.4 million fair value uplift.

## 4 Profile of Enlarged Sandfire

If the Proposed Scheme is implemented, Shareholders will own between approximately 10.4% and 13.4% of the Enlarged Sandfire group, depending on the amount of Cash Consideration elected to be received by Shareholders.

MOD will become a wholly owned subsidiary of Sandfire, and Sandfire will acquire all of MOD's assets and liabilities. The acquisition of MOD will expand Sandfire's geographical footprint into Africa. Botswana, where the T3 and T1 projects are located, is considered a stable jurisdiction and the most attractive Africa country for investment<sup>12</sup>.

Sandfire has the financial capacity to fund the development of the T3 Project and undertake an extensive exploration program in the surrounding Kalahari copper belt. The development of the T3 Project will benefit from Sandfire's mine development expertise having brought DeGrussa into production in just over three years from the first discovery.

The Enlarged Sandfire's main mining assets will comprise of MOD's T3 Project and Sandfire's producing assets, DeGrussa and Monty, and its most advanced development project, Black Butte. Refer to section 8 of the Scheme Booklet for further details of the enlarged group.

The Ore Reserves and Mineral Resources of the Enlarged Sandfire are presented in the tables below.

**Table 25**

	<b>Tonnes (Mt)</b>	<b>Copper (%)</b>	<b>Gold (g/t)</b>	<b>Silver (g/t)</b>	<b>Cu (t)</b>	<b>Au (oz)</b>	<b>Ag (koz)</b>
Proven	6.50	3.0%	1.2	-	195,000	248,000	-
Probable	36.12	1.2%	0.1	12.6	446,700	75,000	14,600
<b>Total Ore Reserve</b>	<b>42.62</b>	<b>1.5%</b>	<b>0.2</b>	<b>10.7</b>	<b>641,700</b>	<b>323,000</b>	<b>14,600</b>

Source: MOD, SFR and Deloitte Corporate Finance analysis

Note:

- The proved and probable reserves of Enlarged Sandfire are an aggregate of MOD and Sandfire's reserves (refer to Table 6 and Table 16)

**Table 26**

	<b>Tonnes (Mt)</b>	<b>Cu (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Co (%)</b>	<b>Cu (kt)</b>	<b>Au (koz)</b>	<b>Ag (koz)</b>	<b>Co (kt)</b>
Measured	9.1	3.48	0.96	7.53	0.033	317	282	2,206	3
Indicated	90.4	1.30	0.31	3.00	0.014	1,178	915	8,714	13
Inferred	253.3	0.38	0.27	0.29	0.001	963	2,181	2,323	2
<b>Total Mineral Resource</b>	<b>352.8</b>	<b>0.70</b>	<b>0.30</b>	<b>1.17</b>	<b>0.01</b>	<b>2,459</b>	<b>3,378</b>	<b>13,243</b>	<b>18</b>

Source: MOD, SFR and Deloitte Corporate Finance analysis

Note:

- The measured, indicated and inferred resources of Enlarged Sandfire are an aggregate of MOD and Sandfire's resources (refer to Table 7, Table 9, Table 10, Table 17 and Table 18)

<sup>12</sup> Fraser Institute Annual Survey of Mining Companies 2018, "Investment Attractiveness Index"



## 5 Valuation of MOD

### 5.1 Selected methodologies

In assessing the fair market value of MOD we have adopted a sum-of-parts approach, which aggregates our assessed fair market value of the interests held by MOD in various pre-development and exploration assets, before adding or subtracting any surplus assets and liabilities and adding net cash. Our assessment of the fair market value of the equity in MOD includes a premium for control.

The sum of the parts methodology has been applied to the following key assets, using generally acceptable valuation methodologies as set out in Appendix 1. Our selected valuation methodologies are described below:

**Table 27**

<b>Summary of assets</b>	<b>Selected valuation methodology</b>
<b>Mining assets</b>	
T3 Project (100% interest)	Income based approach - DCF
Metal Capital Exploration's exploration assets (70% interest)	Market and cost approach
Other exploration assets in Botswana (100% interest)	Market and cost approach
Sams Creek gold project (80% interest)	Book value and market approach
<b>Other assets and liabilities</b>	
Corporate costs	Income based approach - DCF
Adjusted cash balance / surplus assets	Adjusted carrying value
Options liability	Black-Scholes model

Source: Deloitte Corporate Finance analysis

We have valued the T3 Project using the discounted cash flow methodology (**DCF**), as is customary for projects at a similar stage of development (i.e. pre-development) for which long term forecasts can be estimated with a reasonable degree of confidence. The operational cash flow projections underpinning our valuation of the T3 Project are presented in Section 5.3.

DTMA has valued the exploration assets using market based and cost based valuation approaches, which are common approaches for early stage exploration assets. The valuation methodology adopted by DTMA for the exploration assets (Metal Capital Exploration and other exploration assets held by MOD) is set out further in Section 5.4.

## 5.2 Valuation of MOD

We have estimated the fair market value of a share in MOD, on a control basis, to be in the range of \$0.41 to \$0.51, with a midpoint value of \$0.45.

The following table sets out our assessment of the fair market value of an MOD share before the Proposed Scheme on a control basis using the sum of the parts method:

**Table 28**

Values based on MOD's interest	Unit <sup>1</sup>	MOD's Interest	Low	High	Mid
T3 Project <sup>2</sup>	\$m <sup>3</sup>	100%	107.00	129.00	118.00
Metal Capital Exploration's assets	\$m <sup>3</sup>	70%	17.30	23.60	17.30 <sup>6</sup>
Other exploration assets in Botswana	\$m <sup>3</sup>	100%	21.43	24.71	22.86 <sup>6</sup>
Sams Creek Gold Project	\$m	Various	0.00	3.80	1.90
Less: Corporate support	\$m	100%	(7.14)	(7.89)	(7.52)
Less: Options liability	\$m	100%	(1.01)	(1.01)	(1.01)
Add: Other surplus assets <sup>4</sup>	\$m	Various	0.29	0.29	0.29
Add: Adjusted <sup>5</sup> cash balance	\$m	100%	4.75	4.75	4.75
<b>Equity value of MOD Resources (control basis)</b>	<b>\$m</b>		<b>142.61</b>	<b>177.25</b>	<b>156.57</b>
Number of ordinary shares on issue (on a diluted basis)	million		348.01	348.01	348.01
<b>Value of a share in MOD (on a control basis)</b>	<b>\$/share</b>		<b>0.41</b>	<b>0.51</b>	<b>0.45</b>

Source: Deloitte Corporate Finance analysis

Notes:

- The table above is subject to rounding
- Including an assessment of the impact of Botswana Government option to acquire a minority stake in the project
- Converted to \$ based on the US\$: \$ rate of 0.70 as at 24 July 2019
- Comprised of Metal Capital Exploration's (70% interest) and MOD Resources Botswana's (100% interest) assets and liabilities, being fixed assets, payables and receivables
- Current cash balance adjusted for transaction costs and change of control payments to employees
- For Metal Capital Exploration's assets and other exploration assets in Botswana the mid values have been based on DTMA's preferred value

We set out our consideration of the above values in the following sections.

## 5.3 Valuation of the T3 Project

We have adopted the DCF method to value the T3 Project. Management has provided us with a financial model for the project, the T3 Project Model, largely based on the feasibility study undertaken for the development of the T3 Project. In relation to the T3 Project Model, we note the following:

- the T3 Project Model includes post-tax cash flow projections denominated in US\$ in real terms. We have adopted US\$-denominated cash flows for the purposes of our valuation because, in our experience, potential purchasers for mining assets typically negotiate in US\$. Further, mineral commodity prices, as well as a significant portion of the T3 Project capital and operating expenditures, are quoted in US\$
- the T3 Project Model has been prepared having regard to the latest reserves statements for the T3 Project mining area, which are certified in accordance with 2012 JORC standards. The cash flow projections assume the exploitation of the totality of the 2P reserves within the expected life of mine of 11.5 years
- the T3 Project Model includes cash flow projections from 1 July 2019 until 31 December 2037. It assumes that mine development investments would start from July 2019, with mining activity starting from April 2020 and processing and metal trading activities starting from January 2021.

The life of mine was expected to end in June 2032, with rehabilitation activities to be extended until December 2037. This proposed schedule has been reviewed by DTMA and amended having regard to potential delays which have already happened, and delays that may occur under ownership of any purchaser or MOD

- the T3 Project Model includes the capital expenditure for the full development of the T3 Project, including capitalised mining costs, the construction of processing plant, operational infrastructure, tailing storage infrastructure, project indirect costs, and others
- taxation aspects included in the T3 Project Model are in line with Botswana tax legislation applicable to mining operations, including the payment of government royalties

We have undertaken the following analysis in respect of the T3 Project Model:

- engaging a technical expert, DTMA, to review and provide advice around the technical and operating assumptions supporting the T3 Project Model
- holding discussions with management of MOD concerning the preparation of the projections in the T3 Project Model and their views regarding the assumptions on which the projections are based. We have also had regard to the projections contained in the financial model (**the Debt Model**) presented to potential financiers of the T3 Project. Assumptions contained in the Debt Model are broadly similar to those contained within the T3 Project Model
- limited analytical procedures regarding the mathematical accuracy of the T3 Project Model, which did not constitute an audit or review of the projections in accordance with the standards issued by the Auditing and Assurance Standards Board (**AUASB**).

Deloitte Corporate Finance engaged DTMA, an independent mining expert, to prepare a report providing a technical review of certain assumptions (reserves, resources, production volumes and schedule, operating costs and capital expenditure) on which the T3 Project's cash flow projections have been based. The scope of DTMA's work was controlled by Deloitte Corporate Finance. A copy of DTMA's report is provided in Appendix 10.

Based on advice from DTMA, we have made adjustments to development and operational timeframes and operating and capital cost assumptions in the T3 Project Model. In addition, we have made other adjustments to certain assumptions in the T3 Project Model, including, but not limited to pricing, exchange rate and discount rate assumptions.

The key assumptions underpinning our analysis are described in the following sections. All figures are quoted on a 100% basis and in US\$ in real terms, unless otherwise stated.

## **Economic assumptions**

### Commodity prices

In valuing the T3 Project, we have adopted our selected forecast prices for copper and silver, which are the mineral commodities to be produced from the T3 Project.

We have had regard to the following factors in estimating appropriate projected prices for copper and silver:

- spot and historical copper and silver prices
- broker forecast copper and silver price estimates
- open copper and silver futures contracts
- other publicly available industry estimates and commentary.

We note that since the completion of our valuation analysis and field work on 29 July 2019 there has been a decline of approximately 5% in the spot price of copper. There is limited information available on the impact of recent events on the long term copper price which would enable us to revise our selected long term copper price. Over time, more information may become available, which may indicate that our selected long term copper price should decline, and we may then need to revise the long term copper price estimates used in this Report.

In selecting our price assumptions for silver we have also had regard to the fact that silver, along with gold, has historically been used as a store of wealth and as a hedge against market volatility. Despite silver's broader industrial use, silver prices are strongly correlated with gold prices. As gold is traded on a similar basis to currencies between central banks, the gold futures market is driven by spot prices and interest rate differentials. The gold futures markets exhibit greater dependence on spot prices and interest differentials than base metals markets. Considering the correlation between the two precious

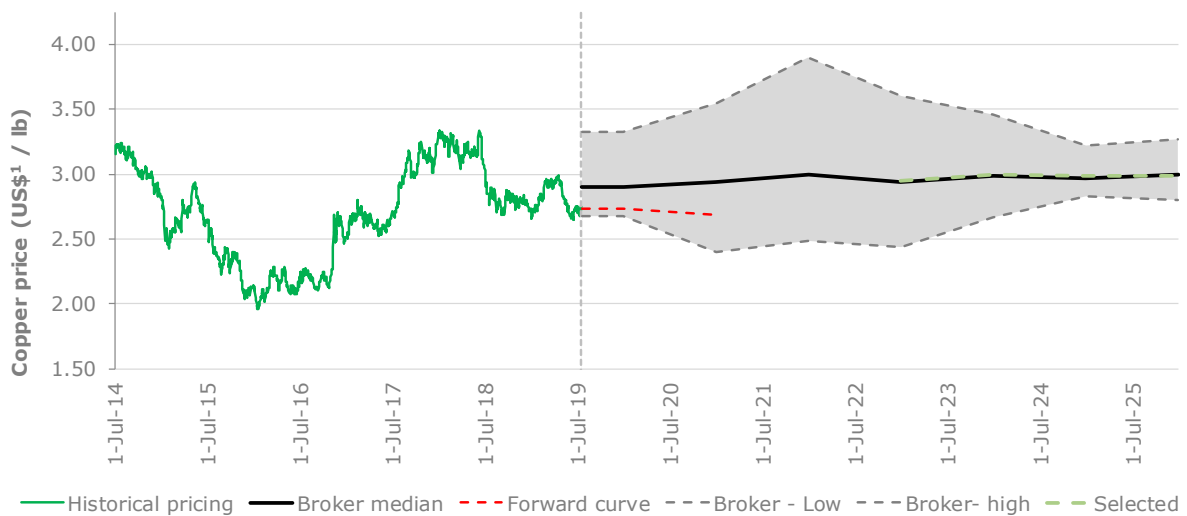
metals prices, the same logic can be applied to silver prices. Therefore, silver spot prices are an important parameter when considering silver future prices.

The following figures show:

- historical copper and silver prices over the past three years,
- the forward curve in real terms
- spot prices for silver
- the range of brokers price forecasts in real terms, and implied brokers median price
- our selected price assumptions for copper and silver in real terms

The brokers' estimates and the forward curve have been converted from nominal to real terms based on our selected US inflation rates as discussed in the section below.

**Figure 11**

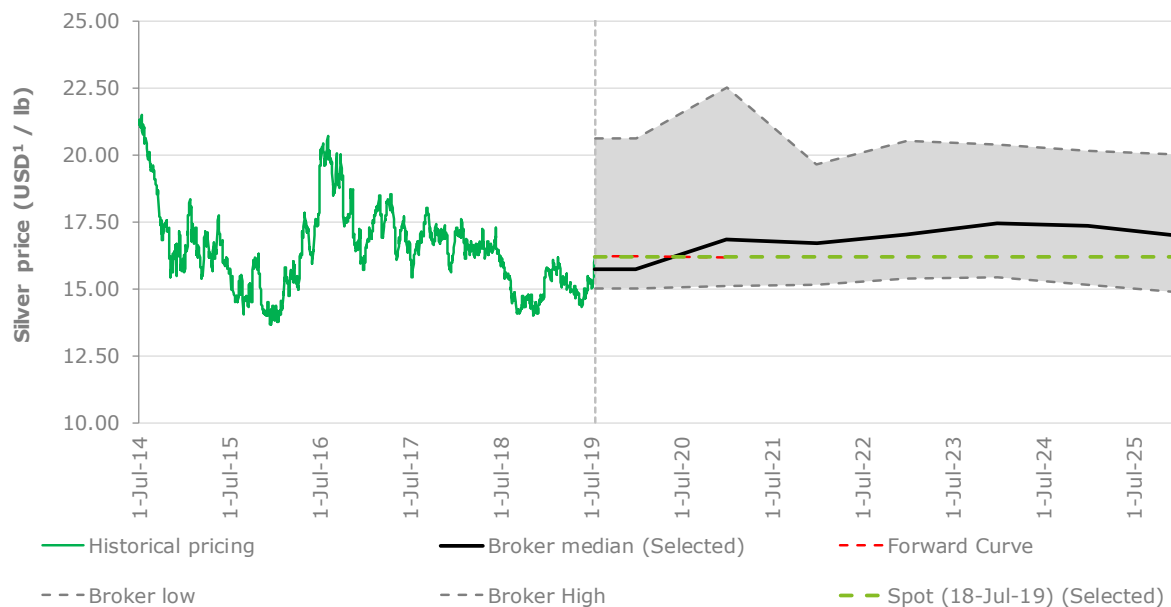


Source: Capital IQ, Thomson Research, Deloitte Corporate Finance analysis

Note:

1. Projections from 1 July 2019 are in real terms to align to the assumptions in the T3 Project Model

**Figure 12**



Source: Capital IQ, Thomson Research, Deloitte Corporate Finance analysis

Note:

1. Projections from 1 July 2019 are in real terms to align to the assumptions in the T3 Project Model

We have selected copper prices broadly in line with the median of broker estimates. For silver, whilst we have also had regard to brokers' forecasts in forming our view, we have selected forecast price assumptions in line with the silver spot price.

We note that, given the expected timeframe and LOM of the T3 Project, price assumptions are only relevant from 2022 for the purpose of our valuation.

**Table 29**

<b>Selected assumption (in real terms)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Long term</b>
<b>Copper price (US\$/lb)</b>	2.95	2.99	2.99	2.99
<b>Silver price (US\$/oz)</b>	16.2	16.2	16.2	16.2

Source: Capital IQ, Thomson Research, Deloitte Corporate Finance analysis

### Inflation

The T3 Project Model has been prepared on a real basis. We have therefore adopted the following US\$ inflation assumptions to adjust the brokers' estimates and the forward curve to form our view on commodity prices forecast assumptions in real terms, based on our consideration of the following:

- historical and current US CPI rates
- US CPI forecasts prepared by economic analysts and other publicly available information.

Based on the above, we have adopted the following US CPI assumptions to adjust the prices in the T3 Project Model.

**Table 30**

<b>Inflation</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Long term</b>
US CPI selected	2.4%	2.2%	2.2%	2.2%	2.1%	2.1%	2.0%

Source: Economist Intelligence Unit, US Congressional Budget Office, International Monetary Fund, Deloitte Corporate Finance analysis

### **Key assumptions**

The key assumptions adopted in the preparation of the cash flow projections and the adjustments we have made are discussed below. We note the figures below are presented in real terms unless otherwise stated.

### Project timeframe

Based on DTMA's advice, we have amended the original T3 Project development and operational schedule to reflect potential delays. DTMA consider delays to be appropriate having regard to the following:

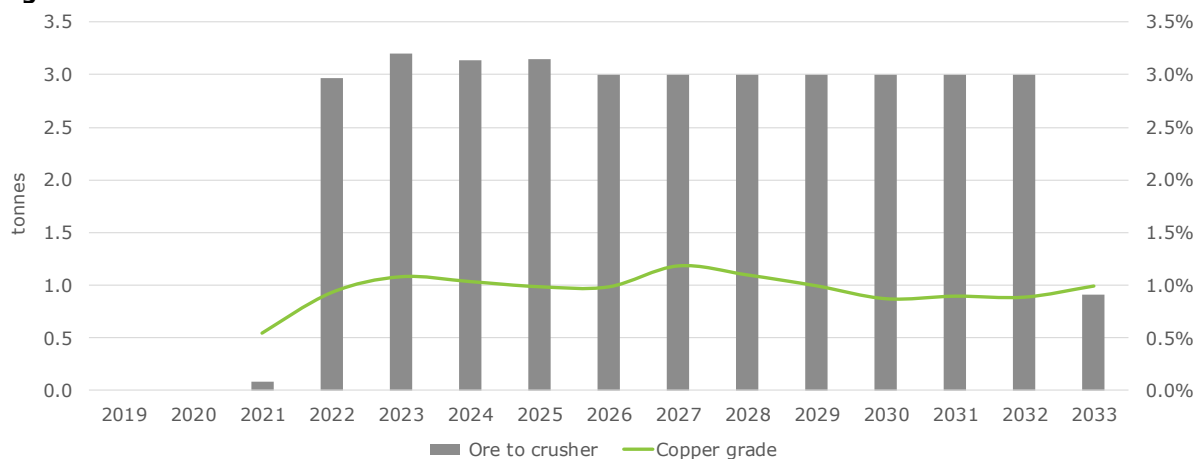
- due to the negotiation process that led to the Proposed Scheme, MOD has not made any significant progress with the development of the T3 Project since the announcement of the feasibility study
- any hypothetical investor in the T3 Project would undertake its own studies to determine if any further optimization is possible before resuming any significant development of the project
- other factors associated with farm access rights (landowner access agreements) and mining license applications may also delay the original schedule proposed in the T3 Project Model.

DTMA has suggested an 11 month delay. Our base case therefore assumes that mine development investments will commence from May 2020, with mining activity starting from March 2021 and first concentrate being produced in January 2022. The life of mine duration of 11.5 years has not been changed, ending in May 2033 as per DTMA’s amended schedule. The rehabilitation and closure schedule has been re-aligned to mining operations and is expected to be undertaken and concluded within the LOM period.

### Revenue

Revenue is a function of the volumes of the ore processed by the processing plant and the prices of copper and silver, as discussed in the following sections. The figure below presents the projected annual ore crushing profile over the LOM of the T3 Project, having regard to the revised timeframe proposed by DTMA, and the projected copper grade.

**Figure 13**



Source: T3 Project Model, Deloitte Corporate Finance analysis

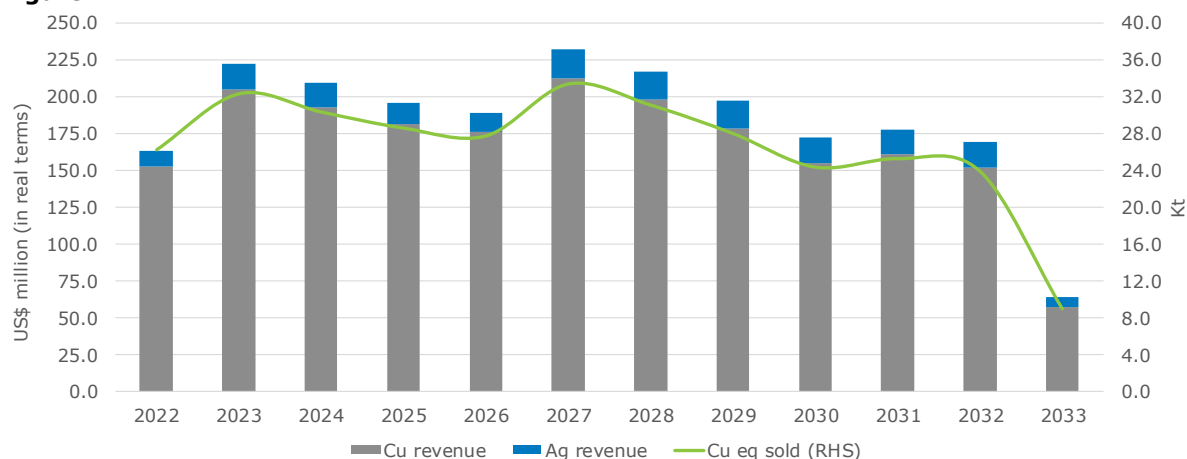
We note the following regarding the production volume forecasts for the T3 Project:

- processing feed annual rate varies between 3.0 and 3.2 Mtpa during the LOM. Whilst the processing plant nominal capacity is expected to be 3.0 Mtpa, the plant is designed to treat up to 3.2 Mtpa.
- total mined ore comprises approximately 34.4 Mt over the LOM. Copper and silver grades are forecast to average 1.00% and 13.2 g/tonne respectively over the LOM. Processing recovery is expected to average 92.9% for copper, with an average concentrate grade of 30.5%, and 88% for silver. These assumptions result in total metal copper production of 318,365 dry metric tonnes (**dmt**) and silver production of 401 dmt over the life of the mine.

The figure below shows the forecast annual revenues (after payability adjustments) over the life of mine of the T3 Project.



**Figure 14**



Source: T3 Project Model, Deloitte Corporate Finance analysis

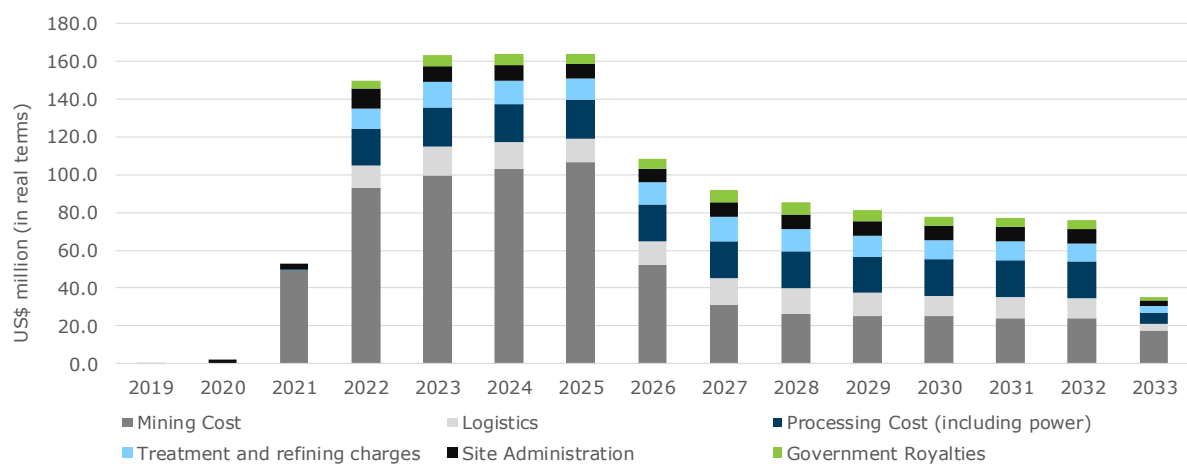
We note the following in respect of the above figure:

- gross revenue is subject to payability adjustments that represent approximately 3.4% and 10% of the copper and silver revenue, respectively. Treatment and refining charges of US \$231 and US \$12,860 per dmt sold have also been applied to copper and silver revenue
- total forecast revenues net of payability adjustments and before treatment and refining charges over the LOM are projected to be approximately US\$ 2.2 billion in real terms, or approximately US \$190 million per annum. On this basis, copper revenue is projected to represent approximately 91% of the T3 Project total revenue.

Operating expenditure

The following figure sets out forecast annual operating expenditure for the T3 Project.

**Figure 15**



Source: T3 Project Model, Deloitte Corporate Finance analysis

We note the following regarding the operating expenditure forecast:

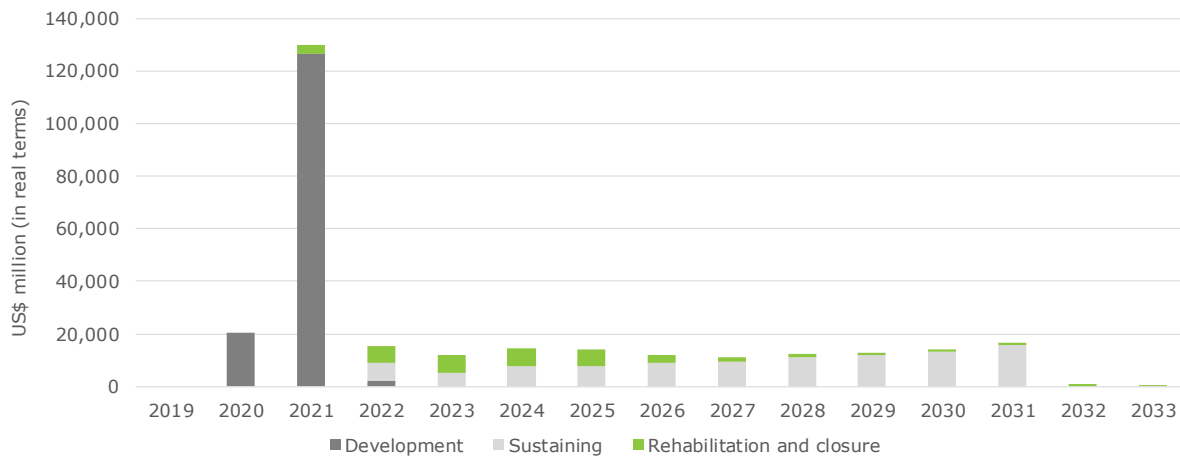
- total T3 Project operating costs over the LOM are projected to amount to approximately US \$1.3 billion (in real terms) and comprise treatment and refining charges, government royalties, mining, power and processing costs, site administration, logistics and local general and administrative (**G&A**) costs

- we have applied 6 months of US inflation of 1.2%<sup>13</sup> to the operating expenditures to adjust their values to July 2019 dollars. DTMA has also recommended a 5% cash contingency to be applied to operating expenditures associated with mining, power, processing, site administration and logistics
- Based on DTMA’s recommendation, local G&A costs of US\$ 100,000 per month have been included from July 2019 to the end of the LOM
- farmer compensation costs associated with land acquisitions are projected to be incurred from 2020 to 2024. These costs have been included in site administration costs and have not been subject to the inflation and contingency adjustments proposed by DTMA
- government royalties represent 3% and 5% of copper and silver revenues respectively net of payability adjustments, treatment and refining charges and logistics costs. In addition to government royalties, a 2% royalty on smelter revenues (net of payability adjustments) is due to Metal Tiger, pursuant to the Sale and Demerger Agreement, capped at an aggregate of US \$2 million

### Capital expenditure

The following figure sets out projected capital expenditure for the T3 Project, based on DTMA’s revised timeline.

**Figure 16**



Source: T3 Project Model, Deloitte Corporate Finance analysis

In relation to the figure above, we note the following:

- capital expenditure consists of development capital expenditure, sustaining capital expenditure and rehabilitation and closure expenditure. Based on DTMA’s recommendation, we have replaced the existing development capital expenditure contingency (of 8.5%) with a contingency of 15% of the forecast development capital expenditure
- similar to the approach adopted for operating expenditure, 6 months of inflation has been applied to the capital expenditure values to adjust them to July 2019 dollar values
- based on DTMA’s advice, we assumed that the closure and rehabilitation capital expenditure schedule will match the projected mining schedule. DTMA has advised an assumption of US\$ 0.176 /tonne of mass moved for the rehabilitation and closure capital expenditure. The rehabilitation schedule starts with the first mass moved in March 2021 and it is projected to be undertaken and completed within the LOM period
- total capital expenditure over the LOM until 2033 is projected to be approximately US\$ 274 million, comprising of US\$ 150 million of development capital expenditure, US\$ 84 million of

<sup>13</sup> Based on our US inflation of 2.4%

sustaining capital expenditure and US\$ 41 million of rehabilitation and closure capital expenditure.

#### Minority investment by the Botswana Government

Pursuant to the Botswana Mineral and Mines Act, the Botswana Government has the option to acquire up to a maximum 15% interest in a proposed mine for which a mining license is issued. The acquisition price is a pro rata share of the total expenditure incurred by the mining company that is directly attributable to the acquisition of the license, including relevant prospecting expenditure. MOD's expenditure on the T3 Project amounts to approximately US \$26.6 million on a 100% basis.

The potential exercise of the option by the Botswana Government is likely to dilute the value of the T3 Project attributable to MOD, as the fair market value of the interest is expected to be higher than the historical expenditure.

The Botswana Government has not recently exercised similar options to acquire minority stakes in mines; however, based on discussions with MOD management and DTMA, there is a reasonable probability of the option being exercised in respect of the T3 Project.

We have considered the potential impact of the Botswana Government exercising the option to acquire an interest in the T3 Project in our sensitivity analysis and our ultimate selected value range for the T3 Project.

#### Other assumptions

In addition to the assumptions discussed in the preceding sections, we have also made the following assumptions:

- cash flows are modelled on a post-tax basis, incorporating Botswana's variable corporate tax rate calculated as  $70 - (1,500/\text{Profit before tax margin})$ , with a minimum annual tax rate of 22%. The resulting average effective tax rate for the T3 Project is approximately 30% in our base case scenario. According to Botswana's tax regime for mining operations, sustaining and development capital expenditure are fully tax deductible as they are incurred. Existing tax losses carried forward of approximately US\$ 18 million<sup>14</sup> (190 million Botswana Pula) associated with the T3 Project have been modelled to be utilised over the LOM
- cash flows have been adjusted for working capital movements, having regard to expected operational expense and capital expense payments and sales receipt terms. Minimum inventory of 2,000 tonnes of concentrate has been assumed. Working capital opening balance has assumed to be nil and the closing balance has been realised at the end of the LOM
- In our adjusted forecasts we have considered the potential impact that variations of the exchange rate in real terms will have on costs contracted in local currency Botswana Pula.

#### **Capital requirements**

As previously discussed, the T3 Project requires a significant amount of capital to enable it to be developed.

Based on the amended T3 Project Model, reflecting DTMA and Deloitte Corporate Finance's views on certain assumptions, the capital requirements of the T3 Project associated exclusively with capital expenditure, pre-processing costs and working capital amount to approximately US\$ 216 million. Total funding requirements for the T3 Project will be in excess of this due to contingencies and liquidity allowances.

Our valuation of the T3 Project has been premised on the capital requirements being met by a combination of debt and equity as reflected in our selected discount rate. We have also assumed that any hypothetical purchaser of MOD would have the financial capacity necessary to meet the required capital commitments and develop the project.

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<sup>14</sup> Based on a B\$:\$US exchange rate of 10.58

However, as noted earlier in our report, MOD does not currently have available funding to develop the T3 Project and bring it into production. Therefore, in evaluating the reasonableness of the Proposed Scheme, we have considered the likely funding alternatives and associated impacts on the value of a MOD share.

### **Discount rate**

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a post-tax discount rate, denominated in US\$ in real terms, in the range of 9.5% to 10.5% to discount the future cash flows of the T3 Project to their present value. Refer to Appendix 3 for additional detail on our selected discount rate.

In selecting this range, we considered the following:

- the required rates of return on listed companies in a similar business
- the specific business and financing risks of the T3 Project, including country risk
- the Botswana tax regime for mining operations, which includes variable tax rates based on profit margins, as well as the effective tax rate for the T3 Project
- an appropriate level of financial gearing and cost of debt throughout the development stage and LOM period of the T3 Project.

## Sensitivity analysis

We have considered the sensitivity of the value of the T3 Project to changes in copper prices, discount rate, and operating expenditure and capital expenditure assumptions adopted. We have also considered different scenarios for the acquisition of a minority stake in the T3 Project by the Botswana Government. The results of our sensitivity analysis are set out in the table below.

**Table 31**

(US\$ million, T3 Project value)	Discount rate (real, post-tax)				
	9.00%	9.50%	10.00%	10.50%	11.00%
<b>Copper prices<sup>1</sup></b>					
-7.5%	55.13	47.99	41.21	34.77	28.66
-5.0%	73.63	66.00	58.75	51.85	45.30
-2.5%	89.59	81.58	73.95	66.70	59.80
Selected assumptions	102.40	94.12	86.25	78.75	71.61
+2.5%	115.20	106.67	98.54	90.79	83.41
+5.0%	132.54	123.55	114.99	106.82	99.04
+7.5%	150.05	140.61	131.60	123.01	114.81
<b>Stake to be acquired by Botswana Government</b>					
15%	91.00	83.96	77.27	70.89	64.82
10%	94.80	87.35	80.26	73.51	67.09
7.5%	96.70	89.04	81.76	74.82	68.22
5.0%	98.60	90.74	83.25	76.13	69.35
2.5%	100.50	92.43	84.75	77.44	70.48
0.0%	102.40	94.12	86.25	78.75	71.61
<b>Operating expenditure contingency<sup>1</sup></b>					
+10.0%	88.03	79.89	72.15	64.79	57.79
+7.5%	95.21	87.01	79.20	71.77	64.70
Selected assumptions (+5.0%)	102.40	94.12	86.25	78.75	71.61
+2.5%	109.58	101.24	93.29	85.73	78.52
+0.0%	119.00	110.50	102.39	94.67	87.31
<b>Development capital expenditure contingency<sup>1</sup></b>					
+20.0%	98.99	90.68	82.77	75.24	68.07
+17.5%	100.70	92.40	84.51	77.00	69.84
Selected assumptions (+15.0%)	102.40	94.12	86.25	78.75	71.61
+12.5%	104.10	95.84	87.98	80.50	73.37
+10.0%	105.80	97.56	89.72	82.25	75.14

Source: Deloitte Corporate Finance analysis

Note:

1. These values are before any impact of the Botswana Government option

The table above illustrates that the value of the T3 Project is highly sensitive to commodity prices. A (+/-) 2.5% movement in the copper price results in a (+/-) 15% movement in the value of the T3 Project.

A potential acquisition of a minority stake of 15% (maximum interest possible) in the T3 Project by the Botswana Government would represent a decrease of approximately 10% in the value of MOD's stake in the T3 Project.

### Assessment of value

Based on the sensitivity analysis set out above, we have estimated the value of MOD's interest in the T3 Project to be in the range of US\$ 75 million to US\$ 90 million (converted to approximately \$107 million to \$129 million), on a control basis.

## 5.4 Valuation of exploration assets

DTMA's assessment of the fair market value of MOD's exploration assets in Botswana, including the upside associated with the T3 Project resource not included in the LOM and Metal Capital Exploration's assets, is set out in the table below.

**Table 32**

Exploration asset	Selected methodology	Unit	Low	High	Preferred
T1 Target	Market and cost approach	US\$ m	13.7	14.7	14.7
Other Prospective Licences	Cost approach	US\$ m	1.3	2.6	1.3
<b>MOD Botswana's exploration assets</b>		<b>US\$ m</b>	<b>15.0</b>	<b>17.3</b>	<b>16.0</b>
T3 Expansion Project <sup>1</sup>	Cost approach	US\$ m	11.2	14.0	11.2
T20 Expansion Project	Cost approach	US\$ m	1.4	2.2	1.4
Other Prospective licences	Cost approach	US\$ m	4.7	7.4	4.7
<b>Metal Capital Exploration's assets – 100% basis</b>		<b>US\$ m</b>	<b>17.4</b>	<b>23.5</b>	<b>17.4</b>
<b>Metal Capital Exploration's assets – 70% basis<sup>2</sup></b>		<b>US\$ m</b>	<b>12.1</b>	<b>16.5</b>	<b>12.1</b>
<b>Fair market value of MOD's exploration assets</b>		<b>US\$ m</b>	<b>27.1</b>	<b>33.8</b>	<b>28.1</b>
<b>Fair market value of MOD's exploration assets</b>		<b>\$m<sup>3</sup></b>	<b>38.7</b>	<b>48.3</b>	<b>40.2</b>

Source: DTMA, Deloitte Corporate Finance analysis

Notes:

1. PL 190/2008 outside of the T3 Project is held on trust by Tshukudu Metals Botswana Pty Ltd on behalf of Tshukudu Exploration, hence it is ultimately owned by Metal Capital Exploration
2. Adjusted based on the 70% interest currently held by MOD
3. Based on an US\$:A\$ exchange rate of \$0.70 as at 24 July 2019

All the exploration assets have been valued by DTMA on a 100% ownership basis. For the purpose of our valuation of MOD we have adjusted the value of the exploration assets held by Metal Capital Exploration based on MOD's effective 70% ownership.

The following valuation approaches were adopted by DTMA:

- **Cost Approach:** past expenditure or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and



exploration can also downgrade a property and therefore a prospectivity enhancement multiplier (**PEM**) is applied to the effective expenditure

- **Market approach:** the market approach relies on the principle of 'willing buyer, willing seller' and requires that the amount obtainable from the sale of the asset is determined as if in an arm's length transaction. However, in order to arrive at reasonable market values with which to compare any mineral asset undergoing valuation, appropriate recent and historical transactions must form the basis.

DTMA has selected its primary valuation method having regard to the stage of development of the assets, and whether any resources are attributable to the asset.

We have relied on DTMA's valuation of MOD's exploration assets. Refer to Appendix 10 for DTMA's Independent Technical Specialist Report.

## 5.5 Valuation of Sams Creek

In July 2017, a conditional agreement had been reached with Condamine regarding the sale of MOD's interest in Sams Creek<sup>15</sup> for a consideration of \$3.8 million, which implied a valuation of \$4.8 million on a 100% basis. This transaction did not proceed due to non-fulfilment of conditions and was mutually terminated.

Sams Creek was fully impaired in MOD's financial statements in December 2018. MOD considers this asset to be non-core, and has been exploring other opportunities to monetise the asset. However, as at December 2018, no discussions were advanced enough for MOD to reliably hold Sams Creek as an asset held for sale with a supportable value.

In considering the potential value for Sams Creek, we have had regard to the above, but also the market approach as Sams Creek has an indicated and inferred mineral resource of 10.1 Mt and 10.4 Mt, respectively. The range of gold equivalent resource (EV/ Resource (AuEq)) multiples for gold exploration companies with Australian and New Zealand (to the extent possible) assets trading on the ASX is in the range of US\$ 4.1 per oz to US\$ 7.8 per oz. Refer to Appendix 7 for details of these comparable companies. Given the limited number of comparable companies and that Sams Creek does not have any measured mineral resources, we would consider an appropriate multiple for Sams Creek to be at the lower end of this range. The previous offer negotiated with Condamine implies a valuation multiple of US\$3.3 per oz for Sams Creek, and whilst this is below the range of comparable trading multiples, we consider it still provides directional support for the valuation of Sams Creek.

On this basis we have assessed the value of MOD's interest in Sams Creek to be in the range of nil to \$3.8 million.

## 5.6 Corporate costs

MOD's corporate costs have been separately valued using the DCF approach. We have estimated an appropriate level of ongoing annual corporate overheads for MOD to be approximately US\$ 0.8 million, assuming a potential purchaser would not maintain an ASX and LSE listing, and significant synergies would be realised in relation to the executive board, rent and overall G&A structure.

We have determined the present value of the tax-effected average corporate overhead cost based on our range, capitalised at our selected discount rate range of 9.5% to 10.5%, to be US\$ 5.0 million to US\$ 5.5 million (converted to approximately \$7.1 million to \$7.9 million).

## 5.7 Adjusted cash balance

MOD management has provided us with an estimate of MOD's cash balance as at the end of July 2019 of \$5.8 million<sup>16</sup>. We have adjusted this by:

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<sup>15</sup> MOD's interest in the Sams Creek project consists of a 100% interest in EP 54454 and a 80% interest in EP 40338

<sup>16</sup> Minimal expenditure in respect of the T3 Project has occurred during July 2019 as a result of the Proposed Scheme.

- approximately \$860,000 of transaction costs expected to be incurred by MOD until the completion of the Proposed Scheme
- approximately \$180,000 of employee liabilities that become due upon a change of control

The adjusted cash balance considered in our valuation is \$4.75 million.

## 5.8 Options liability

MOD has issued approximately 17.7 million share options to employees that are currently either unvested or out-of-the money. These options effectively represent a potential liability to Shareholders, who may be diluted in the future.

We have valued these options using the Black Scholes model, having regard to their respective remaining contractual lives, restriction periods and strike prices, and using the following assumptions:

- risk free rate ranging from 0.95% to 1.00%, based on yields of Australian zero coupon bonds with maturity terms broadly matching the remaining contractual life of the options
- share price volatility of 55% based on MOD's and Sandfire's historical share prices. We have had regard to Sandfire's volatility as a proxy for the anticipated volatility of MOD going forward as it moves from an explorer to a producer
- MOD's share price of \$0.31 as at 24 June 2019, one day prior to the announcement of the Proposed Scheme
- the estimated life of the options, based on the share restriction period attached to the option and the expiry of the option.

Based on the foregoing, we have estimated the fair value of the options liability to be \$1.01 million, based on the underlying value of the options set out below.

Expiry date	Restriction period end date	Exercise Price (\$)	Number	Fair market value per option (\$)	Total (\$)
30-Jan-23	30-Jan-22	0.457	3,015,000	0.070	211,203
30-Jan-23	30-Jan-22	0.707	3,015,000	0.037	112,990
30-Jan-23	30-Jan-22	0.907	3,015,000	0.024	73,277
12-Apr-23	12-Apr-22	0.522	5,030,000	0.063	317,811
29-May-23	29-May-22	0.435	3,630,000	0.082	295,891
<b>Total</b>					<b>1,011,173</b>

Source: Deloitte Corporate Finance analysis

## 5.9 Number of shares in MOD

As at 19 July 2019, MOD had 304,286,230 shares on issue. For the purpose of our valuation, we have made the following notional adjustments to the number of shares on issue:

- the conversion of 40,673,566 options held by Metal Tiger into shares, at a nil exercise price. As we are assessing the value of MOD prior to the Proposed Transactions, we have not considered the additional 22.3 million new shares to be issued to Metal Tiger in consideration for the Metal Tiger Transaction. We have, however, considered the exercise of the 40.7 million Options held by Metal Tiger as these have already been granted. While they cannot all legally be exercised immediately unless shareholder approval is obtained, in substance they all have a claim on value and could all be exercised over time using the 3% creep provision.
- the conversion of 3,050,000 performance rights into shares, at nil exercise price, as the vesting conditions expedited on a change of control

Our assessment of the value of a share in MOD is therefore based on a notional diluted number of MOD shares on issue of 348,009,796.

## 5.10 Valuation cross check

We have cross-checked our sum-of-the-parts valuation of MOD using reserve and resource multiples implied by trading and transactions in comparable companies and assets.

The reserve and resource multiple rule of thumb has emerged from market transactions as it can be calculated by analysts based on limited publicly available information, however there are limitations in its use due to the following:

- the multiples may be affected by issues such as metal quality and ore grade, development risk, projected levels of capital expenditure, long term favourable / unfavourable contracts and synergies and special value attributed to strategic benefits that only the acquirer could achieve
- Proved and Probable Reserve ratio calculations do not make allowance for the relative proportions of Measured, Indicated and Inferred resources as a percentage of total resources attributable to an asset, nor do they allow for different cost structures of the resources
- Proved and Probable Reserve ratio calculations derived from transactions are static and are generally influenced by the economic environment surrounding the transaction, which may not reflect the current environment.

The Proved and Probable (marketable) Reserve and Total Resource multiples implied by our valuation of MOD are set out in the table below.

**Table 33**

	Unit	Low	High
<b>Enterprise value<sup>1</sup> of MOD prior to the Proposed Scheme</b>	<b>US\$'000</b>	<b>96,608</b>	<b>120,452</b>
Marketable Proved and Probable Reserves	Cu eq kt	320	320
Total Resources	Cu eq kt	804	804
<b>Proved and Probable Reserve multiple</b>	<b>US\$ /t</b>	<b>302</b>	<b>376</b>
<b>Total Resource multiple</b>	<b>US\$ /t</b>	<b>120</b>	<b>150</b>

Source: Deloitte Corporate Finance analysis

Note:

1. Determined based on the equity value of MOD of \$143.47 million to \$177.53 million after deducting the adjusted cash balance of \$5.46 million, and converted to US\$ at an exchange rate of US\$:A\$ of 0.70

In relation to the reserve multiples presented above, we note the following:

- whilst the comparable companies included in our analysis are mining companies listed in developed markets and with operations primarily focused on the development of copper projects in developing countries, none of them are directly comparable to MOD. The comparable companies' size, projects stage of development, capital structure and countries of operation vary, and these factors are likely to impact on their implied reserve and resource multiples
- the range of both reserve multiples and resource multiples for MOD is within the range observed for comparable companies presented in Appendix 4, which range from US\$ 51 per tonne to US\$ 2,860 per tonne for reserve multiples and from US\$ 35 per tonne to US\$ 766 per tonne for resource multiples
- the reserve and resource multiple range implied by our selected value of MOD is broadly aligned with the overall median of the comparable companies' reserve and resource multiples of US\$ 444 per tonne and US\$ 169 per tonne, respectively
- when considering only non-producing comparable companies, the average median and average reserve multiples are US\$ 154 per tonne and US\$ 275 per tonne respectively, while median and average resource multiples are US\$ 54 per tonne and US\$ 130 per tonne respectively
- the range of resource multiples for MOD is within the range observed for transactions involving copper companies and projects in Africa presented in Appendix 5, which ranges from US\$ 20 per tonne to US\$ 297 per tonne

- notwithstanding the limitations in respect of the comparability of the companies, we are of the view that the market observations in relation to reserve and resource multiples, especially in regards to the resource multiples, broadly support our valuation of MOD on a control basis prior to the Proposed Scheme

# 6 Valuation of Enlarged Sandfire

## 6.1 Introduction

In this section we have estimated the fair market value of a share in the Enlarged Sandfire (on a minority basis) to be in the range of \$6.05 to \$6.55 per share. This valuation has been performed on a minority interest basis because Shareholders who vote in favour of the Proposed Scheme will become minority shareholders in the Enlarged Sandfire.

We have selected the market based method to assess the fair market value of a share in Enlarged Sandfire, having regard to recent (post announcement of the Proposed Scheme) share market trading activity in Sandfire shares. In selecting the market based method, we have taken into account that Shareholders will collectively only hold between 10.4% and 13.4% of Sandfire subsequent to the implementation of the Proposed Scheme.

## 6.2 Analysis of recent share trading in Sandfire shares

The trading price of a listed company share is expected to provide an objective assessment of the fair market value of this company's equity where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities.

In the six months and twelve months prior to the announcement of the Proposed Scheme, 99.49 million and 238.23 million Sandfire shares were traded respectively, representing 62% and 149% of Sandfire's outstanding shares on issue. Approximately 27% of Sandfire's shares on issue have traded since the announcement of the Proposed Scheme. We therefore consider Sandfire to be a liquid share.

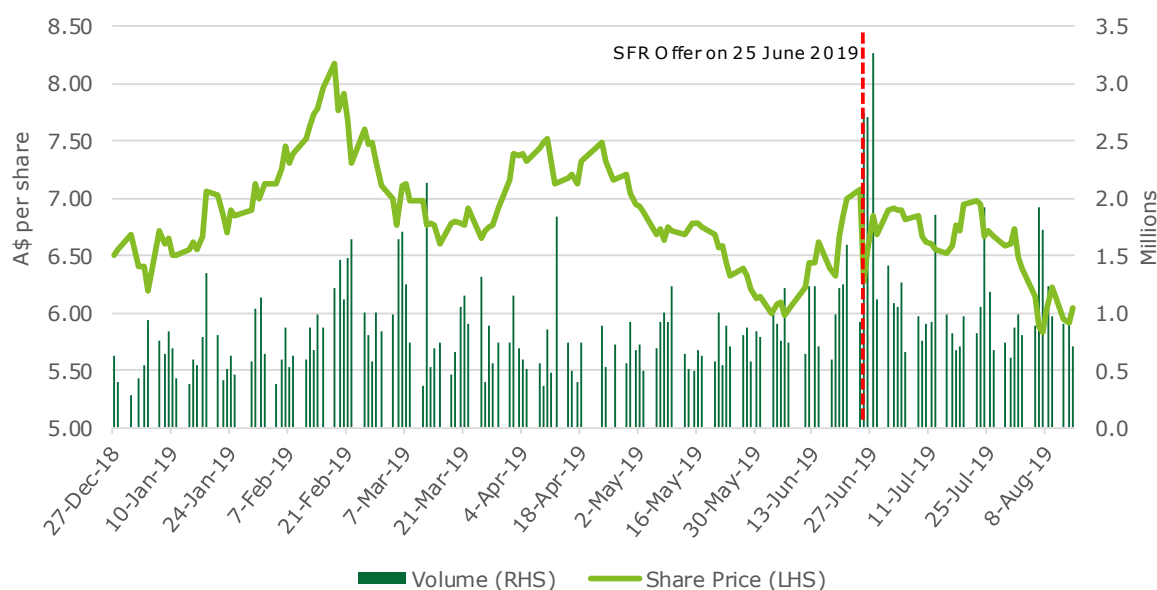
Sandfire periodically releases reports describing quarterly operational activities as well as comprehensive financial information regarding Sandfire's financial performance and position. Further, both Sandfire and MOD released several announcements to the market detailing the terms and the strategic rationale underpinning the Proposed Scheme.

If the Proposed Scheme is successful, the new Sandfire shares received by Shareholders will effectively be shares in Enlarged Sandfire. Sandfire's share trading since the announcement of the Proposed Scheme on 25 June 2019 effectively incorporates the market's view of the prospects of the enlarged group, to the extent that the market expects the Proposed Scheme will be implemented.

Due to the liquidity of Sandfire's shares and the amount of information available to the market regarding both MOD and Sandfire and the Proposed Scheme, we are of the view that the market price of a Sandfire share after the announcement of the Proposed Scheme provides good evidence of the market price of the consideration offered.

The figure below illustrates Sandfire's share price history for the period six months prior to the announcement of the Proposed Scheme until 14 August 2019.

**Figure 17**



Source: CapitalIQ, Deloitte Corporate Finance analysis

The Proposed Scheme was announced on 25 June 2019.

The closing share price of a Sandfire share on the day prior to the announcement of the Proposed Scheme was \$7.07 per share, whilst its most recent closing price was \$6.05 per share on 14 August 2019. We note that Sandfire shares declined to \$6.28 on the day of the announcement of the Proposed Scheme but subsequently recovered to \$6.84 on 27 June 2019. Since then (up until the 14 August 2019), the lowest trading price of a Sandfire share was \$5.83 on 7 August 2019. The 'undisturbed' price of Sandfire's shares on 18 January 2019, one day prior to the announcement of the first offer made by Sandfire to acquire MOD, was \$7.06.

Since late July 2019, there has been a significant increase in volatility in global markets and a rerating (downwards) of growth expectations which has had an impact on the share trading price of Sandfire (which has declined approximately 8%), as well as the spot price of copper (which has declined approximately 5%). This decline is consistent with the share price decreases experienced by other copper producers and explorers, and more broadly the ASX 200 Index (which declined by approximately 3% over the same period).

From 26 June 2019 to 14 August 2019 Sandfire shares have traded in a range of \$5.83 to \$6.97 per share with a VWAP of \$6.55. The following table sets out the share market trading of Sandfire shares prior to and since the announcement of the Proposed Scheme.

**Table 34**

	<b>Value (\$)</b>
<b>Share prices after the announcement of the Proposed Scheme</b>	
Share Price Trading Range (up to 14 August 2019)	6.28 to 6.97
VWAP (up to 14 August 2019)	6.55
2 week VWAP (up to 14 August 2019)	6.05
Most recent trading price (as at 14 August 2019)	6.05
<b>VWAP prior to the announcement of the Proposed Scheme</b>	
1 day prior to announcement	7.07
1 week prior to announcement	6.80
1 month prior to announcement	6.41

Source: CapitalIQ, Deloitte Corporate Finance analysis

The following factors are likely to have an impact on the market's view around the Enlarged Sandfire, hence having an impact on Sandfire's share price since the announcement of the Proposed Scheme:

- the Proposed Scheme is overall perceived to be value accretive to Sandfire, having regard to the outcomes of the T3 Project feasibility study as well as the upside associated with MOD's exploration assets and large landholding of prospecting licences



- the implementation of the Proposed Scheme is expected to be earnings dilutive as Sandfire will have to increase exploration and development expenditures to develop MOD's portfolio and it will be a number of years before positive earnings flow from the T3 Project
- the Proposed Scheme will change the risk profile of Sandfire's mining portfolio, as Sandfire will become exposed to additional development and exploration assets in a developing country
- the Directors of MOD and Metal Tiger have already announced their intentions to vote in favour of the Proposed Scheme subject to certain conditions.

We have assessed the value of a share in Enlarged Sandfire to be in the range of \$6.05 to \$6.55.

## 6.3 Valuation cross check

We have cross checked the valuation of Enlarged Sandfire using reserve and resource multiples implied by trading in comparable companies.

The Proved and Probable (marketable) Reserve multiples and total Resource multiples implied by our valuation of Enlarged Sandfire are set out in the table below.

**Table 35**

	Units	Low	High
Equity Value	\$/share	6.05	6.55
FX rate - Spot (24 July 2019)	A\$/US\$	0.70	0.70
<b>Equity Value</b>	<b>US\$ /share</b>	<b>4.235</b>	<b>4.585</b>
No. of shares <sup>1</sup>	million	177.99	184.13
<b>Equity Value</b>	<b>US\$'000</b>	<b>753,794</b>	<b>844,235</b>
Net Cash <sup>1</sup>	US\$'000	146,870	175,990
<b>Enterprise Value</b>	<b>US\$'000</b>	<b>606,924</b>	<b>668,245</b>
Marketable Proved and Probable Reserves	Cu eq kt	759	759
Total Resource	Cu eq kt	3,388	3,388
<b>Proved and Probable Reserves multiple</b>	<b>US\$ /t</b>	<b>800</b>	<b>880</b>
<b>Total Resource multiple</b>	<b>US\$ /t</b>	<b>179</b>	<b>197</b>

Source: Deloitte Corporate Finance analysis, CapitalIQ

Notes:

1. Net cash comprises of Sandfire's pro-forma net cash balance of \$246.664 million as presented in Section 3.3.2 and MOD's adjusted cash balance of \$4.75 million as presented in Section 5.7. Our low scenario considers the deduction of the Maximum Cash Consideration of \$41.6 million
2. The marketable proved and probable reserves and total resources of Enlarged Sandfire are an aggregate of MOD and Sandfire's copper equivalent reserves and resources (refer to Table 6, Table 7, Table 9, Table 10, Table 16, Table 17 and Table 18)

In relation to the reserve and resource multiples presented above, we note the following:

- whilst the comparable companies included in our analysis are broadly comparable to Sandfire, none of them are directly comparable. The comparable companies' size, projects stage of development, capital structure and countries of operation vary, and these factors are likely to impact on their implied reserve and resource multiples
- the range of both reserve multiples and resource multiples for Enlarged Sandfire are within the range observed for comparable companies presented in Appendix 8 from US\$ 159 per tonne to US\$ 3,295 per tonne for reserve multiples and from US\$ 56 per tonne to US\$ 1,564 per tonne for resource multiples
- the observed median resource and reserve multiples of the comparable companies are US\$ 478 per tonne and US\$ 176 per tonne respectively and the observed average reserve and resource multiples are US\$ 1,077 per tonne and US\$ 463 per tonne respectively. The reserve and resource multiples implied by our valuation of the Enlarged Sandfire are broadly in line with the average and the median, respectively, of the observed comparable companies
- the observed market parameters broadly support our valuation of the Enlarged Sandfire.

# Appendix 1: Valuation methodologies

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses are discussed below.

## Market based methods

Market based methods estimate an entity's fair market value by considering the market price of transactions in its shares or the fair market value of comparable companies. Market based methods include:

- earnings multiple method
- analysis of an entity's recent share trading history
- industry specific methods.

The earnings multiple method estimates fair market value as a multiple of an entity's earnings. An appropriate earnings multiple is derived from market transactions involving comparable companies. The earnings multiple method is appropriate where the entity's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in an entity where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of an entity than other valuation methods because they may not account for entity specific factors.

## Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting an entity's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

## Asset based methods

Asset based methods estimate the market value of an entity's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of an entity but does not take account of realisation costs.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of an entity's assets are liquid, or for asset holding companies.

# Appendix 2: Mining industry

## Copper

### Overview

Copper's malleability, strength, resistance to corrosion and electrical conductivity has made it a key component in the building, construction and electrical industries. Alloyed with other metals, such as zinc (to form brass), aluminium or tin (to form bronze), copper can acquire new characteristics for use in highly specialised applications.

### Demand

Demand in the copper industry is largely driven by the construction, telecommunications and electronic consumer goods industries. Key factors influencing the demand for copper include the following:

- demand in the construction industry has increased as a result of the increased requirements for energy efficiency and development of sustainable energy in the power sector. This has been offset by the use of substitutes, particularly aluminium, in certain applications. However, for most applications, the impact of substitution has been minimal
- increases in demand for copper have come from the construction, industrial equipment and consumer goods industries in emerging economies such as China and India, as a result of urbanisation and increases in economic development
- China remains pivotal for copper demand with over 50% of global consumption, up from 25% a decade ago
- India is expected to be the fastest growing large copper market globally during the years 2019-20 due to strong economic growth and rising infrastructure investment
- despite uncertainty surrounding the outlook for the global economy, demand for copper is expected to increase over the short-term. Increasing demand for electric vehicles, which use around four times the amount of copper in fossil fuel-powered vehicles, is likely to drive increasing demand for copper in the future.

### Supply

Chile is currently the largest copper producer globally, accounting for almost one third of international copper reserves. Smelter expansions in China will be supported by ample raw material availability following a recent spate of new mine and expansion projects. However, smelters elsewhere face increasing headwinds as a result of tighter environmental oversight. Heavy cost cutting by major producers in previous years have left them in a stronger position to cope in a relatively low price environment. This alongside plans to invest in existing mines outside China should underpin growth in refined metal output.

### Outlook

Since 2016, the price of copper has surged almost 50 per cent but has since decreased from peaks of US\$ 3.33 per pound to US\$ 2.71 per pound. This surge was predominantly spurred by the Chinese government announcement of the implementation of an infrastructure stimulus which resulted in a major construction boom. Demand growth coupled with a weaker US dollar and a forecast slowdown in Chinese demand is expected to create some volatility in copper prices in the near term. In 2019-20 the electric vehicle revolution will support copper demand growth as will the associated infrastructure as monetary policy remains loose. On the supply side, refined copper production has proven resilient so far but is expected to fade, largely due to underinvestment in mine capacity. In the long term, however, real prices are expected to remain relatively flat.

**Figure 18**



Source: Bloomberg, Thomson Research and Deloitte Corporate Finance analysis

## Silver

Silver has both industrial and precious metal uses. As an industrial metal, it is resistant to corrosion and is the best thermal and electrical conductor of all metals, making it ideal for electrical applications. As a precious metal, the rarity of silver makes it a store of wealth, similar to gold. Alloyed with other base metals such as copper, it can be used for jewellery and silverware.

### Demand/ Supply

Demand for silver is affected by similar factors to gold. However, the industrial uses of silver make it less counter cyclical than gold as silver is extensively used in electronics.

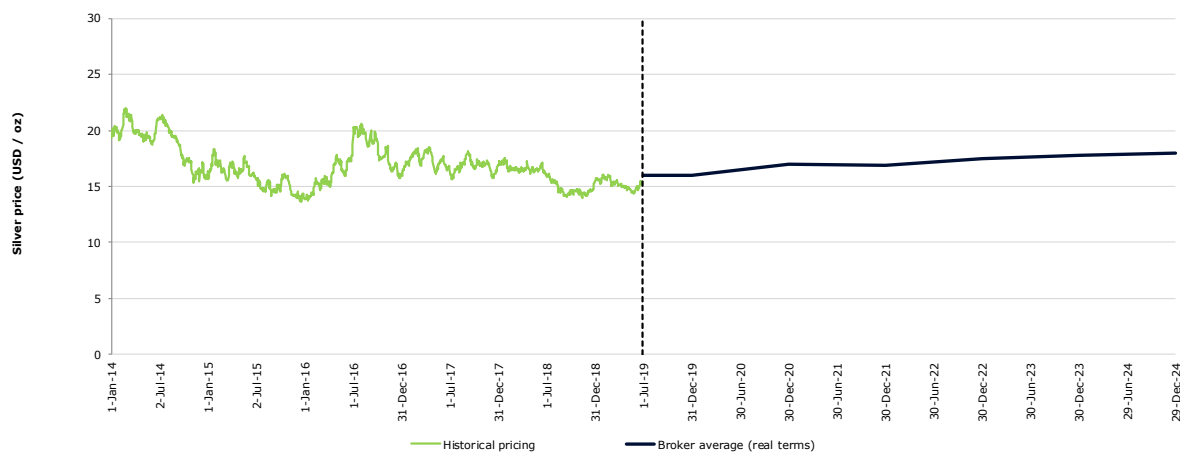
- silver has been trading within a modest range but there is a growing narrative that it is an undervalued commodity poised for upside as it's leveraged both to gold price upside factors and recovery of the industrial cycle
- in 2018 total silver demand grew by 4%, reaching a three year high. Silver coin and bar demand rose by 20%, driven by silver bar demand which increased by 53%. Industrial applications remain the largest use of silver and are expected to increase from 2019-23 followed by jewellery, silverware and photography
- global mine production fell 2% in 2018 experiencing its third consecutive annual decline following supply disruptions in Canada, Guatemala and the United States<sup>17</sup>
- there is emerging tightness in the supply of silver with deterioration in global silver mine production, compounded by reduced investment and exploration spend. There is an expectation of another year of declining silver production with the pipeline of new silver projects looking thin. The low price of silver is not providing incentive for exploration and development.

<sup>17</sup> Silverinstitute.org

## Outlook

In 2018 silver behaved more like a base metal, whilst in 2019 silver performance has been tracking gold more closely. Silver has been underperforming its peers for some time, weighing further on investor interest. Some investors believe this underperformance is due to an undervaluation of silver and they expect future performance to either mirror or outperform gold. There has been some recovery for US Mint coin sales to date but exchange traded funds (**ETFs**) remain net sellers. An important indicator will be ETFs behaviour, observing if they continue to add to holdings in the months ahead as an indicator of improvement in sentiment. Silver is expected to continue to be driven primarily by gold prices as investors turn to silver as a proxy for gold with slowing global growth.

**Figure 19**



Source: Bloomberg, Thomson Research and Deloitte Corporate Finance analysis

## Appendix 3: Discount rate

The discount rate used to equate the future cash flows to their present value reflects the risk adjusted rate of return demanded by a hypothetical investor for the asset or business being valued. Discount rates are determined based on the cost of an entity's debt and equity weighted by the proportion of debt and equity selected. This is commonly referred to as the weighted average cost of capital (**WACC**). The WACC can be derived using the following formula:

$$\text{WACC} = \left( \frac{E}{V} \times K_e \right) + \left( \frac{D}{V} \times K_d \times (1 - t_c) \right)$$

The components of the formula are:

$K_e$	=	cost of equity capital
$K_d$	=	cost of debt
$t_c$	=	corporate tax rate
$E/V$	=	proportion of enterprise funded by equity
$D/V$	=	proportion of enterprise funded by debt

We have used the CAPM to estimate the  $K_e$  for the T3 Project. CAPM calculates the minimum rate of return that the company must earn on the equity-financed portion of its capital to leave the market price of its shares unchanged. The CAPM is the most widely accepted and used methodology for determining the cost of equity capital. The cost of equity capital under CAPM is determined using the following formula:

$$K_e = R_f + \beta (R_m - R_f) + \alpha$$

A brief description of the above factors and a summary of the build-up of our selected discount rate is set out below.

**Table 36**

	Low	High	Mid
Risk free rate ( $R_f$ )	2.32%	2.32%	2.32%
Equity market risk premium (EMRP)	6.25%	6.25%	6.25%
Beta (ungeared $\beta$ )	1.30	1.50	1.40
Beta (geared $\beta$ )	1.50	1.50	1.50
Country specific risk premium	1.18%	1.18%	1.18%
Project specific risk premium	2.00%	2.50%	2.25%
<b>Calculated <math>K_e</math></b>	<b>14.87%</b>	<b>16.00%</b>	<b>15.44%</b>
Net debt / enterprise value	30.00%	30.00%	30.00%
Tax rate	30.00%	30.00%	30.00%
$K_d$ (pre-tax)	6.00%	7.00%	6.50%
<b><math>K_d</math> (post-tax)</b>	<b>4.20%</b>	<b>4.90%</b>	<b>4.55%</b>
<b>WACC (post-tax) – nominal</b>	<b>11.67%</b>	<b>12.67%</b>	<b>12.17%</b>
Inflation rate	2.00%	2.00%	2.00%
<b>WACC (post-tax) - real</b>	<b>9.48%</b>	<b>10.46%</b>	<b>9.97%</b>
<b>Selected WACC</b>	<b>9.50%</b>	<b>10.50%</b>	<b>10.00%</b>

Source: Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Includes the Blume Adjustment

- **R<sub>f</sub>**: compensates the investor for the time value of money and the expected inflation rate over the investment period. In determining the R<sub>f</sub>, we have adopted the five-day average of the 20-year US treasury constant maturity rate as at 30 June 2019
- **EMRP**: represents the risk associated with holding a market portfolio of investments, that is, the excess return a shareholder can expect to receive for the uncertainty of investing in equities as opposed to investing in a risk free alternative. We consider an EMRP of 6.25% to be reasonable
- **β**: measures the systematic risk or non-diversifiable risk of a company in comparison to the market as a whole. In estimating the beta for the T3 Project, we have considered the betas of listed companies that operate in the copper industry. These betas, have been calculated based on weekly and monthly returns, over a two year and four year period, respectively, compared to the MSCI Index.

The unlevered beta of Nzuri Copper Limited is 1.61 based on 4 year monthly data. Nzuri Copper Limited's flagship project is the Kalongwe Copper-Cobalt Project (**Kalongwe**) in the Democratic Republic of the Congo (**DRC**). While Kalongwe has a smaller resource than the T3 Project, a higher proportion of the resource is classified as reserves and 122 kt are classified as proved. The additional risk associated with the DRC lends to a higher beta than we would expect for the T3 Project.

The unlevered beta of Ivanhoe Mines Limited is 1.44 based on 4 year monthly data. Ivanhoe has four base metal projects across Africa. The Kamo-a-Kakula Copper Project, Western Foreland Project and Kipushi Project are located on the Central African copperbelt in the DRC. The Platreef Project is located in South Africa and has a mineralized reef containing platinum-group minerals as well as significant quantities of nickel and copper. Ivanhoe Mines Limited's projects are at a similar stage of development to the T3 Project and are in relatively similar jurisdictions within Africa. In particular, South Africa is seen to have a similar risk profile to Botswana. While the DRC is considered significantly riskier than Botswana, the very large resource and high grade of the Kamo-a-Kakula Project would offset this risk to a degree.

We note the average and median unlevered betas of comparable African copper producers and developers are 1.61 and 1.44, based on 4 year monthly data, respectively.

Having regard to the above we have selected an unlevered beta ranging from 1.30 to 1.50. We have re-gearred the selected ungeared β based on the gearing ratio (see below) and a tax rate of 30% and blume-adjusted the re-gearred β

- **gearing ratio**: we have considered the current capital structure of MOD, the anticipated structure of the T3 Project over the LOM and the capital structure of the companies considered comparable to MOD to determine a gearing ratio of 30%
- **country specific premium**: given the T3 Project is located in Botswana, a developing country, we consider it appropriate to include a country risk premium to reflect the T3 Project's potential exposure to sovereign risk

Sovereign, or country risk, is the risk arising from an unpredictable change in government policy or behavior of a regulatory agency and other risks attributable to an unstable political or civil environment. Market perception of country risk is subjective and conclusions drawn require the exercise of professional judgement. To arrive at a reasonable approximation of the additional return required to compensate for the risk inherent in investing in developing countries, we have had regard to a variety of external evidence, including current general macroeconomic and political conditions facing Botswana and country ratings attributed by rating agencies such as Moody's, S&P, and other market analysts such as the Economist Intelligence Unit

Our research indicated the following:

- Moody's and S&P attribute Botswana with a credit rating of A2 and A-, respectively
- Aswath Damodaran calculates a risk premium of 1.18% for Botswana based on the average spread of government bonds with a similar rating and comparable tenure over the US risk free rate.

Having regard to all of the above, we have selected a country risk premium of 1.18%.

- **project specific premium**: we have selected a project specific risk premium of 2% to 2.5% based on the early stage of the T3 Project, the associated development risks and the associated risks which have already been factored into the underlying cash flows of the T3 Project



- **tax rate:** our selected tax rate of 30% reflects an estimate of the T3 Project's effective tax rate over the LOM
- **K<sub>d</sub>:** we have estimated MOD's cost of debt to be 6% to 7% based on the implied base rate of debt proposals received by MOD, current credit spreads for BBB rated borrowers, our selected level of gearing and the average cost of debt of listed comparable companies
- **inflation rate:** to convert the nominal post-tax WACC to a real post-tax WACC, we have applied the Fisher equation. We have assumed long-term US inflation of 2%, consistent with long-term inflation targets of the Federal Reserve, together with other external evidence, including forecasts of the Economist Intelligence Unit, the Congressional Budget Office and the International Monetary Fund.

## Appendix 4: Comparable entities - MOD

We identified the following companies whose securities are traded on various securities exchanges and which we consider broadly similar to MOD. The comparable trading multiples presented include copper producers with assets in Africa, and copper explorers with development projects in Africa and South America.

Whilst the comparable companies included in our analysis are mining companies listed in developed markets and with operations primarily focused on the development of copper projects in developing countries, none of these companies are directly comparable to MOD. The comparable companies' size, projects stage of development, capital structure and countries of operation vary, and these factors are likely to impact on their implied reserve and resource multiples:

**Table 37**

Name	Enterprise Value (US\$ m)	Cu Eq Reserves (t)	Cu Eq Resources (t)	EV/ Cu Eq Reserve (US\$/t)	EV/ Cu Eq Resource (US\$/t)
<b>Producing</b>					
First Quantum Minerals Ltd.	16,086	36,269,666	87,159,221	444	185
MMG Limited	12,262	4,287,894	16,009,742	2,860	766
Katanga Mining Limited	8,036	7,683,308	27,565,097	1,046	292
Jinchuan Group International Resources Co. Ltd	1,703	2,135,626	6,563,473	797	259
Tiger Resources Limited	205	644,000	1,327,071	319	155
<b>High</b>				<b>2,860</b>	<b>766</b>
<b>Median</b>				<b>797</b>	<b>259</b>
<b>Average</b>				<b>1,093</b>	<b>331</b>
<b>Low</b>				<b>319</b>	<b>155</b>
<b>Non-Producing</b>					
Ivanhoe Mines Ltd.	3,330	4,490,640	18,155,819	742	183
SolGold plc	762	0	14,037,292	n/a	54
Josemaria Resources Inc.	235	4,596,751	6,782,275	51	35
Filo Mining Corp.	187	2,008,454	3,881,724	93	48
Coro Mining Corp.	138	0	357,000	n/a	387
Nzuri Copper Limited	81	374,499	519,664	215	155
Arc Minerals Limited	47	0	959,529	n/a	49
<b>High</b>				<b>742</b>	<b>387</b>
<b>Median</b>				<b>154</b>	<b>54</b>
<b>Average</b>				<b>275</b>	<b>130</b>
<b>Low</b>				<b>51</b>	<b>35</b>
<b>Overall High</b>				<b>2,860</b>	<b>766</b>
<b>Overall Median</b>				<b>444</b>	<b>169</b>
<b>Overall Average</b>				<b>730</b>	<b>214</b>
<b>Overall Low</b>				<b>51</b>	<b>35</b>

Source: Deloitte Analysis, Capital IQ

Note:

1. Enterprise value includes a 20% control premium

## Appendix 5: Comparable transactions

We identified the following transactions involving similar businesses to MOD:

**Table 38**

Announcement date	Completion date	Target	Acquirer	Target Country	Percent acquired	Implied EV <sup>1</sup> (US\$ m)	Cu Eq Resource (t)	EV/ Cu Eq Resource (US\$/t)
Jul-18	Nov-18	T3 Project	MOD Resources Limited	Botswana	30%	47	653,601	72
Aug-16	Sep-16	La Compagnie Minière de Musonoie Global SAS	Zijin Mining Group Company Limited	Dem. Rep. Congo	21%	213	1,538,365	139
Jun-15	Apr-16	Asmara Mining Share Company	Sichuan Railway Investment Group Co., Ltd.	Eritrea	60%	125	1,571,285	79
May-15	Dec-15	Kamoa copper project	Zijin Mining Group Company Limited	Dem. Rep. Congo	47%	840	24,180,500	35
Feb-14	Jun-14	Asmara project	Eritrean National Mining Corporation	Eritrea	30%	52	1,571,285	33
Oct-12	Feb-13	Hana Mining Ltd.	Cupric Canyon Capital LLC	Botswana	81%	62	529,719	117
Dec-12	Dec-12	Camrose Resources Limited	Eurasian Natural Resources Corp. Plc	Dem. Rep. Congo	50%	838	2,817,856	297
Nov-09	Jan-10	Kiwara Plc	First Quantum Minerals Ltd	Zambia	85%	221	11,020,000	20
<b>High</b>								<b>297</b>
<b>Average</b>								<b>99</b>
<b>Median</b>								<b>76</b>
<b>Low</b>								<b>20</b>

Source: Deloitte Corporate Finance analysis, CapitalIQ

Note:

1. The Implied Enterprise Value has been adjusted to reflect the different copper prices at each transaction date, using the copper price of US\$ 2.7355/lb on 25 June 2019 as a base
2. The comparable transactions presented involve the acquisition of copper mining companies with projects in Africa

## Appendix 6: Comparable company betas

Table 39

Name	Country	EV (on a minority basis) (US\$ m)	Debt to enterprise value (%)	2-year weekly beta			4-year monthly beta		
				Levered	Unlevered	R2 correlation	Levered	Unlevered	R2 correlation
<b>Copper Miners with Africa Operations</b>									
First Quantum Minerals Ltd.	Canada	15,838	51%	2.17	1.37	0.30	3.33	2.11	0.27
MMG Limited	Australia	11,984	63%	2.08	1.01	0.20	2.22	0.86	0.24
Katanga Mining Limited	Switzerland	7,773	90%	1.49	0.21	0.04	1.06	0.31	0.02
Ivanhoe Mines Ltd.	Canada	2,687	0%	2.06	2.06	0.24	1.44	1.44	0.09
Jinchuan Group International Resources Co.	Hong Kong	1,545	22%	1.09	0.81	0.05	1.28	0.80	0.06
Tiger Resources Limited	Australia	205	102%	2.43	2.43	0.10	2.48	2.48	0.08
MOD Resources Limited	Australia	86	0%	0.77	0.77	0.03	n/m	n/m	0.10
Nzuri Copper Limited	Australia	74	0%	0.63	0.63	0.01	1.61	1.61	0.07
Arc Minerals Limited	British Virgin Islands	26	4%	0.62	0.61	0.02	1.40	1.39	0.05
BeMetals Corp.	Canada	19	0%	0.87	0.87	0.04	0.00	0.00	0.00
<b>Average</b>			<b>33%</b>	<b>1.42</b>	<b>1.08</b>	<b>0.10</b>	<b>1.61</b>	<b>1.21</b>	<b>0.10</b>
<b>Median</b>			<b>13%</b>	<b>1.29</b>	<b>0.84</b>	<b>0.04</b>	<b>1.44</b>	<b>1.39</b>	<b>0.08</b>

Source: Deloitte Corporate Finance analysis, CapitalIQ

Note:

1. Data above is current as at 30 June 2019
2. EV – Enterprise value
3. Negative values are presented as nil
4. Figures in the table are subject to rounding

## Appendix 7: Comparable entities – Sams Creek

We identified the following companies whose securities are traded on the ASX and whose projects we consider similar to Sams Creek.

**Table 40**

Company Name	Country	Market Capitalisation (US\$ m)	Net Debt (US\$ m)	Enterprise Value (US\$ m)	Contained Au Eq Resource (oz)	Implied EV/ Au Eq Resource Multiple (US\$/oz)
Focus Minerals Limited	Australia	39	(19)	20	4,858,000	4.06
Kingston Resources Limited	Australia	19	(2)	17	2,315,847	7.16
Anova Metals Limited	Australia	6	2	8	1,228,400	6.18
Ausgold Limited	Australia	8	(0)	8	1,038,960	7.77
Horizon Gold Limited	Australia	11	(3)	8	1,388,000	5.71
<b>High</b>						<b>7.77</b>
<b>Average</b>						<b>6.18</b>
<b>Median</b>						<b>6.18</b>
<b>Low</b>						<b>4.06</b>

Source: Deloitte Corporate Finance analysis, CapitalIQ

The comparable trading entities presented are ASX listed, junior explorers with gold projects in Australia. The resource multiple implied by our valuation of Sams Creek of 3.3x is slightly below the range of resource multiples presented in the table above.

We believe that the most comparable company to Sams Creek is Horizon Gold Limited (**Horizon**). Of the companies presented, Horizon is the only single asset explorer. Horizon's sole project, the Gum Creek Gold Project has a similar sized resource to Sams Creek at 1,388 koz of contained gold (Sams Creek: 1,014koz of contained gold). The Gum Creek Project is located 640 km north-east of Perth in WA which is politically stable and economically similar to New Zealand where Sams Creek is located. The Gum Creek Gold Project has a higher grade of 2.7 g/t compared to Sams Creeks' 1.77 g/t. Although the asset and locations are very similar, the higher grade and larger resource lead to a higher multiple for Horizon than would be appropriate for Sams Creek.

## Appendix 8: Comparable entities – Sandfire

We identified the following companies whose securities are traded on various securities exchanges and which we consider broadly similar to Sandfire. The comparable trading multiples presented include base metal producers with operations in Australia except for Hudbay Minerals Inc, Ero Copper Corp, Imperial Metals Corporation and Capstone Mining Corp which have their primary operations in other jurisdictions.

Whilst the comparable companies included in our analysis are broadly comparable to Sandfire, none of them are directly comparable. The comparable companies' size, projects stage of development, capital structure and countries of operation vary, and these factors are likely to impact on their implied reserve and resource multiples:

**Table 41**

Name	Enterprise Value (US\$ m)	Cu Eq Reserves (t)	Cu Eq Resources (t)	EV/ Cu Eq Reserve (US\$/t)	EV/ Cu Eq Resource (US\$/t)
Independence Group NL	2,212	896,533	1,414,457	2,467	1,564
OZ Minerals Limited	1,965	835,903	2,164,383	2,351	908
Hudbay Minerals Inc.	1,947	6,071,380	17,513,846	321	111
Ero Copper Corp.	1,740	527,906	1,218,811	3,295	1,427
Imperial Metals Corporation	911	2,060,061	12,478,715	442	73
Capstone Mining Corp.	441	2,781,130	7,932,609	159	56
Western Areas Limited	362	671,512	2,341,216	539	155
Aurelia Metals Limited	215	188,189	617,913	1,141	347
Panoramic Resources Limited	166	346,867	941,815	478	176
Heron Resources Limited	111	232,545	543,815	476	204
Metals X Limited	92	509,842	1,211,823	181	76
<b>High</b>				<b>3,295</b>	<b>1,564</b>
<b>Median</b>				<b>478</b>	<b>176</b>
<b>Average</b>				<b>1,077</b>	<b>463</b>
<b>Low</b>				<b>159</b>	<b>56</b>

Source: Deloitte Corporate Finance analysis, Capital IQ

# Appendix 9: Context to the report

## Individual circumstances

We have evaluated the Proposed Scheme for the Shareholders as a whole and have not considered the effect of the Proposed Scheme on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Scheme from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Scheme is in the best interests of shareholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

## Limitations, qualifications, declarations and consents

This report has been prepared at the request of the Directors of MOD and is to be included in a Scheme Booklet to be provided to MOD's shareholders for approval of the Proposed Scheme in accordance with Section 411. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Scheme Booklet in their assessment of the Proposed Scheme outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and MOD, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Scheme. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

This report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Scheme is in the best interests of the shareholders as a whole. Deloitte Corporate Finance consents to this report being included in the Scheme Booklet in the form and context in which it is to be included in the Scheme Booklet.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by MOD and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance 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. Drafts of our report were issued to MOD management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by MOD and its officers, employees, agents or advisors, MOD has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which MOD may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by MOD and its officers, employees, agents or advisors or the failure by MOD and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Scheme.

Deloitte Corporate Finance also relies on the report prepared by DTMA. Deloitte Corporate Finance has received consent from DTMA for reliance in the preparation of this report.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of MOD personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board (AUASB) or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for MOD included in this report has been prepared on a reasonable basis in accordance with ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of MOD referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.



Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Nicki Ivory, B.Com., CA, CFA and Stephen James Reid, M App. Fin. Inv, B.Ec, CA. Each have many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

### **Consent to being named in disclosure document**

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of Tower 2, Brookfield Place, 123 St Georges Terrace, Perth, WA 6000, acknowledges that:

- MOD proposes to issue the Scheme Booklet to be provided to Shareholders in relation to the Proposed Scheme
- the Scheme Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Scheme Booklet for review
- it is named in the Scheme Booklet as the 'independent expert' and the Scheme Booklet includes its independent expert's report as an Annexure.

On the basis that the Scheme Booklet is consistent in all material respects with the draft Scheme Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Scheme Booklet in the form and context in which it is so named, to the inclusion of its independent expert's report as an Annexure to the Scheme Booklet and to all references to its independent expert's report in the form and context in which they are included, whether the Scheme Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Scheme Booklet and takes no responsibility for any part of the Scheme Booklet, other than any references to its name and the independent expert's report as included as an Annexure.

### **Sources of information**

In preparing this report we have had access to the following principal sources of information:

- Scheme Implementation Agreement associated with the Proposed Scheme
- Draft scheme booklet in relation to the Proposed Scheme
- audited financial statements and annual reports for MOD for the years ending 31 December 2016, 2017 and 2018
- audited financial statements and annual reports for Sandfire for the years ending 30 June 2016, 2017 and 2018
- MOD's and Sandfire's company website and ASX announcements
- publicly available information on comparable companies and market transactions published by ASIC, Thomson Research, Thomson Reuters Financial markets, SDC Platinum and Mergermarket
- other publicly available information, media releases and reports on MOD and Sandfire and the mining industry.

In addition, we have had discussions and correspondence with certain directors and executives, including Julian Hanna, Managing Director and Stef Weber, Chief Financial Officer in relation to the above information and to current operations and prospects.

# Appendix 10: Independent Technical Specialist Report

## Independent Technical Specialist Report on the Botswana Copper Assets of MOD Resources Limited

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Representative Practitioner (VALMIN) and Project Director

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Specialist (VALMIN) and Competent Person (Metallurgy)

# Independent technical specialist report on the Botswana copper assets of MOD Resources Limited

## Synopsis

Deloitte Corporate Finance Pty Ltd (Deloitte Australia) was commissioned by MOD Resources Limited (MOD) to prepare an Independent Expert Report (IER) to the independent Directors of MOD. The IER advises whether, in Deloitte Australia's opinion, the proposed offer from Sandfire Resources NL (Sandfire) to acquire all of the fully paid ordinary shares in MOD for a combination of cash (AUD0.45 per MOD Resource share) and scrip, by way of a scheme of arrangement (the Proposed Scheme), is fair and reasonable, and in the best interests of MOD's shareholders (the Shareholders). In addition, Deloitte Australia is required to provide advice on whether, in Deloitte Australia's opinion, the proposed contemporaneous transaction to acquire Metal Tiger Plc's (Metal Tiger) 30% interest in Metal Capital Exploration Limited (Metal Capital Exploration) for a combination of scrip and a net smelter royalty is fair and reasonable to the non-associated shareholders of MOD (Non-Associated Shareholders).

Deloitte Australia commissioned Deloitte Technical Mining Advisory (DTMA) to act as its technical specialists in accordance with Australian Securities and Investments Commission (ASIC) Regulatory Guideline 111 (RG111), and prepare this Independent Technical Specialists' Report (ITSR) in support of the Deloitte Australia IER. DTMA understands that the ITSR is to be included as an appendix to Deloitte Australia's IER. DTMA consents to the inclusion of the ITSR in the form and context for which the technical assessment is provided.

The principal Mineral Assets<sup>1</sup> forming the basis of the IER are:-

- the T3 surface copper project (T3 Project) - a Botswana based copper (Cu) and silver (Ag) deposit on which a Feasibility Study (FS) was completed in H1 of 2019;
- numerous Prospecting Licences (PLs) covering large areas of the Kalahari Copperbelt in North West Botswana, adjacent to and in the wider vicinity of the T3 Project (the Exploration Projects).

The entire portfolio of the Mineral Assets of MOD and their locations are shown in Figure 1 and Appendix A in the main body of this report.

DTMA's specific scope of work in support of Deloitte Australia's IER included:-

- In respect to the T3 Project, DTMA was required to review and critique the mining specific assumptions contained within the FS Life-of-Mine (LOM) financial model for the T3 Project (the T3 Project Model). This work will supplement the work that will be done by Deloitte Australia on the financial aspects of the projections for the T3 Project;
- provide input and advice on the appropriateness of the technical assumptions adopted in the T3 Project Model for the T3 Project, namely those relating to:
  - level of Mineral Resources and Ore Reserves;
  - production profiles (including production profiles or potential expansion cases);
  - operating expenditure, including rehabilitation and abandonment costs;
  - capital expenditure;
  - any other assumptions considered relevant;
- provide an opinion as to the fair market value of the Exploration Projects;
- undertake a site visit of the T3 Project and surrounding exploration areas; and
- assist with the assessment of the reasonableness of the assumptions for any additional development scenarios for the T3 Project, in the event that more than one development scenario is considered.

The Sams Creek Project, a gold Mineral Asset held under MOD Resources (NZ) (Pty) Ltd, is excluded from the scope of work.

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<sup>1</sup> As defined in the VALMIN Code (2015 Edition) - means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

The findings of DTMA's technical review and valuation of Exploration Projects were provided to Deloitte Australia who incorporated these into its valuation of MOD and determination of the fairness and reasonableness of the Proposed Scheme. The DTMA findings are documented within this report.

The results of DTMA's review of the T3 Project technical assumption are shown below:-

TECHNICAL PARAMETERS	DTMA FINDINGS
Mineral Resources	The independent Competent Persons, CSA Global (2018) (for the T3 Project) and Sphynx Consulting CC (2015) (for the T1 Target), have taken into account the definitions and guidelines included in the JORC Code in regard to the Mineral Resources.
Mineral Resources and Ore Reserves	DTMA notes that the declared Mineral Resources and Ore Reserves, based on a high level review, are considered to be reasonable and can be relied upon for valuation purposes.
LOM scheduling	The overriding risk to the T3 Project's successful development remains the forecast targeting of high total material movement rates over Year 1 to 5 covering the pre-strip and production ramp-up phases. This remains an ambitious schedule which must be executed within an increasingly geometrically constrained operating space, which will challenge the competency and resources of the appointed mining contractor.
Pit optimisation	The selected pit shell and guiding pit shell stages represent an acceptable compromise between the pursuit of MOD's strategic plant feed targets, the strict implementation of practical mining constraints and the minimisation of pre-stripping tonnage demands.
Plant recoveries	Recoveries are based on metallurgical testwork to the level expected for an FS. Further metallurgical work and data collection is needed on the acid soluble Cu to improve accuracy.
Ground water modelling and dewatering system	Current uncertainties around the confidence in the ground water modelling should be addressed. Cognisance should be taken of an anticipated six-month lead time which will be necessary to test the proposed de-watering system and allow adequate time for the current model to be re-calibrated.
Tailings Storage Facility (TSF)	The FS notes that changes to the LOM plan or throughput may impact the tailings management requirements for the site. Any significant increases in total throughput will require a review of the TSF design.
Environmental Permitting	The Environmental and Social Impact Statement (ESIS) is subject to a final review and inspection by the Botswana government and, once granted, will be open for public participation for a period of one month. Management expects this process to be complete by end of September 2019, after which the Mining Licence (ML) application will be lodged. Application for a water use licence will follow in short order.
Payability	DTMA assessed the Cu and Ag payability in the T3 Project Model against a draft off-take term sheet from an international trader and industry norms. The metal payability, TC/RC charges and Pb/Zn penalties are considered reasonable.

Project development plan	<p>The development plan and project management framework suggested in the FS appear robust, noting that further study work is required on certain elements before construction can commence. The level of accuracy (<math>\pm 15\%</math>) is considered reasonable, albeit on the high end of the range, for a FS level capital cost estimate. We expect feasibility studies to have an accuracy of <math>\pm 10\%</math> to <math>\pm 15\%</math>.</p> <p>The Sandfire transaction could push out project development from the published FS development schedule, and further optimisation work may be performed before constructions starts. Consequently, DTMA considers it likely that the first project development step listed in the FS (being commencement of FEED engineering) may only commence construction from Q1 2020 as opposed to mid-2019. Sandfire, or any other bidder will aim to perform further optimisation on the FS. Consequently, it is likely that the first project development step listed in the FS (being commencement of FEED engineering) will likely commence no earlier than Q1 2020. DTMA considers management's assumption of being granted a ML by Q1 2020 as reasonable. With the delay in project development kick-off to Q1 2020, the expected timing of ML grant does not further impact the project development timeline.</p> <p>The estimated construction period is 18 months, which DTMA considers reasonable for the scale of the project although the project management required to ensure on-time delivery will have to be of a high standard to achieve this timeline. On a revised timeline, delivery of first concentrate will be delayed to September 2021 at the earliest.</p> <p>In light of the delays brought about by the proposed transaction, the potential requirement for further optimisation work and other further study work recommended by the FS (such as pit-dewatering), DTMA recommends that the project development in the valuation reflects first concentrate no earlier than Q4 2021 up to January 2022. Although this delayed start has a negative impact on value due to the effect of discounting and continuing holding costs, it does provide a further buffer to potential delays in the grid power connection.</p>
Power	<p>MOD's development plan assumes that the T3 Project will be connected to the Botswana national power grid by January 2021. The Botswana Power Corporation (BPC) is in the process of constructing a transmission line from Maun to Ghanzi, with an estimated time of completion of mid-2020. The proposed delay in first concentrate to January 2022 creates a buffer of 18 months compared to the BPC stated delivery timescale.</p> <p>DTMA notes that delivery of sufficient grid power may be dependent on the ability of BPC's coal-fired power stations, Morupule A (132MW refurbished) and Morupule B (600MW), running at full capacity. It is difficult to obtain an accurate view of current generation capacity as both power stations have been beset with technical challenges and have yet to operate at full capacity. At present the power stations are not able to meet Botswana's domestic demand of between 500MW and 600MW, with latest statistics (Q1 2019) showing <math>\sim 20\%</math> of power requirements being imported. The T3 Project requires 11.5MW power.</p> <p>The T3 Project Model assumes that the BPC grid connection will be installed by the time operations commence and hence includes the cost at USD2.47/t. MOD calculated an alternative cost of USD7.13 per feed tonne for running diesel generators to power the plant and other site infrastructure. In light of potential delays in power grid connection to site, and the power generation challenges faced by BPC, it is possible that the higher cost of USD7.13 per feed tonne may prevail for some time during the LOM.</p>
Operating costs	<p>With the exception of power costs and non-T3 Project Botswana G&amp;A costs, DTMA has not identified any concerns regarding the specific operating cost assumptions contained in the T3 Project Model. Potential optimisation of the mine schedule could reduce mining unit costs.</p> <p>According to the FS, operating costs were estimated at an accuracy of <math>-15\%</math> to <math>+15\%</math>. DTMA would expect an accuracy of at least <math>\pm 10\%</math> for a FS level estimate. The level of accuracy will likely improve once the FEED phase is completed.</p>

	Given the uncertainty of power costs, pre-FEED level of potential inaccuracy, the need for a marginal adjustment from Q1 2019 costs to Q3 2019 costs and the lack of contingency built into the T3 Project Model, DTMA suggests an appropriate inflation adjustment and a 5% contingency (excluding royalties and payability charges) be added to total operating costs.
Capital costs	Given that the FS level of accuracy is at $\pm 15\%$ and the FEED phase is yet to be completed, DTMA recommends applying a 15% contingency over all development capital cost elements, replacing the 8.5% contingencies included in the T3 Project Model.  This also addresses potential additional cost impacts to ensure sufficient pit dewatering / monitoring boreholes, land acquisitions and owner's cost on potential project development delays.
Closure costs	In practice, it is likely that MOD would be required by future regulation or at the very least sound management practices, to ensure sufficient funds or funding instruments are in place well before actual mine closure.  DTMA recommends that timing of closure cost cash outflows be adjusted in the valuation to reflect a USD/t allocation of cost based on annual production. On the basis of total of 230.2Mt of material mined over the LOM (waste and ore) and USD40.6m total closure cost, this would amount to USD0.176/t (USD1.18/t ore).

DTMA performed a valuation of MOD's Exploration Projects using the Cost Approach and Market Approach methods in accordance with the VALMIN Code and the results are summarised below:-

### Exploration Project valuation summary

ASSET	OWNER <sup>1</sup>	MARKET APPROACH		COST APPROACH		SELECTED RANGE		PREFERRED VALUE (USDm)
		LOWER (USDm)	UPPER (USDm)	LOWER (USDm)	UPPER (USDm)	LOWER (USDm)	UPPER (USDm)	
T1 Target	MOD Botswana	14.7	20.7	10.9	13.7	13.7	14.7	14.7
T3 Expansion Project	Tshukudu Exploration <sup>2</sup>	6.8	10.2	11.2	14.0	11.2	14.0	11.2
T20 Exploration Project	Tshukudu Exploration	7.3	9.1	1.4	2.2	1.4	2.2	1.4
Other PLs	MOD Botswana	3.1	6.1	1.3	2.6	1.3	2.6	1.3
Other PLs	Tshukudu Exploration	7.5	14.9	4.7	7.4	4.7	7.4	4.7
Precious stones PLs	MOD Botswana	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>MOD Botswana</b>	<b>17.8</b>	<b>26.8</b>	<b>12.3</b>	<b>16.3</b>	<b>15.0</b>	<b>17.3</b>	<b>16.0</b>
<b>Sub-total</b>	<b>Tshukudu Exploration</b>	<b>21.6</b>	<b>34.3</b>	<b>17.4</b>	<b>23.5</b>	<b>17.4</b>	<b>23.5</b>	<b>17.4</b>
<b>TOTAL</b>		<b>39.6</b>	<b>61.1</b>	<b>29.6</b>	<b>39.8</b>	<b>32.4</b>	<b>40.9</b>	<b>33.4</b>

All values presented on a 100% attributable basis.

1 MOD owns various PLs through its Botswana registered subsidiaries Tshukudu Metals (100% owned), MOD Botswana (100% owned) and Tshukudu Exploration (70% owned).

2 PL190/2008 is held by Tshukudu Metals, where an area of ~25km<sup>2</sup> covering the T3 Project will be submitted as the ML area, where upon the remaining area of PL190/2008 might be transferred to Tshukudu Exploration upon award of the ML

DTMA considered the Market Approach to be the most reliable valuation method for the T1 Target given that it has a Mineral Resources declared. In light of the low level of confidence placed on the USD/km<sup>2</sup> valuation metrics used for the remaining PLs, DTMA considers the Cost Approach to provide the most reliable valuation metrics in this case. DTMA has elected to utilise the lower end of the Cost Approach and Market Approach (T1 Target) as its preferred value, resulting in a value of MOD's Exploration Projects of USD33.4m on a 100% attributable basis.

DTMA's scope did not extend to expressing a value of the T3 Project, other than the potential value of T3 Project Resources not included in the current LOM plan (the reader is referred to the Deloitte Australia IER which includes a valuation of the T3 Project). DTMA concludes that any potential additional value related to the Mineral Resources not in the T3 Project LOM plan cannot be demonstrated at this point.



## Disclaimer and risks

DTMA has prepared this Independent Technical Specialist Report (ITSR or report) and, in so doing, has utilised information provided by MOD as to operational methods and forecasts. This information has been verified from independent sources where possible, with due enquiry in terms of all material issues that are a prerequisite to comply with the relevant standard. DTMA and its directors accept no liability for any losses arising from reliance upon the information presented in this report.

The authors of this ITSR are not qualified to provide extensive commentary on legal issues associated with MOD's right to the mineral properties. MOD has provided certain information, reports and data to DTMA in preparing this ITSR which, to the best of MOD's knowledge and understanding, is complete, accurate and true and acknowledges that DTMA has relied on such information, reports and data in preparing this report. No warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects of this document.

## Operational risks

The businesses of mining and mineral exploration, development and production by their nature contain significant operational risks. The businesses depend upon, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues.

## Political and economic risks

Factors such as political and industrial disruption, currency fluctuation, increased competition from other mining right holders and interest rates could have an impact on MOD's future operations, and potential revenue streams can also be affected by these factors. The majority of these factors are, and will be, beyond the control of MOD or any other operating entity.

## Forward looking statements

This report contains forward-looking statements. These forward-looking statements are based on opinions and estimates of MOD and its specialist consultants at the date the statements were made. The statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in the forward-looking statements.

Factors that could cause such differences include changes in world base and precious metal markets, equity markets, costs and supply of materials relevant to the operations, and changes to regulations affecting them. Although DTMA believes the expectations reflected in its forward-looking statements to be reasonable, DTMA does not guarantee future results, levels of activity, performance or achievements.

# Independent technical specialist report on the Botswana copper assets of MOD Resources Limited

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## 1. Introduction

Deloitte Corporate Finance Pty Ltd (Deloitte Australia) was commissioned by MOD Resources Limited (MOD) to prepare an Independent Expert Report (IER) to the independent Directors of MOD. The IER advises whether, in Deloitte Australia's opinion, the proposed offer from Sandfire Resources NL (Sandfire) to acquire all of the fully paid ordinary shares in MOD for a combination of cash (AUD 0.45 per MOD Resource share) and scrip, by way of a scheme of arrangement (the Proposed Scheme), is fair and reasonable, and in the best interests of MOD's shareholders (the Shareholders). In addition, Deloitte Australia is required to provide advice on whether, in Deloitte Australia's opinion, the proposed contemporaneous transaction to acquire Metal Tiger Plc's (Metal Tiger) 30% interest in Metal Capital Exploration Limited (Metal Capital Exploration) for a combination of scrip and a net smelter royalty is fair and reasonable to the non-associated shareholders of MOD (Non-Associated Shareholders).

Deloitte Australia commissioned Deloitte Technical Mining Advisory (DTMA) to act as its technical specialists in accordance with Australian Securities and Investments Commission (ASIC) Regulatory Guideline 111 (RG111), and prepare this Independent Technical Specialists' Report (ITSR) in support of the Deloitte Australia IER. DTMA understands that the ITSR is to be included as an appendix to Deloitte Australia's IER. DTMA consents to the inclusion of the ITSR in the form and context for which the technical assessment is provided.

The principal Mineral Assets forming the basis of the IER are:-

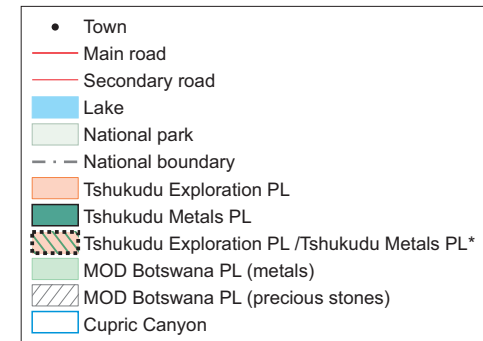
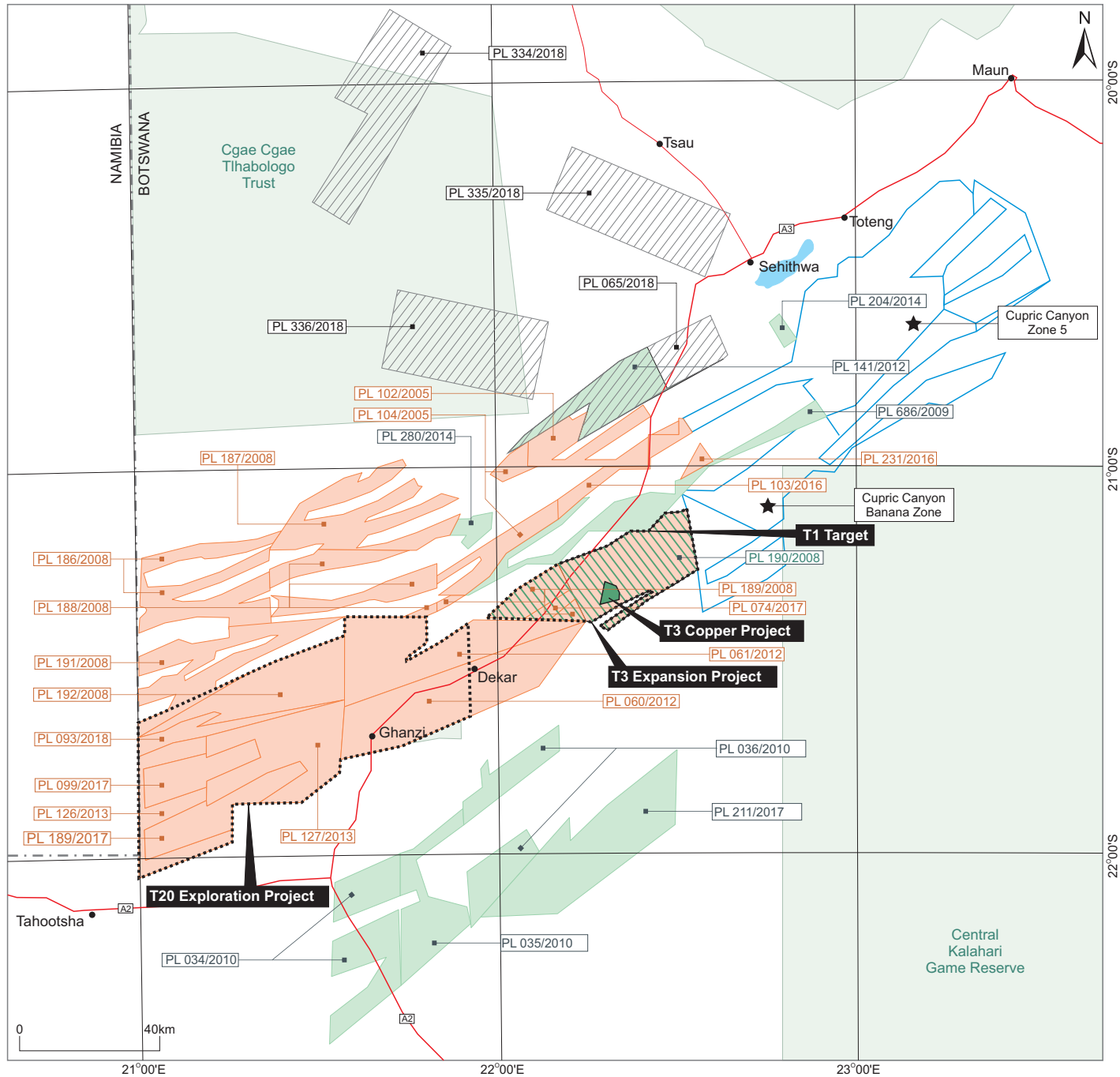
- The T3 surface copper project (T3 Project) - a Botswana based copper (Cu) and silver (Ag) deposit on which a Feasibility Study (FS) was completed in H1 of 2019; and
- numerous Prospecting Licences (PLs) covering large areas of the Kalahari Copperbelt in North West Botswana, adjacent to and in the wider vicinity of the T3 Project (the Exploration Projects).

The entire portfolio of the Mineral Assets of MOD and their locations is shown in Figure 1 and Appendix B in the main body of this report.

The specific scope of work for DTMA in support of Deloitte Australia's IER included:-

- In respect to the T3 Project DTMA, was required to review and critique the mining specific assumptions contained within the FS Life-of-Mine (MOD) financial model for the T3 Project (the T3 Project Model). This work will supplement the work that will be done by Deloitte Australia on the financial aspects of the projections for the T3 Project;
- provide input and advice on the appropriateness of the technical assumptions adopted in the T3 Project Model for the T3 Project, namely those relating to:
  - level of Mineral Resources and Ore Reserves;
  - production profiles (including production profiles or potential expansion cases);
  - operating expenditure, including rehabilitation and abandonment costs;
  - capital expenditure;
  - any other assumptions considered relevant;
- provide an opinion as to the fair market value of the Exploration Projects;
- undertake a site visit of the T3 Project and surrounding exploration areas; and
- assist with the assessment of the reasonableness of the assumptions for any additional development scenarios for the T3 Project, in the event that more than one development scenario is considered.

General location of the Botswana copper assets of MOD



\*The T3 Expansion Project predominantly consists of the targets located on Tshukudu Metals owned PL190/2008. However, the portion of PL190/2008 outside the 25km<sup>2</sup> T3 Project is held in trust on behalf of Tshukudu Exploration.

## 2. Scope of the opinion

DTMA understands that this ITSR will be used as part of an Independent Expert Report prepared by Deloitte Australia, and may be provided (in part) to MOD and its Shareholders. DTMA's primary obligation in preparing Mineral Asset reports in the public domain is to describe the mineral projects in compliance with the reporting codes applicable under the jurisdictions in which MOD operates.

These guidelines are considered by DTMA to be a concise recognition of the best-practice due diligence methods and comply with the principles of open and transparent disclosure that are embodied in international accepted codes for corporate governance.

DTMA's professional advisors and directors are members in good standing with their respective professional institutions, and are internationally accredited technical specialists. In addition, the professional advisors are Specialists as defined by the VALMIN Code (2015 Edition), and Competent Persons as defined by the JORC Code (2012 Edition). This ITSR has been compiled in accordance with the VALMIN Code. The Specialists and Competent Persons involved in this report are members of professional bodies recognised by VALMIN, which embodies the VALMIN Code.

In the execution of the scope of work, DTMA undertook a high-level technical assessment of the contributing assets and also considered the strategic merits of each of the Mineral Assets, supplementing the work completed by Deloitte Australia. This work has been based upon technical information, which has been supplied by MOD, and where possible, upon which an independent due diligence has been performed by DTMA. MOD and Deloitte Australia has warranted in writing that they have openly provided all material information to DTMA which, to the best of their knowledge and understanding, is complete, accurate and true. Furthermore, MOD and Deloitte, by way of reviewing and approving this document warrant that to the best of their knowledge and understanding, all material information is complete, accurate and true.

## 3. Specialists and Competent Persons declaration

Venmyn Deloitte (Pty) Ltd, trading as Deloitte Technical Mining Advisory (DTMA) is an independent advisory company, a wholly-owned subsidiary of Deloitte Consulting (Pty) Ltd (South Africa). DTMA's consultants, professional advisors and directors, provide technical, commercial and financial due diligence services, and its advisors have extensive experience in preparing Competent Persons', technical advisors' and valuation reports for mining and exploration companies.

The professional advisors and directors involved in this report have, collectively, more than 90 years of experience in the assessment and evaluation of minerals and mining projects and are members in good standing of the appropriate professional institutions, including regulatory bodies in South Africa and Australia. The signatories to this report are qualified to express their professional opinions on the values of the Mineral Assets described. To this end, Specialists and Competent Persons' Certificates are presented at the end of this ITSR.

Neither DTMA nor its consultants have, or have had, any interest in the Mineral Assets described herein capable of affecting their ability to give an unbiased opinion and, have not received, and will not receive, any pecuniary or other benefits in connection with this assignment, other than normal consulting fees. Neither DTMA, nor the Competent Persons involved in the preparation of this ITSR have any interest in the assets of MOD or any of its subsidiaries.

This document has been compiled in order to incorporate all currently available and material information that will enable potential investors to make a reasoned and balanced judgement regarding the economic merits of the projects.

This work has been based upon commercial, mining, processing and financial information, and upon which an independent due diligence has been conducted by the Competent Persons, who have reviewed and expressed their professional opinion on the information provided.

In preparing this, DTMA took into account the requirements of ASIC Regulatory Guide 112 (RG112) (RG 112 Independence of experts, Issued 30 March 2011), which prescribes that an expert be independent of the party that commissions the expert report (the commissioning party) and other interested parties, as defined by RG112.

DTMA is independent of MOD. Sound Mining Solution (Pty) Ltd (Sound Mining), subcontracted to DTMA, conducted the review of the mining elements and Ore Reserves for the ITSR. Sound Mining undertook the mining elements of the Prefeasibility Study (PFS) in 2017, and has been independent of the new developments (FS) and has had no dealings with MOD nor SRK Consulting (UK) (Proprietary) Limited (SRK) on these matters since January 2018, when the earlier PFS



work was handed over. No prior business or professional relationships and/or services have been provided by DTMA and any of our representatives to MOD or any other parties associated with the proposed transactions, over the past two years.

DTMA took into account the 2015 Edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (the VALMIN Code) prepared by The VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

#### 4. Reliance on other experts

Those reports prepared by MOD's experts, notably the underlying sections of the T3 Project FS, have been utilised in preparing the ITSR. No reliance on other experts has been placed by DTMA in preparing this ITSR. DTMA utilized Dr Graham Stripp, a Competent Person from Sound Mining as a subcontractor, to undertake the analysis of the Ore Reserves and mine plans. Dr Stripp has consented to the use and reliance on his contribution.

#### 5. Personal inspection

A site visit to the T3 Project and surrounding exploration areas was conducted by Dr Heather King, a Competent Person involved in this report, and Mr Chris de Vries, the Representative Practitioner and a Specialist involved in this report, and took place during the week from Monday 8<sup>th</sup> July 2019. The proposed T3 Project site and available infrastructure in the general area and within the property were inspected.

The site visit substantiated the existence of the T3 Project, and enabled engagement with in-country management teams to discuss findings from reports prepared by MOD. Furthermore, the T1, A4 and T23 target sites were visited. MOD's Prospecting Licenses (PLs) cover an extensive area that is covered by surface Kalahari sands, hence only the T1, T3, A4 and T23 targets were visited, and site visits for the remaining targets was considered unnecessary based on the stage of development of the PLs.

#### 6. Corporate structure

MOD is registered in Australia, and dual-listed on the Australian Stock Exchange (ASX: MOD) and London Stock Exchange Main Market (LSE: MOD). MOD is engaged in the exploration of mineral properties in the Kalahari Copperbelt of Botswana and owns various PLs through its Botswana registered subsidiaries Tshukudu Metals Botswana (Pty) Ltd (Tshukudu Metals – 100% owned), MOD Resources Botswana (Pty) Ltd (MOD Botswana – 100% owned) and Tshukudu Exploration (Pty) Ltd (Tshukudu Exploration – 70% owned), as illustrated in the diagram presented in Figure 2.

#### 7. Legal tenure and agreements

The authors of this ITSR are not qualified to provide extensive commentary on legal issues associated with MOD's right to the mineral properties. MOD has provided certain information, reports and data to DTMA in preparing this ITSR which, to the best of MOD's knowledge and understanding, is complete, accurate and true and acknowledges that DTMA has relied on such information, reports and data in preparing this report.

##### 7.1. Licencing

The strict definition of an asset according to the International Financial Reporting Standards (IFRS) is as follows: "an asset is a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity". Therefore, if an entity does not have a valid legal tenure to a Mineral Asset, the definition of an asset is not met, and therefore, the value of the Mineral Asset in the hands of the entity is deemed to be zero. The Precious Stone PLs in this report have been assigned a zero value as nothing is known on the geology of the PLs, but the PLs have possible merit on a conceptual basis.

The legal tenure of the Mineral Assets contributing to this report is summarised in Figure 2 and Appendix A as provided by MOD. DTMA has reviewed the Mineral Assets in the form provided.

This ITSR does not constitute a legal opinion on the legal status of MOD's Botswana Mineral Assets. DTMA has had sight of a legal opinion from Botswana registered law firm Minchin & Kelly confirming the legal status of the Mineral Assets of Tshukudu Metals, Tshukudu Exploration and MOD Botswana

## 7.2. Agreements

MOD entered into a joint venture agreement with Metal Tiger effective on the 15<sup>th</sup> November 2018, holding 70% of the shares in the capital of Metal Capital Exploration Limited (Metal Capital Exploration), where Metal Capital Exploration was to be utilised as a vehicle for the exploration and, if appropriate, the development of the exploration assets, that is the exploration licences together with all infrastructure and related exploration and mining information, as defined in the joint venture agreement.

Metal Capital Exploration holds 100% of Tshukudu Exploration, which holds the following exploration licences: PL189/2008, PL060/2012, PL061/2012, PL186/2008, PL187/2008, PL188/2008, PL191/2008, PL192/2008, PL102/2005, PL103/2005, PL104/2005, PL231/2016, PL074/2017, PL099/2017, PL189/2017, PL126/2013, PL127/2013, and PL093/2018. PL190/2008 is held by Tshukudu Metals, where an area of ~25km<sup>2</sup> covering the T3 Project will be submitted as the ML area, where upon the remaining area of PL190/2008 might be transferred to Tshukudu Exploration upon award of the ML.

In the joint venture agreement, MOD could define as manager of all operations and activities pertaining to the exploration assets. This includes, among other activities defined in the joint venture agreement:

- preparation of the budget;
- the scope, purpose and conclusions of any technical studies;
- appointment of any key personnel, management or contractors;
- renewal of licences and maintenance of exploration assets;
- conduct exploration for minerals within the joint venture area, given unrestricted access to the exploration assets; and
- carry out exploration operations, including bringing the necessary vehicles, plant equipment machinery and structures, onto the exploration asset.

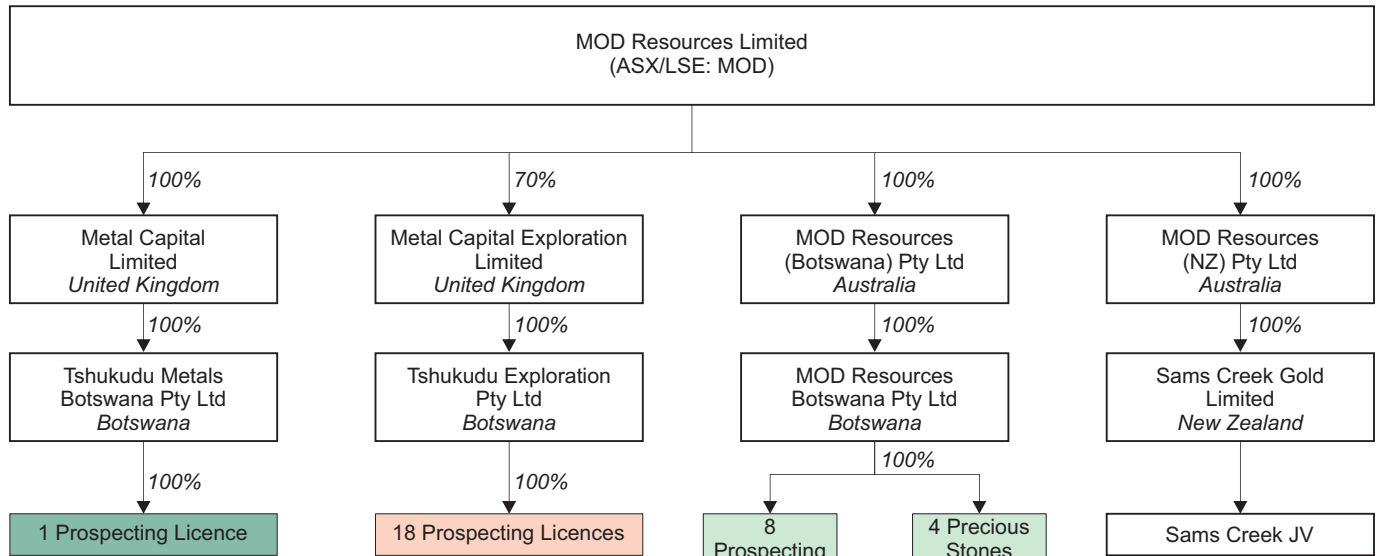
A supervisory Board comprises two Directors nominated by MOD, and one Director nominated by Metal Tiger; Metal Tiger do not have any board members in Tshukudu Exploration. In addition a technical committee is stipulated by the joint venture agreement and that should comprise a nominee of MOD and a nominee of Metal Tiger. The purpose of the technical committee is to discuss matters, including business plans, budgets and strategies for the company, proposed investments and transactions, and identify and manage operational and other risks.

Prior to the joint venture agreement (date 21<sup>st</sup> September 2018), the T3 Project Area Royalty Deed agreement defines the payment from Tshukudu Metals to Metal Tiger of a royalty (equivalent to 2% of Net Smelter Returns capped at USD2m) on all revenue received in relation to any product (minerals, ores, concentrates, and other mineral substances as defined in the agreement) extracted from the T3 Project property and sold, removed or otherwise disposed of, and the obligation is guaranteed by MOD. The T3 Project area includes an approximate 25km<sup>2</sup> within the royalty tenement of exploration licence PL190/2008. As part of the agreement, Tshukudu Metals maintains the tenement for the area outside of the T3 Project, which is held on trust by Tshukudu Metals on behalf of Tshukudu Exploration, including operations such as exploration, development, and mining.

A Property Sale and Purchase Agreement (dated 25<sup>th</sup> April 2018) and Compensation Agreement (with addendums) have been entered into by Tshukudu Metals and the seller for a 50% portion of Farm 153-NL (as defined in the Sale and Purchase Agreement) for the T3 Project (located within PL190/2008). The Sale and Purchase agreement has since received Ministerial consent (Ministry of Land Management, Water and Sanitation Services) for subdivision and transfer, and approval from the Competition Authority. Further, a Lease Agreement (dated 27<sup>th</sup> September 2018) has been entered into by Tshukudu Metals and the Lessor for a portion of the Farm NL-111 (located within PL190/2008) for a nine year, 11 month period for the construction and utilisation of an access road as well as power line. An additional Sale Agreement (dated 16<sup>th</sup> November 2018) has been entered into by Tshukudu Metals and the Seller for Portion 7 and Portion 26 of Farm Grasspan 54-NK (associated with the T3 Project), however, Ministerial consent is still to be received.

Ministerial consent has been received for the accommodation village outside the town of Ghanzi. DTMA is not aware of any other commercial agreements that could be material to the ITSR.

The corporate structure and legal tenure of MOD, illustrating subsidiaries and ownership of Mineral Assets

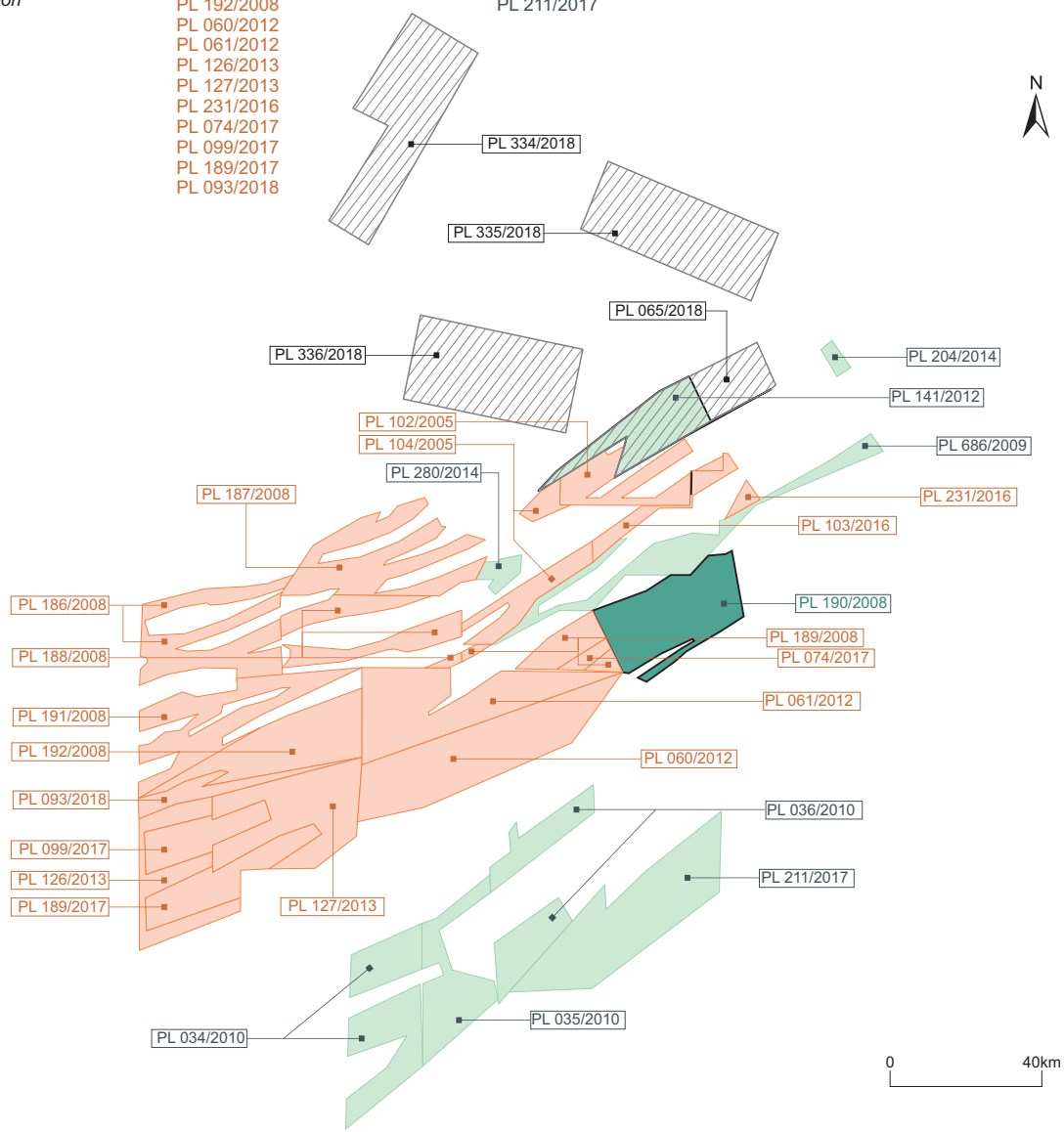


\*The T3 Expansion Project predominantly consists of the targets located on Tshukudu Metals owned PL190/2008. However, the portion of PL190/2008 outside the 25km<sup>2</sup> T3 Project is held in trust on behalf of Tshukudu Exploration

- PL 102/2005
- PL 103/2005
- PL 104/2005
- PL 186/2008
- PL 187/2008
- PL 188/2008
- PL 189/2008
- PL 191/2008
- PL 192/2008
- PL 060/2012
- PL 061/2012
- PL 126/2013
- PL 127/2013
- PL 231/2016
- PL 074/2017
- PL 099/2017
- PL 189/2017
- PL 093/2018

- PL 686/2009
- PL 034/2010
- PL 036/2010
- PL 035/2010
- PL 141/2012
- PL 204/2014
- PL 280/2014
- PL 211/2017

MOD's interest in the Sams Creek project consists of a 100% interest in EP 54454 and a 80% interest in EP 40338. MOD considers the Sams Creek project, which is yet to be developed, to be a non-core asset and is exploring options to dispose of the project.



## 8. Regional geology

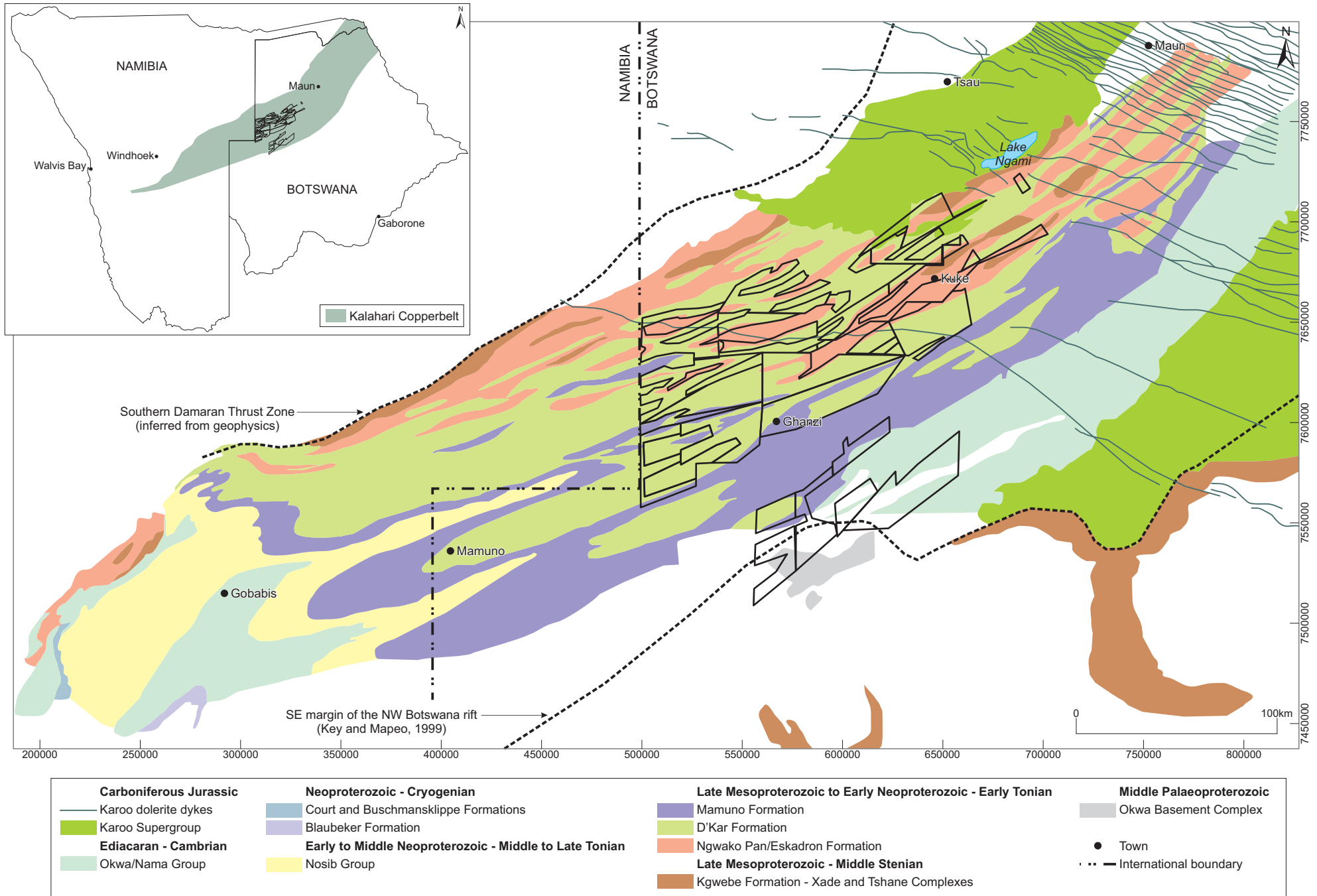
MOD's PLs cover deposits of the Kalahari Copperbelt in North Western Botswana. The oxidising conditions necessary for the development of sediment-hosted, stratiform Cu mineralisation have restricted the earliest occurrence of these deposits to intracratonic rift basins after the Earth's atmosphere was oxygenated, which occurred in the Paleoproterozoic, circa 2.45 - 2.32 Ga (Brown, 1997, and reference therein; Hitzman *et al.*, 2010; Zientek *et al.*, 2014 and references therein). The metasediments and metavolcanics of the Kalahari Copperbelt in Botswana and Namibia, together with the Central African Copperbelt (Zambia and the Democratic Republic of Congo) are examples of such intracratonic rift basins. The basins host sediment-hosted, stratiform Cu deposits ranging in age from the Proterozoic to the Triassic (LaPoint, 1986), and consist predominantly of intercalated sequences of siltstone, sandstone, and the limestone sediments above metavolcanic rocks and basement lithologies, and have been subjected to various levels of metamorphism.

The Kalahari and Zambian Copperbelts respectively, the White Pine District in Michigan (Proterozoic), Spar Lake in Montana (Proterozoic), and the Permian-Triassic Kupferschiefer of the Zechstein Basin in Poland and Germany, are the archetypal examples of sediment-hosted, stratiform Cu deposits, where the Cu mineralisation overprinted the sedimentary rocks during diagenesis, tectonism and metamorphism (Brown, 1997; Brown, 2014). Maiden *et al.* (1986) noted that the unfolding of the deformed sedimentary sequences of the Upper Proterozoic Klein Aub – Lake Ngami (near the Cupric Canyon Capital License area) province of Namibia and Botswana, and the Lower Proterozoic Lomagundi Basin in Zimbabwe, showed that the Cu occurrences are hosted in paleotopographic depressions bounded by the basement (Kalahari Craton) highs and related faults.

The Cu occurrences along the northern margin of the Kalahari Craton host stratabound chalcocite, bornite and chalcopyrite mineralisation, though the mineralisation is not limited to a specific unit or horizon. Cu mineralisation occurs in association with pyrite (Borg and Maiden, 1986) where the Cu precipitated as early- to late-diagenetic sulphides from metal-bearing fluid which leached metals from the volcanic succession and precipitated the metals in the overlying permeable clastic units (Borg and Maiden, 1986). The T3 Project, T1 Target, and various targets (Figure 3 and Figure 4) within the MOD portfolio together with the Cupric Canyon Capital targets (a separate mineral exploration and development company to MOD) are hosted within the D'Kar and Ngwako Pan formations (Figure 5), of the Ghanzi Group, within the Ghanzi-Chobe Fold Belt, and in many instances are concomitant with low-angle thrust faults.

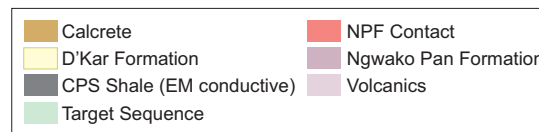
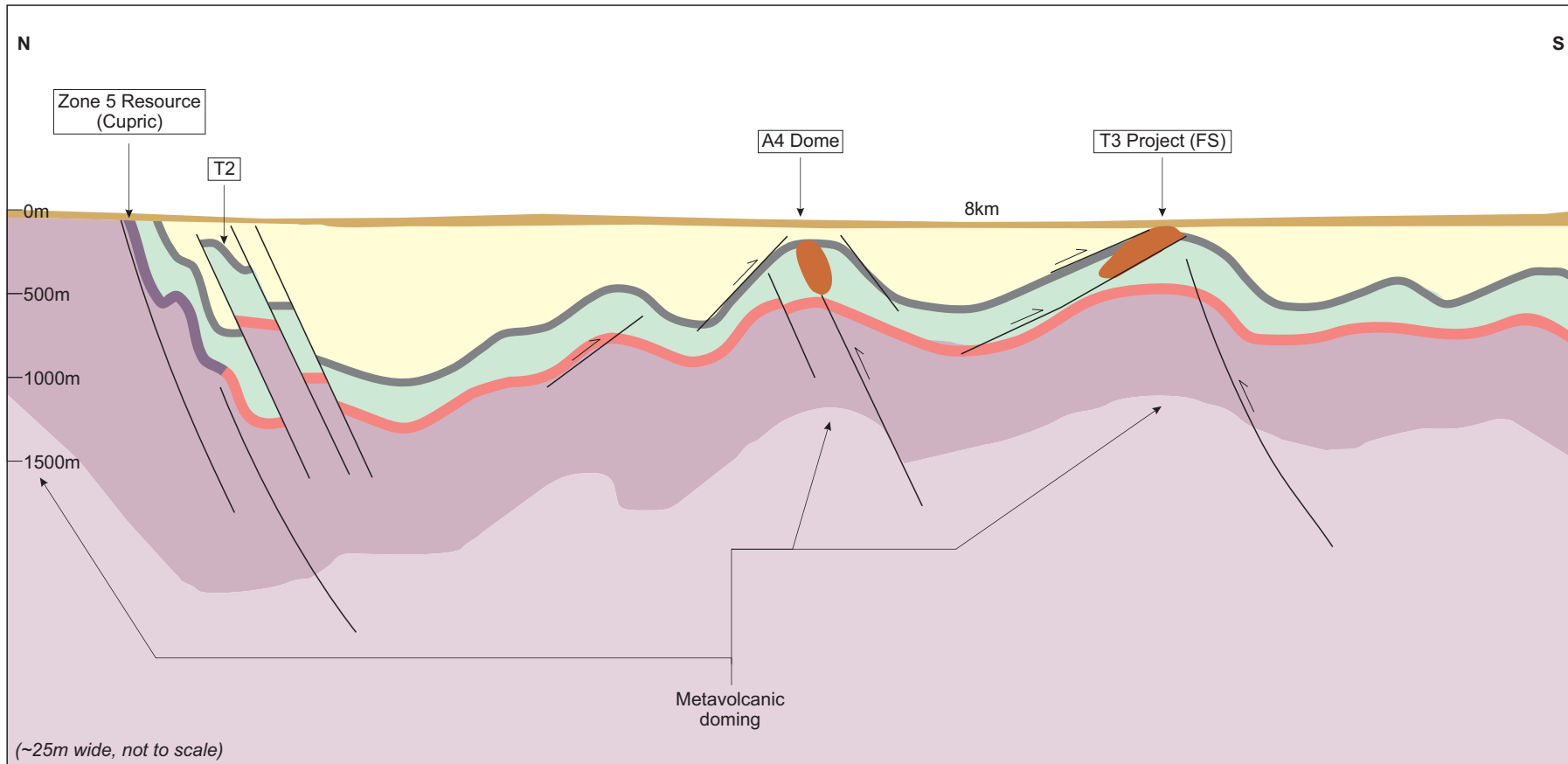
The Ghanzi Group metasediments surrounded by the MOD PLs have broadly been defined by the MOD Resource geologists into three regional trends, the Northern, Central and Southern Structural Corridors (Figure 6). The Central Corridor based on the current geological understanding hosts the majority of the higher-grade Cu targets. The T3 Project, T3 Expansion Project (including the T1 Target Resource and A4 deposit), and the T20 Exploration Project are located within the Central Structural Corridor. The estimated area of the T3 Expansion Project is 963km<sup>2</sup> area surrounding T3 Project.

The regional geology of the MOD Mineral Assets



Source: ResearchGateHall, Wesley. (2017)

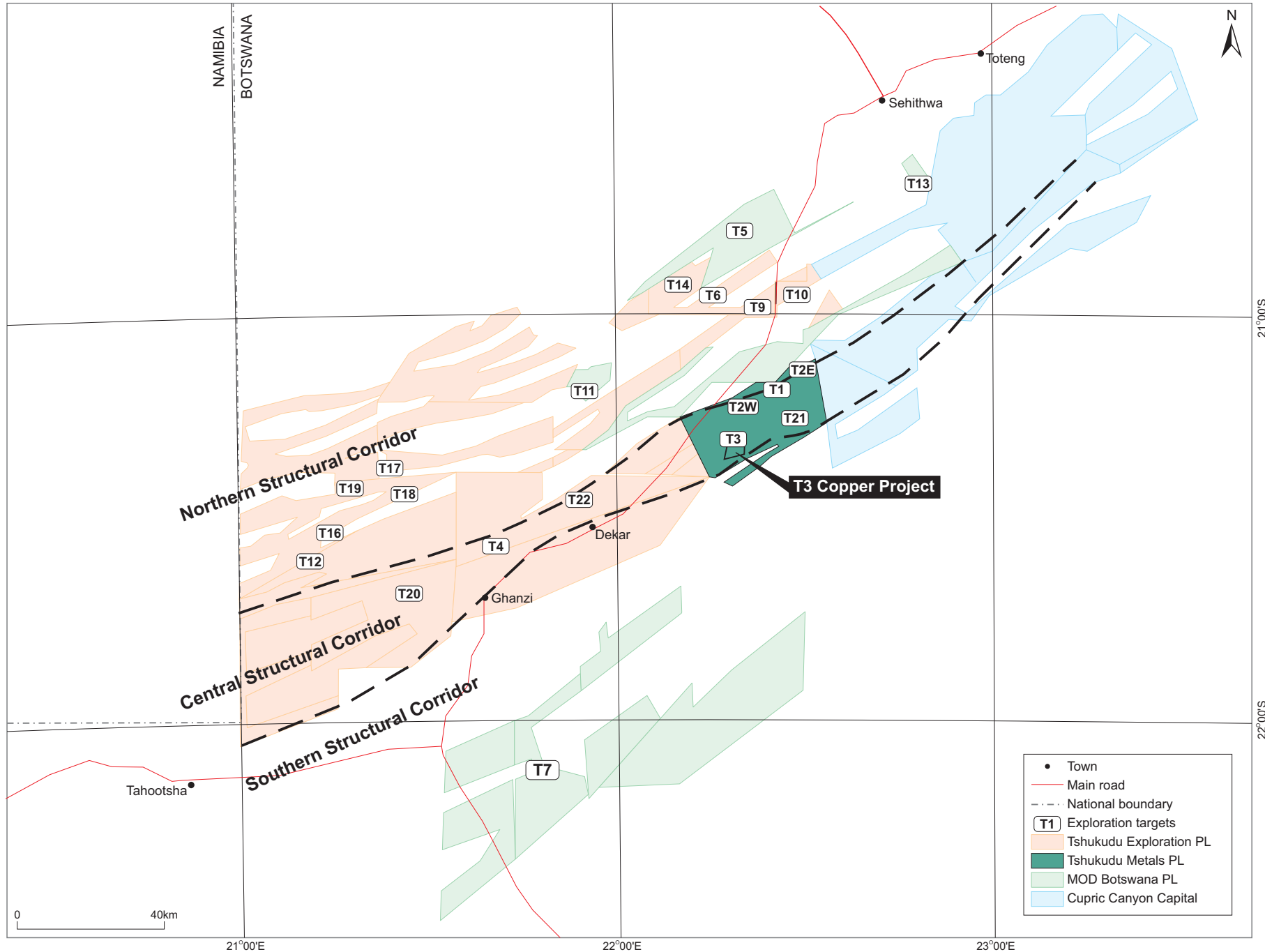
MODResources 2019



Lithostratigraphic column for the Ghanzi Group that hosts the MOD copper projects and targets

Group	Formation	Sample/Age	Description
Okwa		579 +/- 12 Ma M.D.A. based on detrital zircon ID-TIMS U-Pb age (Ramokate et al., 2000)	-UPPER: sandstone, shale, dolomite, limestone and conglomerate -LOWER: conglomerate, sandstone, siltstone, mudstone
Ghanzi		unconformity	
	Mamuno ~1500m		- reddish-purple cross-stratified to wave-rippled arkosic sandstone interbedded with siltstone, mudstone and limestone
	D'Kar ~1500m	Cu - Ag deposits	-UPPER: interstratified grey and reddish oxidised subarkose, sandstone, shale, siltstone and minor carbonate -LOWER: grey-green reduced planar laminated siltstone, subarkose, arkose, sandstone, and claststone with minor carbonate layers and black shale
		disconformity	
	Ngwako Pan ~2000m		-UPPER: red oxidised planar laminated to plane-bedded sandstones, cm- to dm-scale ripple cross-laminated facies with red mudstone intraclasts and granule-rich layers
			-LOWER: high-matrix grey sandstone, normally graded laminations, and dark mudstone intraclasts
	Kuke ~500m		-grey quartz-arenite sandstone and red sandstone with thin conglomerate layers containing volcanic clasts
		unconformity	
	Kgwebe ~2000m	1106 +/- 2 Ma ID-TIMS U-Pb age (Schwartz et al., 1996)	-porphyritic metarhyolite flows with interbedded meta-basalt and metasedimentary rocks
		unconformity	
Okwa Basement Complex		2056 +/- 2 Ma ID-TIMS U-Pb age (Modic et al., 2006)	-felsic volcanic and plutonic rocks





## 9. T3 Project background information

### 9.1. Location and accessibility

The T3 Project is located in close proximity to the regional towns of Ghanzi, DeKar and Kuke, in Botswana (Figure 1). Ghanzi is approximately 80km south-west of the T3 Project. The T3 Project is easily accessed from the A3 national tar road, linking Ghanzi to the regional town of Maun, which is 200km north-east of the T3 Project. The regional centres of Ghanzi and Maun provide a full suite of logistic, administration, housing and health services. The T3 Project is located on a portion of PL190/2008.

The A2 tar road links the A3 to the Namibian border. The A3 road is mostly in a good state. The T3 Project is accessed from the A3 via a series of traversable sand roads. No rail system is in place in the region. An international airport is located in Maun, and a private light aircraft landing strip is well maintained in Ghanzi.

### 9.2. Topography and climate

The topography of the T3 Project is relatively flat and does not vary much more than 5m, and is covered by the fine Kalahari sands. The T3 Project is situated at an average altitude of 1,000m above mean sea level. Semi-arid and tropical climatic conditions characterise the T3 Project area, together with highly variable and unreliable rainfall that does not exceed 500mm per annum. Summer rainfall prevails in the area, during the months from November to April, whilst the winter months are dry.

### 9.3. Infrastructure

The T3 Project site is well provisioned with good logistics infrastructure and access to regional centres with health and administration services.

The T3 Project is reliant on the national infrastructure in the region. The Botswana Power Corporation (BPC) is currently extending grid power transmission between Ghanzi and Maun along the A3 road. The T3 Project does not contain any infrastructure or dwellings/communities which would require resettlement.

Water supply is considered available and the supply stable, with the majority of the water obtained from boreholes accessing the underground water table. The groundwater will also be the primary source of water for the mine.

The regional towns have access to the mobile network, however away from the towns the mobile signal is very weak to non-existent.

### 9.4. Local geology of the T3 deposit

The stratiform- and vein-hosted, chalcocite-bornite-chalcopyrite T3 deposit on PL190/2008 is hosted within siltstone of the D'Kar Formation, within a lense-shape zone concurrent with hanging- and foot-wall bounding thrusts. The higher Cu grades intercepted in drill cores relate to layers of higher vein density and metasomatic-related breccias, bounded by stratabound, disseminated chalcopyrite-chalcocite mineralisation. The T3 deposit remains open along strike and at depth.

A vertical base metal and mineralogy zonation is apparent at the T3 deposit; distal to the bounding thrusts lead (primarily galena) and zinc (primarily sphalerite) occur. The vertical zoning of the sheeted vein sets commences with vein hosted chalcopyrite at the top followed by vein hosted bornite and disseminated chalcocite. Quartz-calcite veins hosting the Cu sulphides are generally parallel to sub-parallel with bedding, dipping at 20-30° to the northwest, hosted in several generations of vein sets, some of which cross-cut the strata. The Cu mineralisation averages 1.0m true width.

The mineralisation is considered to be continuous across the T3 deposit, commencing at ~35m below surface and extending at depth to the envisaged open pit limits and beyond. A current theory of MOD suggests stacked mineralisation zones, which is yet to be confirmed. The texture and habit of the Cu sulphides is present as fine-grained, intergranular disseminations or simplex or complex clusters hosted in meta-sandstone in close proximity to veins and fractures, fine-grained sulphide disseminations along cleavage planes hosted by meta-sandstones and meta-siltstones, and thirdly coarser-grained sulphides hosted within quartz-calcite veins (LSE Listing Prospectus, 2018). Based on Mineralogical studies and Scanning Electron Microprobe (SEM) analyses of a high-grade, low-grade, and two composite samples, the

quantity of Cu oxide minerals such as chrysocolla, malachite/cuprite/native Cu appear to constitute <1% of the Cu mineralogy.

The red-bed, pink oxidised meta-sandstones of the Ngwako Pan Formation (NPF) is consistently present approximately 200-300m below the D'Kar Formation at T3, and an average of 120m vertically down from the base of the FS pit. Wide zones of disseminated, bed- and shear-hosted chalcocite and bornite sulphides constitutes the mineralisation of the NPF which is amenable to underground Extraction. This disseminated mineralisation is a strategic target warranting further exploration (LSE Listing Prospectus, 2018).

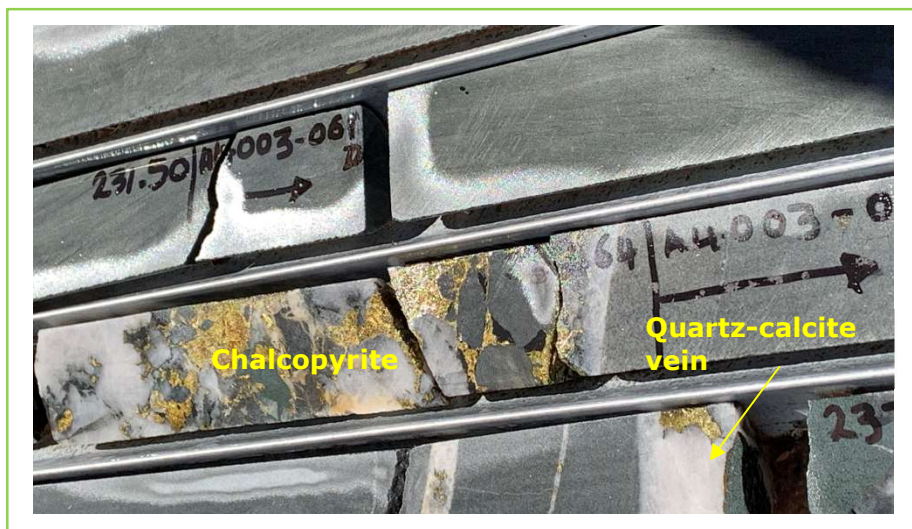
**Figure 7 : Bounding thrust zone of the lense-shaped T3 Cu-Ag veining hosted by siltstone. The orange coloured rock is calcite veining. Minor Cu oxide minerals are hosted within the thrust zone. The light-orange rock at the base of the photograph represents bleached meta-sandstone (photograph taken during DTMA Site Visit July 2019)**



**Figure 8 : Breccia-hosted, massive bornite and chalcopyrite within siltstone-marl host rock, which is cross-cut by calcite veins (photograph taken during DTMA Site Visit July 2019)**



**Figure 9 : Breccia-hosted, massive chalcopyrite parallel to the siltstone bedding (photograph taken during DTMA Site Visit July 2019)**

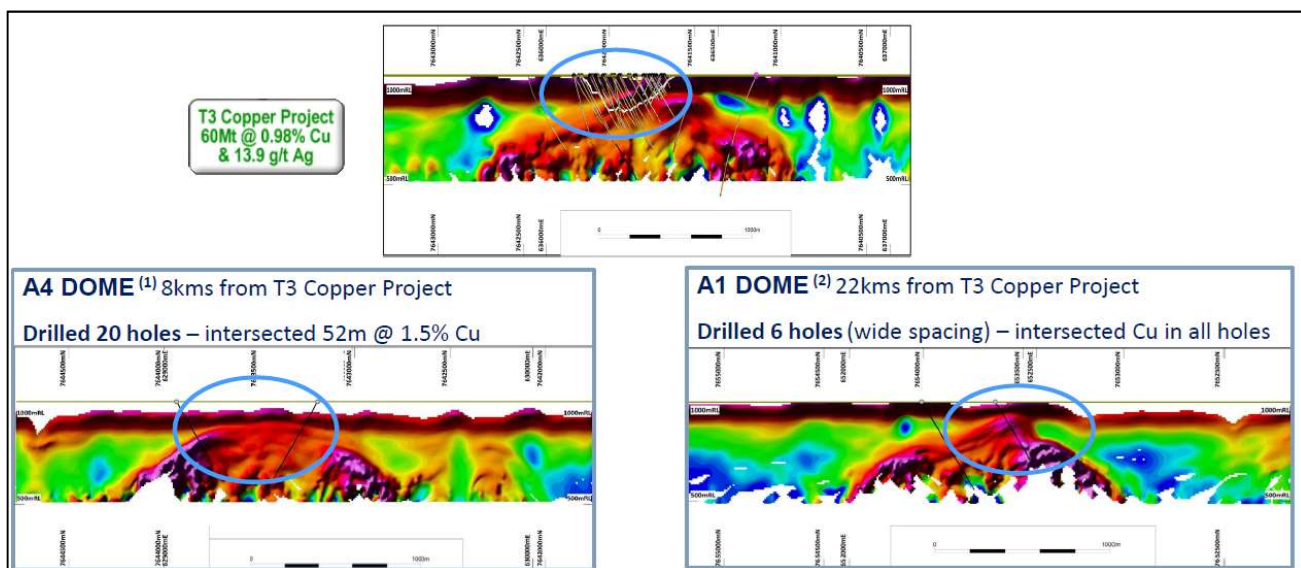


In most cases a positive correlation exists between Cu and Ag within the T3 vein- and stratabound mineralisation. Approximately 150-200m below the surface vein- and stratabound mineralisation, disseminated Cu sulphides are prevalent at the NPF contact, and constitute the envisaged underground sulphide mineralisation in conjunction with the down-dip extension of the mineralisation outside of the FS pit shell.

The metasediments of the Ghanzi Group are, for the most part, not affected by faulting and folding. However localised folding interpreted as drag or folding related to the bounding thrusts are present. The metasediments display a relatively constant dip of circa 30° to the northwest.

A close association exists between the T3 vein-and breccia-hosted mineralisation and an underlying basement dome (Figure 4 and Figure 10). The metasediments above the basement domes provided the necessary mechanical and chemical traps for the precipitation of the base metals from the circulating basal fluids.

**Figure 10 : Cross-sections of the T3, A4 and A1 domes as demonstrated by AEM geophysics plots (MOD, BMO Conference, February 2019)**





## 10. Exploration Projects background information

### 10.1. General

The T3 Project is a ~25km<sup>2</sup> area portion of the base metal PLs held by MOD. The T3 Project is currently the only advanced project. The remaining PLs, excluding the Precious Stone PLs, are termed the Exploration Projects and total 11,679km<sup>2</sup> in area, and are described in this section.

The reconnaissance soil sampling campaign undertaken by MOD over vast areas of the PLs has highlighted a regional coverage of the Cu mineralisation. In excess of 25 Cu targets, at various stages of exploration, have been located. The style of mineralisation is largely consistent across the region, that being disseminated Cu sulphides at or within the NPF. The T3 Project is unique in that a sheeted-vein swam occurs within a lense-shaped area along the axis of thrust zones, at surface within the D'Kar metasediments; T3 Project Cu mineralisation hosted within an ellipsoidal pod bounded by a top and basal thrust above a basement dome. The reconnaissance and target exploration across the Ghanzi area intersected Cu mineralisation, however the eventual economic extraction thereof is currently not established, nor whether mineralisation is consistent with NPF and/or quartz-calcite-sulphide bedding parallel veining.

By-and-large, the Cu mineralisation in the Exploration Projects is hosted at or near the NPF contact. The D'Kar NPF contact approaches present-day surface above the basement-metavolcanic domes; in the basin areas should the NPF mineralisation be eventually economically extractable it most likely would be via underground mining. The T1 Target is the next most explored target, with the mineralisation hosted at the NPF contact and potentially amenable to underground mining.

MOD has defined two distinct exploration areas within the Central Structural Corridor receiving a large portion of technical attention and costing, these being the: -

- T3 Expansion Project which consists of Tshukudu Exploration owned PL189/2008, PL074/2017 and the part of PL190/2008 that is outside of T3 Project ML application area; it also includes the T1 Target Resource, but this deposit is located in PL686/2009 owned by MOD Botswana. The T3 Expansion Project extends for ~963km<sup>2</sup> surrounding the T3 Project, on PL190/2008. The estimated area of the T1 Target forms a small part of PL 686/2009, with an area of 463km<sup>2</sup>; and
- T20 Exploration Project, with an estimated area of ~3,359km<sup>2</sup>, which consists of Tshukudu Exploration owned PL192/2008, PL060/2012, PL061/2012, PL093/2018, PL099/2017, PL189/2017, PL126/2013 and PL127/2013.

The remaining PLs are located in the Northern and Southern Structural Corridors and have limited historical exploration.

With the exception of the T3 Project and the T1 Target, MOD has not declared a Mineral Resource on any of the Exploration Projects. The T1 Target is located approximately 20km from the T3 Project. MOD anticipates that the T1 Target probably extends westward (as the T1 mineralised contact dips ~70° to the south), and possibly extends down dip, outside the 100% owned PL686, and onto the adjacent PL190/2008.

### 10.2. Precious stones PLs

MOD Botswana 100% owns four PLs for precious stones (Table 1), totalling 3,562km<sup>2</sup> in area. In the instances of P065/2018, the precious stone license overlies PL141/2012, a base metal license in the Northern Structural Corridor.

**Table 1 : Precious stone PLs owned by MOD Botswana**

	<b>PL065/2018</b>	<b>PL334/2018</b>	<b>PL335/2018</b>	<b>PL336/2018</b>
Area (km <sup>2</sup> )	644.0	976.0	946.0	996.0
Ownership	MOD Botswana	MOD Botswana	MOD Botswana	MOD Botswana
Ownership %	100%	100%	100%	100%
Commodity	Precious Stones	Precious Stones	Precious Stones	Precious Stones
Commencement date of PL	01/10/2018	01/10/2018	01/10/2018	01/10/2018
Renewal date of PL	30/09/2021	30/09/2021	30/09/2021	30/09/2021

## 11. Mineral Resources

The Mineral Resources for the T3 Project and T1 Target were prepared according to the guidelines and definitions of the JORC Code (2012 Edition). MOD's Competent Persons have taken into account the definitions and guidelines included in the JORC Code to ensure that the Mineral Resources and Ore Reserves reported are considered to be defined according to the JORC Code. DTMA undertook a high level review of the Mineral Resources and Ore Reserves for the T3 Project, and the Mineral Resources of the T1 target.

The geological modelling and geostatistical estimation was undertaken by CSA Global (July 2018) for the T3 Project, and by Sphynx Consulting CC for the T1 Target Resource (April 2015), and stated at 100% ownership by MOD. The Mineral Resources are stated inclusive of Ore Reserves for the T3 deposit (March 2019) and stated at 100% ownership by MOD. No Ore Reserves are stated for the T1 Target Resource. The CSA Global Competent Person for the T3 Project is Dr Matthew Cobb, a fulltime employee of CSA Global and a Member of both the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. CSA Global interpolated Cu, Ag, Zn, Pb, As, S, Mo and acid soluble Cu grades using ordinary kriging and inverse distance geostatistical techniques, using Surpac™ v6.6 specialised software. The acid soluble grades were estimated from the ratio between acid soluble Cu and the coincident total Cu assays.

The publically reported Mineral Resources relate to the advanced stage (FS completed in 2019) T3 Project to be open pit mined, and the underground Mineral Resource for the T1 Target, an advanced exploration project, with a Scoping Study conducted in 2018. Both Cu and the by-product Ag have been geologically and geostatistically modelled and constitute the JORC (2012 Edition) Mineral Resources stated by MOD.

The effective date of the T3 Project Mineral Resources is 13<sup>th</sup> July 2018 and based on technical data to June 2018. The effective date for the Ore Reserves is 25<sup>th</sup> March 2019. The effective dates used for the Mineral Resources and Ore Reserves are considered appropriate for inclusion in the T3 Project Model. For the T3 Project, the Mineral Resources are stated at a 0.4% Cu cut-off; the cut-off value was however not established from first principles with the incorporation of economic factors such as recovery, Cu price and other optimistic economic parameters. The cut-off grade is however in line with the corresponding mining pay limit determined in the FS, and comparable to cut-off grades currently applied by industry peers. DTMA notes however that going forward a cut-off grade for the opencast and a separate cut-off grade for the underground deposits should be tested. The T3 Project Mineral Resource extends to a depth of 500m from the overburden which CSA Global modelled at an average thickness of 10m.

The T3 Project Mineral Resources relates chiefly to sulphide ore, and oxidized and transitional material constitute a minor portion of the T3 Project. The preservation of the sulphide mineralisation at surface relates to the localised calcrete capping covering large areas of the MOD PLs. The areal extent of development or preservation of the calcrete capping is not quantified yet. The calcrete has largely protected the lithologies from surface weathering and oxidation, a significant difference to the oxidised material noted in the Zone 5 deposit owned by the neighbouring Cupric Canyon Capital. It is understood from the site visit that the Zone 5 deposit is not protected by an extensive calcrete cover. The reasoning for the existence or absence of calcrete development is not well understood yet by MOD.

Minor amounts of Cu oxides are hosted in the bounding thrust zones to the T3 Project mineralised succession, nonetheless from the limited number of drill core observed during the site visit and discussions held with the MOD technical staff, the extent of the oxidized material within the thrust zones is deemed negligible and should therefore not pose a significant impact on the processing of the ore.

The effective date of the T1 Target Mineral Resource is 15<sup>th</sup> April 2015. The Sphynx Consulting CC Competent Person for the T1 Target is Mr A.I. Pretorius, a Director of Sphynx Consulting CC and a Member of the South African Council for Natural Scientific Professions (SACNASP). The Mineral Resource estimation was achieved using ordinary kriging. The T1 Target Mineral Resource is not amenable to open cast mining.

Several confirmed Cu targets have been discovered by MOD, such as A4, T20 and T23, however at the date of this report, no associated Exploration Target ranges have been stated.

SRK prepared a Competent Persons Report (CPR) for the T3 Project and Exploration Projects in November 2018. As part of the CPR compilation SRK (UK) completed an in-depth review of both the T3 Project and T1 Target Mineral Resource estimates. Furthermore, DTMA undertook a high-level appraisal of the technical reports made available and the SRK CPR for the T3 Project and T1 Target Mineral Resources. The T3 Project and T1 Target Mineral Resource models appear to

DTMA to be adequately modelled, and are a reasonable reflection of the current drill hole data and geological understandings.

The Mineral Resources supporting the FS reflect the June 2018 Mineral Resource estimated by CSA Global, which estimated Indicated and Inferred tonnages and grades. Table 2 reflects the Mineral Resources for the T3 Project and T1 Target.

**Table 2 : Summary of the JORC (2012 Edition) Mineral Resources, April 2015 for T1 Target and July 2018 for T3 Project (Source MOD)**

MINERAL RESOURCE	CLASSIFICATION	TONNES (MT)	Cu GRADE (%)	Cu CONTENT (KT)	Ag GRADE (g/t)	Ag CONTENT (MOz)
T3 Project (opencast)	Indicated	36.6	1.14	417.0	16.0	18.6
	Inferred	23.5	0.74	173.3	11.0	8.3
	Subtotal	60.2	0.98	590.4	14.0	26.9
T1 Target (underground)	Measured	0.52	1.93	10.0	48.8	0.8
	Indicated	1.73	1.87	32.3	48.0	2.7
	Measured and Indicated	2.24	1.88	42.2	48.2	3.5
	Inferred	0.43	2.52	10.9	57.4	0.8
	Subtotal	2.68	1.98	53.1	49.7	4.3
Totals	Measured	0.52	1.93	10.0	48.8	0.8
	Indicated	38.36	1.17	449.3	17.25	21.3
	Inferred	23.96	0.77	184.2	11.83	9.1
<b>Total</b>		<b>62.83</b>	<b>1.02</b>	<b>643.5</b>	<b>15.43</b>	<b>31.2</b>

T1 Target is stated at a cut-off of 1.0% Cu and density of 2.74t/m<sup>3</sup>

Sphynx Consulting CC stated the T1 Mineral Resource effective April 2015

T3 Project is a Mineral Resource at surface and envisaged to be mined via open pit

T3 Project is stated at a cut-off of 0.4% Cu

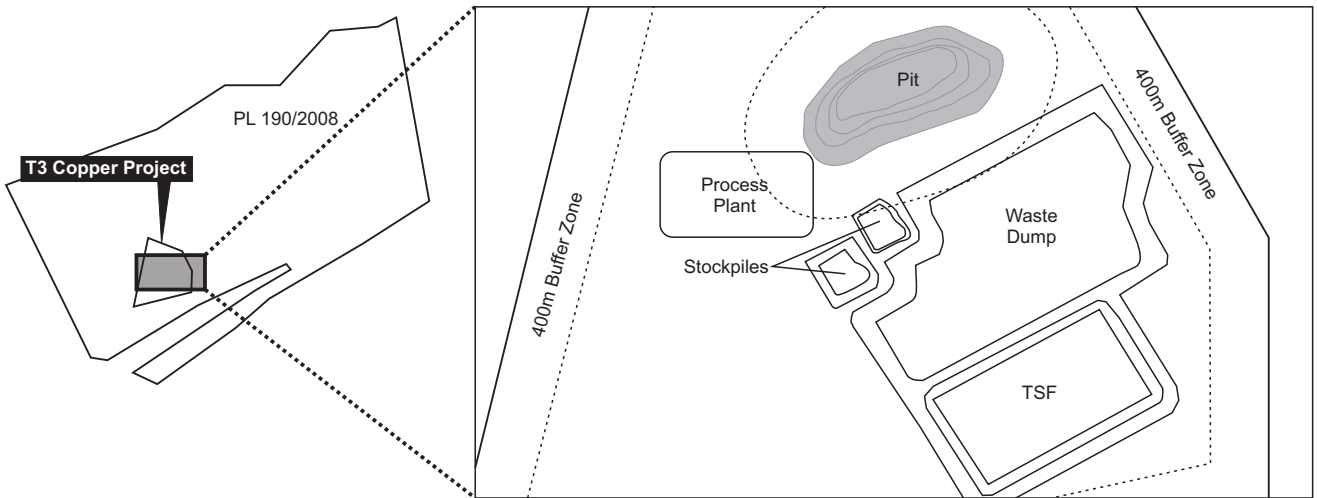
Density for ore zones were estimated based upon a regression formula utilizing all density data

CSA Global stated T3 Project Mineral Resource effective July 2018

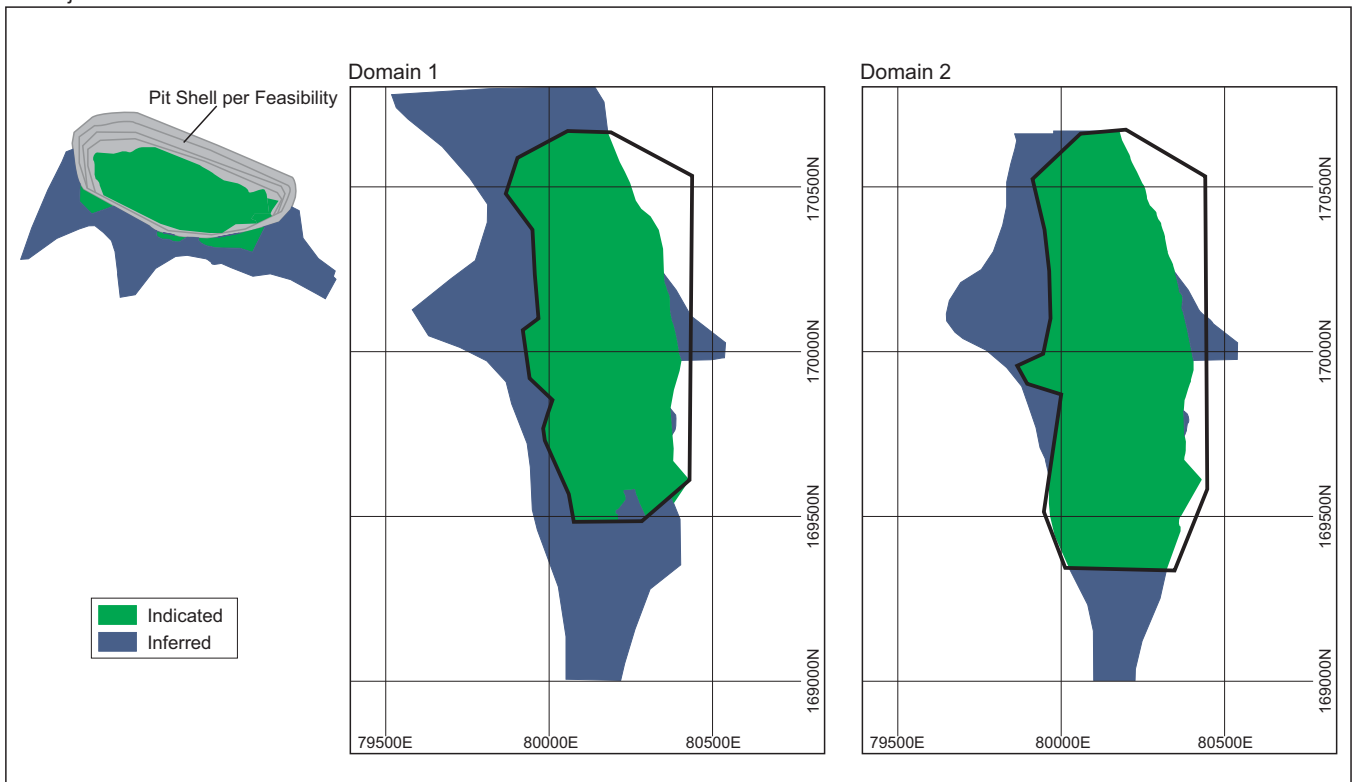
Columns may not tally due to rounding in the decimal places



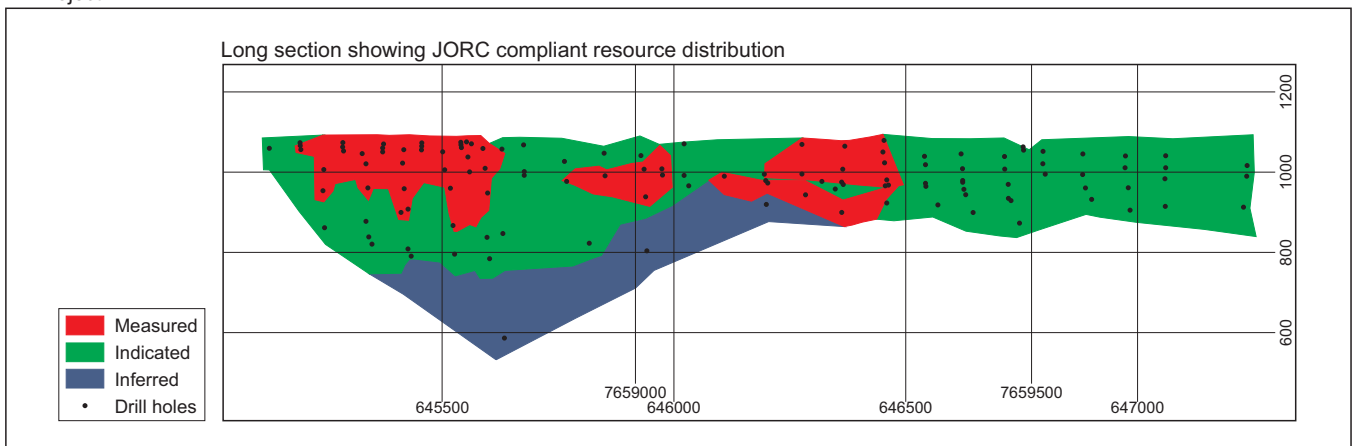
Location and classification of Mineral Resources



T3 Project



T1 Project



## 12. T3 Project technical parameters

This section considers the reasonability of the technical parameters contained in the FS and quantified in the T3 Project Model.

In July 2018, MOD reported an updated Indicated Mineral Resource of 36.6Mt at 1.14% Cu and 16.0g/t Ag with a reportable cut-off grade of 0.4% Cu, and 23.5Mt Inferred Mineral Resource at 0.74% Cu and 11.0g/t Ag. Based on this Mineral Resource, MOD has reported a 34.4Mt Ore Reserve which forms the basis on the FS.

### 12.1. T3 Project Development plan

MOD appointed Sedgman to undertake the FS with the aim of allowing MOD management to independently reach an informed decision on the economic viability of developing the T3 Project. On completion of the FS, the results were deemed by MOD to be positive. The development plan and project management framework suggested in the FS appear robust, noting that further study work is required on certain elements before construction can commence.

The FS modelled a 3.0Mtpa Cu and Ag flotation concentrator with capacity to 3.2Mtpa, based on ore received from the open pit over an 11.5 year LOM. The T3 Project mining operation consists of a single open pit mine which will be mined using conventional truck and excavator mining equipment with production blasting of final 20m benches which will be fitch excavated over typically 2.5-3.5m loading passes. The modelled strip ratio is 5.7:1. Although future underground mining opportunities have been identified for future orebody exploitation these layouts have not been considered in the current FS. A mining contractor operation has been planned.

The Sandfire transaction could push out project development from the published FS development schedule and further optimisation work may be performed before constructions starts. Consequently, DTMA considers it likely that the first project development step listed in the FS (being commencement of FEED engineering) may only commence from Q1 2020 as opposed to mid-2019.

From a permitting perspective, the Environmental and Social Impact Assessment (ESIA) is subject to a final review and inspection by the department and once granted will be open for public participation for a period of four weeks. Management expects this process to be complete by end of September 2019, after which the Mining Licence application will be lodged. Application for a water use licence will follow in short order.

DTMA attended a meeting on 11<sup>th</sup> July 2019 where representatives from MOD and Sandfire informed the Department of Mines (Departments) of the particulars of the proposed transaction and the intended timing of the ML application. DTMA considers management's assumption of being granted a ML by Q1 2020 as reasonable.

With the delay in project development kick-off to Q1 2020, the expected timing of ML grant does not further impact the project development timeline. The estimated construction period is 18 months, which DTMA considers reasonable for the scale of the project although the project management required to ensure on-time delivery will have to be of a high standard to achieve this timeline. On a revised timeline, delivery of first concentrate will be delayed to September 2021 at the earliest.

In light of the delays brought about by the proposed transaction, the potential requirement for further optimisation work and other further study work recommended by the FS (such as pit-dewatering), DTMA recommends that the project development in the valuation reflects first concentrate no earlier than Q4 2021 up to January 2022. Although this delayed start has a negative impact on value due to the effect of discounting and continuing holding costs, it does provide a further buffer to potential delays in the grid power connection.

MOD's development plan assumes that the T3 mine will be connected to the Botswana national power grid by January 2021. The BPC is in the process of constructing a transmission line from Maun to Ghanzi, with an estimated time of completion of mid-2020. The proposed delay in first concentrate to January 2022 creates a buffer of 18 months compared to the BPC stated delivery timescale. While this timeline appears to be reasonable DTMA notes that delivery of sufficient grid power may also be dependent on the ability of BPC's coal-fired power stations, Morupule A (132MW refurbished) and Morupule B (600MW), running at full capacity. It is difficult to obtain an accurate view of current generation capacity as both power stations have been beset with technical challenges and have yet to operate at full capacity. At present the

power stations are not able to meet Botswana’s domestic demand of between 500MW and 600MW, with latest statistics (Q1 2019) showing ~20% of power requirements being imported primarily from Namibia and South Africa. The T3 Project requires 11.5MW power.

## 12.2. Mining parameters

### 12.2.1. Mine planning and mining method

SRK Consulting (Australasia) Pty Ltd (SRK) completed the mining component of the FS. MOD propose to use a conventional load and haul bench mining layout with 120-250t excavators and 140t capacity haul trucks. Production blasting will be undertaken on 10m ore and waste benches with 2.5-3.5m flitch loading zones. Pre-split wall control blasting will be practiced on pit boundary benches outside of the unconsolidated surface zone.

Grade control will be managed by MOD who will deploy a 6m x 12m angled Reverse Circulation (RC) pattern over the LOM.

Pit de-watering from external de-watering and depressurising bores will be directly discharged to in-pit sumps for final pumping and water handling purposes.

### 12.2.2. Mine design criteria

Table 3 provides a summary of key design criteria inputs prepared by SRK. DTMA has reviewed the key Basis of Design (BoD) criteria and considers them appropriate for the pit optimisation and design process for the T3 Project.

**Table 3 : Summary of key design criteria (Source: MOD)**

SUMMARY OF KEY DESIGN CRITERIA PARAMETER <sup>1</sup>	UNIT	VALUE
Cu Price	USD/lb	2.91
Ag Price	USD/Troy oz	16.81
Transport Cost	USD/t conc.	140.00
Cu Refining Cost	USD/lb	0.08
Ag Refining Cost	USD/Troy oz	0.40
Treatment Charge	USD/t conc.	80.80
Cu Payability	%	96.5
Ag Payability	%	90.0
Cu Royalties	%	3
Ag Royalties	%	5
Process Cu Recovery	%	Variable
Process Ag Recovery	%	Variable
Whittle™ input PCAF (Processing Cost Adjustment Factor)	USD/t ore	10.41
Estimated Dilution at a 0.4% Cu cut-off	%	9%
Estimated Ore Loss at 0.4% Cu cut-off	%	8%
Reference Mining Cost	USD/t mined	Varies by elevations; Above RL 1,114.5m, USD1.35/t; Below RL 1,114.5m, USD2.11/t.
General and Administration Cost	USD/t mined	0.41
Incremental Mining Cost Adjustment per 10m below RL 1,116.5m	USD/t mined	0.023
Overall Slope Angle		Varies by zones and elevation; Above RL 1,095m, 27°; Below RL 1,095m, 57° (Hanging Wall) 35° (Foot Wall).

1. Optimisation parameters may differ from FS Study outcomes due to timing

### 12.2.3. Open pit optimisation

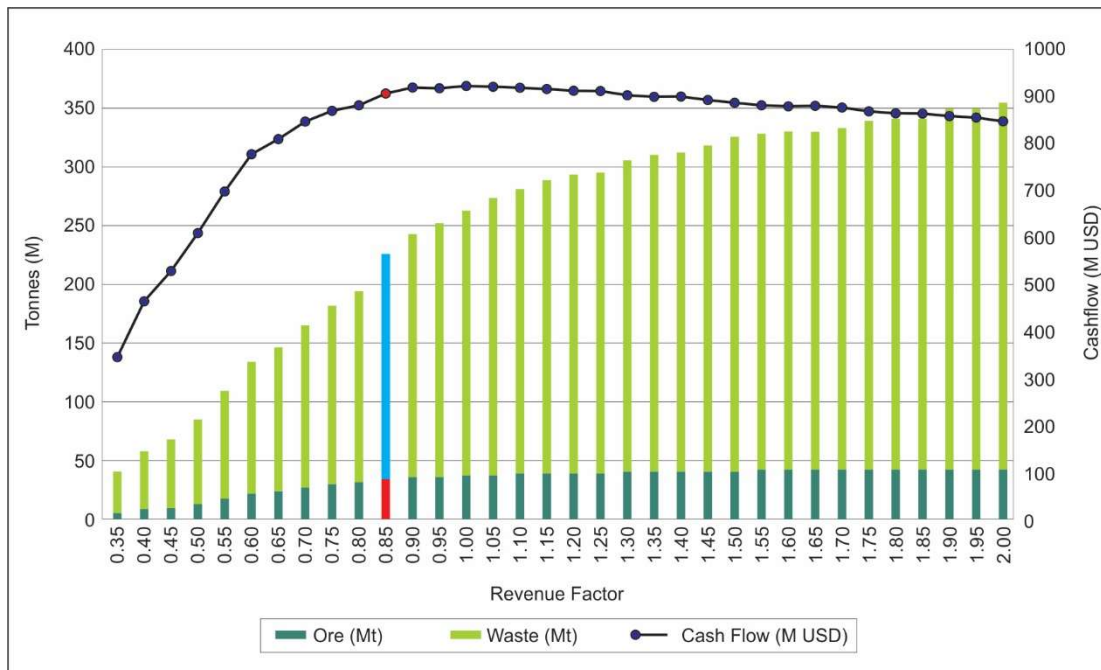
An optimum economic pit shell was determined using recognised Geovia Whittle™ pit optimisation software. This applied the key design criteria reported in the T3 Project Mineral Resource Model (MRM) along with business directives from MOD to deliver a best-case pit shell which addressed all of the technical and business constraints and guidelines.

The pit optimisation was carried out on only Indicated Mineral Resource material above a 0.3% Cu cut-off grade. It is noted that there was no Measured material available in the MRM block model. To address the ore body geometry and proposed equipment sizes, the MRM was regularised to a Selective Mining Unit (SMU) block size of 5mE x 5mN x 2.5mRL. This enabled ore loss and dilution to be modelled at an acceptable level of confidence. Further block adjustments were made within Geovia Whittle™ to demonstrate minimum mining widths at the pit bottoms with the mining model being re-blocked at 20mE x 5mN x 5mRL.

A 0.3% Cu cut-off grade was applied to the optimisation exercise at the request of MOD and reflected MOD's need to deliver an average plant head grade feed of around 1.04% Cu (marginal head grade in the low-grade ore blocks was estimated at around 0.2% Cu).

The generation of 'nested' 3D pit shells within the Geovia Whittle™ software was based on a Revenue Factor (RF) approach. This method generates pit shells over a range of RFs where the supplied base case metal price is RF 1.0 (RF = Optimised Cu price used/base case Cu price). The range of results are illustrated in Figure 12 and a summary of the selected pit shell results (Pit Shell 11) are presented in Table 4.

**Figure 12 : Geovia Whittle™ Generated RF Results on a Pit by Pit Basis (Source: MOD Limited – Feasibility Study)**



The selected pit shell (Pit Shell 11) results demonstrate that a total of 33.5Mt of Indicated Resource is available at a stripping ratio of 5.74:1 (t/t) and an average grade of 1.04% Cu and 14.00g/t Ag. Pit shell 11 was used as the basis for the final pit design and incorporated permanent ramps in the HW and FW zones and replaced the planned geotechnical berms wherever possible.

**Table 4 : Selected pit shell 11 results (Source: MOD– Feasibility Study)**

SCENARIO	BASE CASE
Indicated mineralisation (Mt)	33.48
Waste (Mt)	192.07
Rock (Mt)	225.54
Strip ratio (waste/ore) (t/t)	5.74
Cu grade (%)	1.04
Ag grade (g/t)	14.00
Pb grade (%)	0.06
Zn grade (%)	0.06
S grade (%)	0.72
Discounted cash flow (USDm)	909

The nested pit shells 1 (RF=0.35), 4 (RF=0.5), 6 (RF=0.6) and 11 (RF=0.85) were used as staging guides for determining the pit development staging logic and these stages were further revised to consider practical geometry constraints, ore grade continuity and the minimization of pre-stripping tonnages during the start-up.

Optimisation sensitivities over a range of operating parameters have demonstrated the T3 Project to be most sensitive to plant process recoveries with a 10% decrease in plant processing recoveries resulting in a 13% reduction in optimised ore quantity due to marginal ore grade tonnage reductions and a 22% reduction in cash flow.

DTMA has reviewed the pit optimisation process and considers that the selected pit shell and guiding pit shell stages represent an acceptable compromise between the pursuit of MOD's strategic plant feed targets, the strict implementation of practical mining constraints and the minimisation of pre-stripping tonnage demands.

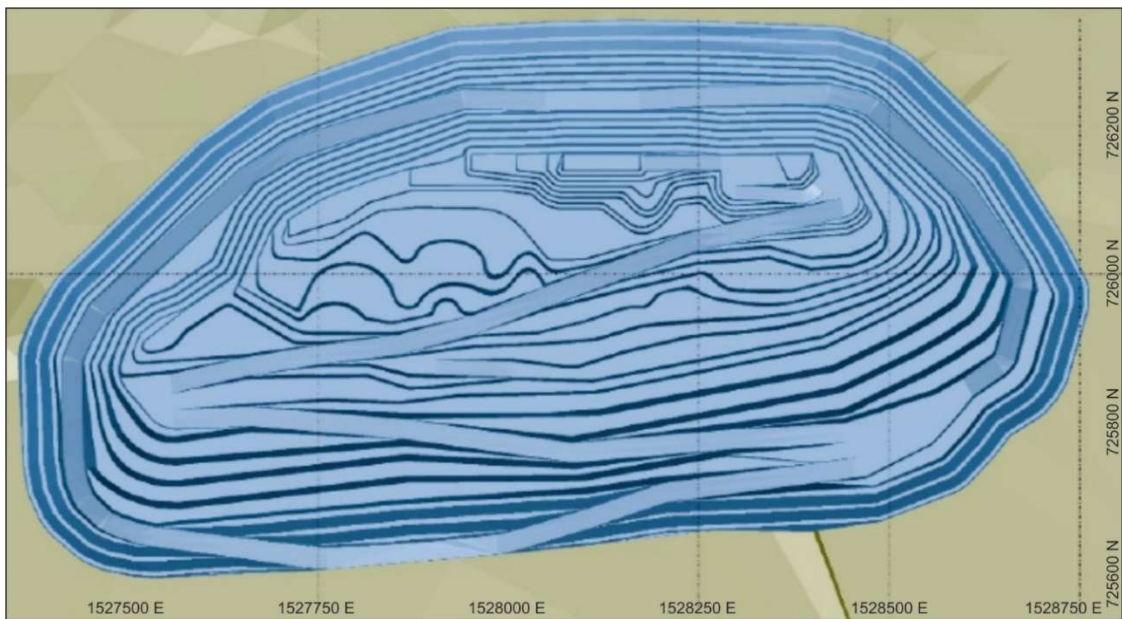
#### 12.2.4. Open pit design

The pit design process has converted the selected Whittle™ shell into a practical pit design incorporating benches, haul roads and ramps while adhering to the determined geotechnical parameters. The final pit has approximate dimensions of 1,400m in length by 700m wide x 250m deep.

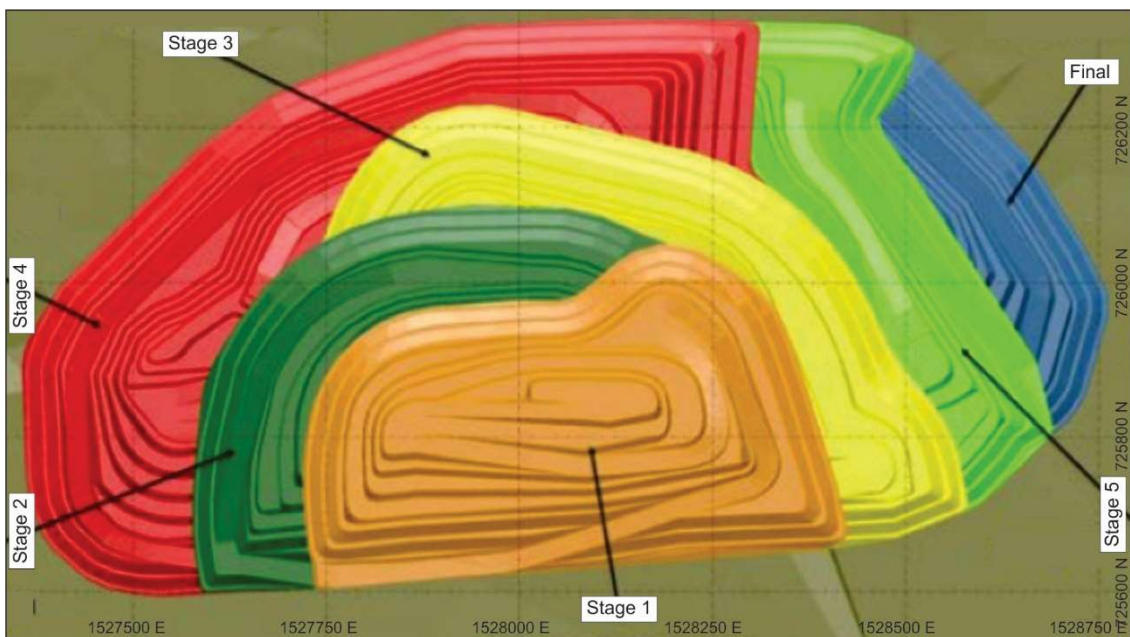
Figure 13 shows a planned view of the final pit design and Figure 14 shows the implementation of the pit stages through to the final pit. It is noted that the project infrastructure is located to the south and west of the crest position of the FW ramp with the Run-of-Mine (ROM) pad approximately 230m west of the crest and the waste dump (WD) some 240m due south of the crest. Other dumps and stockpiles have been located to the north west of the WD towards the plant area.

DTMA has reviewed the pit design and notes strict adherence has been applied to the application of practical pit planning geometry which is suitable for the operational mining equipment fleet. Although it has been necessary to incorporate temporary ramps into the final pit design, specifically during the initial and final stages, it is noted that a permanent FW ramp design has been utilised to accommodate the bulk of the operations material moving requirements. The deepest ore benches can be practically accessed in each of the mining stages, along with adequate mining bench room for the selected mining equipment. Dual haul roads have been planned with the exception of the deepest benches within the mining stages. Haul route distances between the FW ramp crest and the ROM Pad and Waste dumps have been minimised.

**Figure 13 : Plan View of Final Pit Design (Source: MOD)**



**Figure 14 : Plan View of the Final Pit Development Stages (Source: MOD)**



The mining inventories for each of the pit stages are presented in Table 5. Indicated Mineral Resource mineralisation originally classified as high ratio mineralised waste has been reported as ore in the reporting of total ore tonnes for each stage.

**Table 5 : Mining inventories for the different mining stages (Source: MOD)**

<b>MINING INVENTORIES FOR EACH MINING STAGE PIT DESIGN</b>	<b>ORE (MT)</b>	<b>WASTE (MT)</b>	<b>TOTAL MOVEMENT (MT)</b>	<b>STRIP RATIO</b>	<b>Cu GRADE (%)</b>	<b>Ag GRADE (g/t)</b>	<b>Pb GRADE (%)</b>	<b>Zn GRADE (%)</b>	<b>S GRADE (%)</b>
Stage 1	2.9	24.2	27.1	8.2	1.02	9.9	0.13	0.14	0.94
Stage 2	4.0	16.9	20.9	4.2	1.07	14.2	0.05	0.07	0.99
Stage 3	4.0	24.4	28.4	6.1	1.10	12.1	0.05	0.06	0.85
Stage 4	8.9	65.3	74.2	7.4	1.11	16.8	0.08	0.07	0.67
Stage 5	9.0	36.0	45.0	4.0	0.89	11.7	0.07	0.07	0.62
Final Pit	5.7	29.1	34.7	5.1	0.89	12.5	0.06	0.06	0.62
<b>Total</b>	<b>34.4</b>	<b>195.9</b>	<b>230.4<sup>2</sup></b>	<b>5.7</b>	<b>1.00</b>	<b>13.2</b>	<b>0.07</b>	<b>0.07</b>	<b>0.73</b>

### 12.2.5. Waste dump and stockpile design

The waste dumps (WD) have been designed to service the LOM production scheduling capacity. The WD has a target capacity of 188.85Mm<sup>3</sup>. Although the footprint areas for the Mineralised Waste Dump (MWD), target capacity 5.23Mm<sup>3</sup> and the Low Grade (LG) Stockpile, target capacity 2.20Mm<sup>3</sup> have been identified they have not been specifically designed at this stage of the FS.

### 12.2.6. Equipment selection and fleet optimisation

The T3 Project mining programme will be serviced by 150-250t class excavators and 140t capacity class trucks (CAT 785D). The haul road widths, gradients and turning circle radius requirements have been designed to accommodate this truck class.

### 12.2.7. Production blasting and pre-split

Production blasting estimates were based on 10m bench heights with a 1m sub-drill and 140mm diameter blasthole over a range of different burden and spacing combinations suited to the material type. Pre-split blasting designs have been applied to the fresh rock component of the pit design. Production and pre-split blasting designs have considered average host rock compressive (150Mpa) and tensile (12Mpa) strength properties.

Explosive types have been customised to ground and prevailing groundwater conditions. Sulphidic reactive ground has not been considered likely and therefore inhibited bulk emulsion products were not included in the blasting costs.

### 12.2.8. Mine scheduling

Figure 15 shows the detailed monthly scheduling carried out to cover the initial pre-strip Month 1 to Month 9 and the follow on production ramp-up period from Month 10 through to full production capacity in Month 16; thereafter ore production is achieved at 267ktpm over the ramp-up period. Corresponding waste production is maintained at a monthly rate of 1,600kt for Month 1 to Month 10, then increases to 2,500kt per month for the remainder of the production ramp-up period.

<sup>2</sup> Table 0-4 of the FS Report indicates the Total Movement for the Pit design is 230.2Mt



**Figure 15 : Production profile for the T3 Project ramp-up period (Source: MOD)**

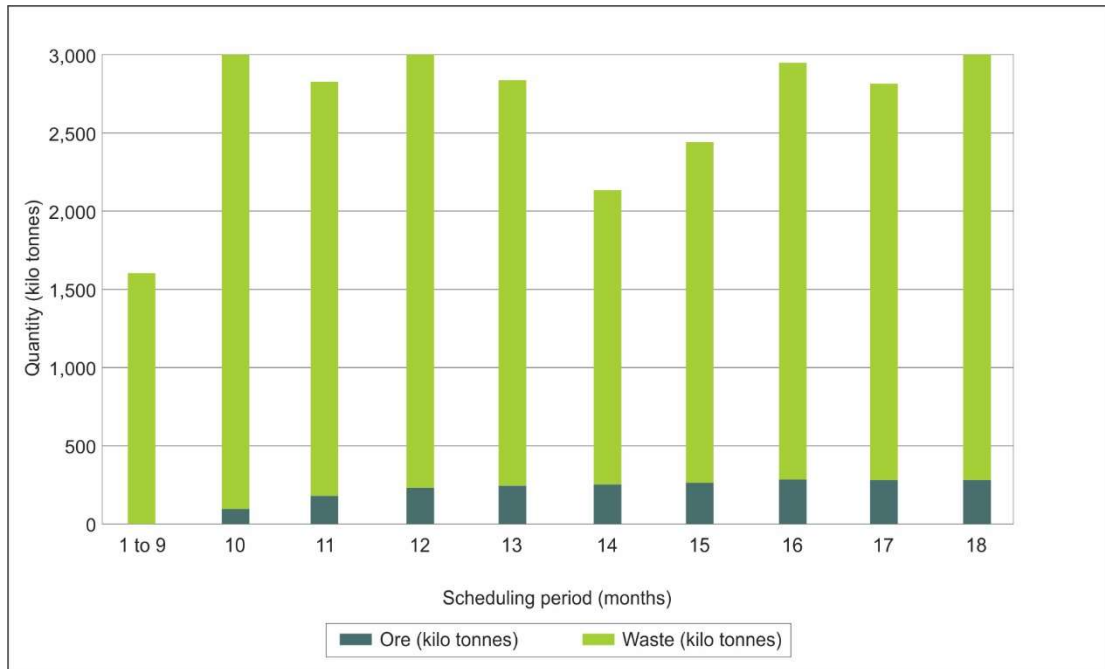
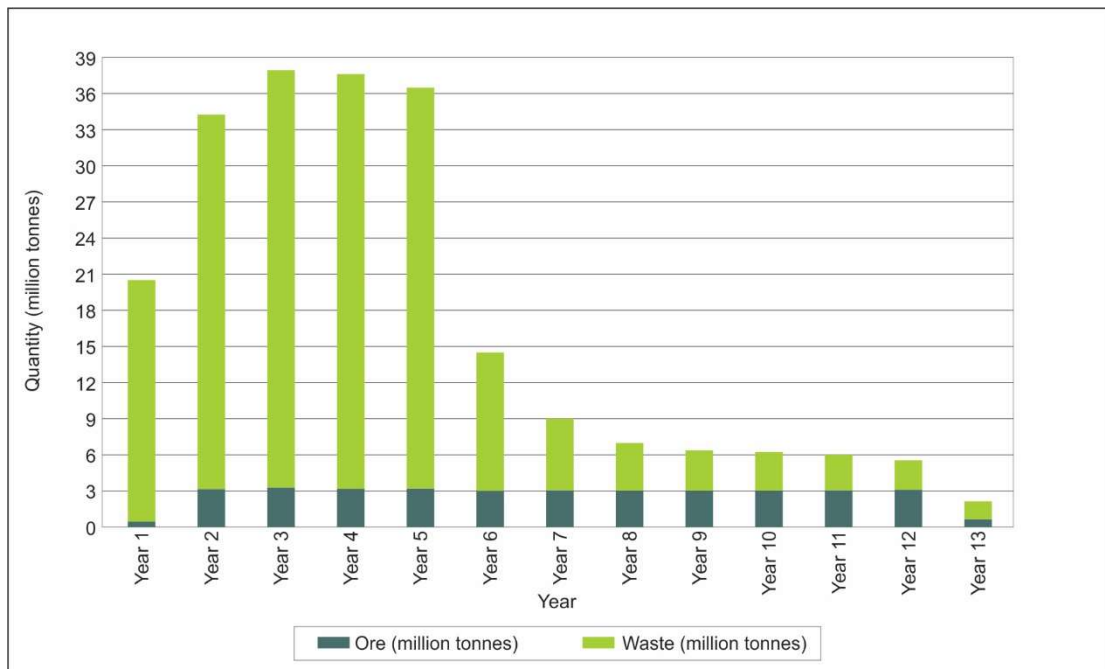


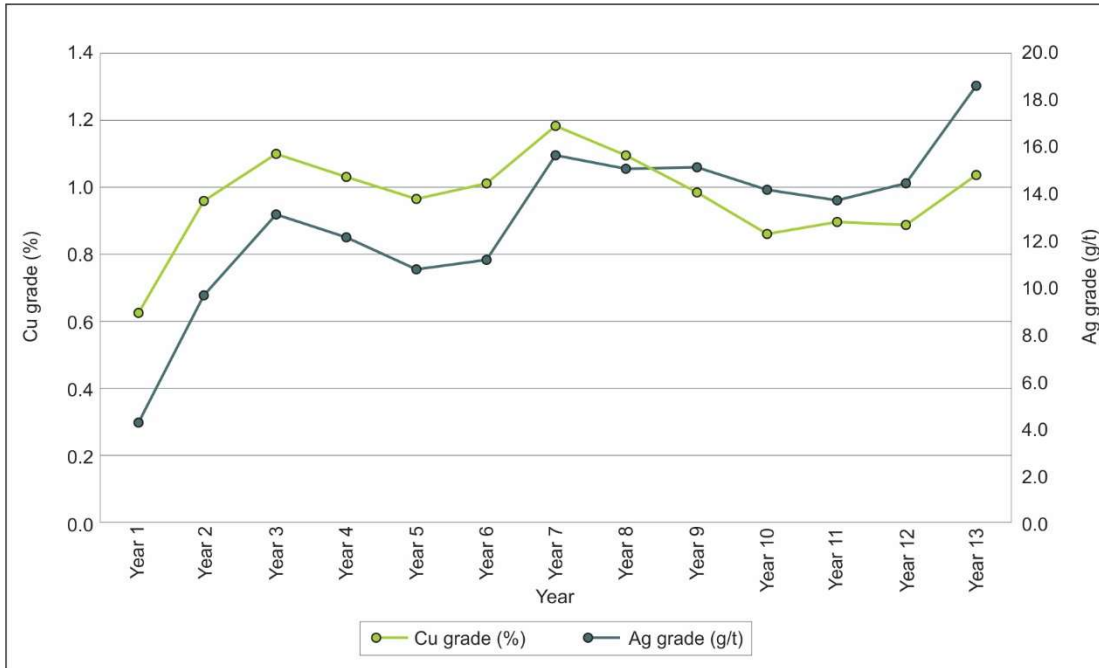
Figure 16 illustrates the annual LOM production profile over the planned twelve-year period after the pre-strip. This demonstrates a scheduled Ore Reserve of 34.4Mt at an average grade of 1.00% Cu and 13.2g/t Ag. Ore production after the pre-strip and production ramp-up period is 3.0Mtpa for Year 1 and 2 and thereafter varies between 3.0-3.2Mtpa. The high strip ratio of 10.8(t/t) generated in Year 1 rapidly reduces to 3.8 (t/t) in Year 6 and then stabilises at around 1.0 (t/t) over the remaining LOM.

**Figure 16 : LOM T3 Project production profile (Source: MOD)**



An initial ore grade of 0.62% Cu has been forecast in Year 1 (Month1) and is a consequence of deliberately targeting lower Total Material Moved (TTM) during this period. Thereafter, annual grades are maintained over the LOM in the 0.86% Cu to 1.18% Cu range. This results in an average 1.00% Cu over the LOM. Figure 17 shows the average annual LOM milled grade.

**Figure 17 : LOM T3 Project milled grades (Cu and Ag) (Source: MOD)**



The ore stockpiles for High Cu (HiCu) (>1.0% Cu) and Medium Cu (MedCu) (0.25% -1.0% Cu) and reach their designed 100kt capacity in Year 2 and 3. Thereafter the HiCu material is reclaimed in Year 10 and the sub-specification MedCu material either left *in-situ* or on the stockpiles. The remaining MedCu material has been excluded from the Ore Reserve.

A review of the T3 Project LOM scheduling results has revealed that the operation can over its planned LOM deliver ROM at a rate of around 3.0Mtpa and an average plant feed grade of 1.00% Cu and 13.2g/t Ag. The overriding risk to the project’s successful development remains the forecast targeting of high TMM rates over Year 1 to 5 covering the pre-strip and production ramp-up phases. This remains an ambitious schedule which must be executed within an increasingly geometrically constrained operating space, which will challenge the competency and resources of the appointed mining contractor.

### 12.3. Mine geotechnical studies

SRK planned the FS geotechnical programme which consisted of eight geotechnical drill holes, in addition to the eight geotechnical holes drilled for the PFS. All holes were geotechnically logged and surveyed using acoustic tele-viewers for structural logging. An additional nine holes were planned to identify the location of the Pit Thrust C fault situated in the final pit footwall. Thrust Fault C is an important geotechnical feature and was considered during the slope stability analysis programme by SRK.

A geotechnical model was developed which incorporated the main geological structures and rock types for slope stability analysis. Selected samples were recovered for geo-mechanical test work characterising the anticipated rock strength. Geotechnical design parameters have been categorised under three different geotechnical zones, namely the Hanging Wall (HW) Zone, Foot Wall (FW) Zone and an Unconsolidated Surface Zone.

The geotechnical modelling has established geotechnical design parameters which generate acceptable Factors of Safety (FOS) and indicate that acceptable overall slope angles will be determined by kinematic constraints principally bedding plans, joint sets and faulting. Final pit designs have assumed dry slope conditions, which necessitates adequate de-watering operations ahead of the mining activities at all times.

Table 6 shows the selected geotechnical parameters used for the pit optimisation and design process:

**Table 6 : Geotechnical parameters (Source MOD)**

GEOTECHNICAL PARAMETERS ITEM	UNIT	FRESH ROCK ZONE BELOW RL1,095m		SURFACE ZONE ABOVE RL 1,095m
		Hanging wall	Foot Wall	
Overall slope angle	Degree (°)	57	35	27
Inter-ramp angle	Degree (°)	61	41	40
Batter angle	Degree (°)	80	65	35
Bench height	m	20	20	10
Berm width	m	7.5	20	5
Geotechnical berm width	m	24m for hanging wall adopting 120m stack heights		
Geotechnical berm width	m	24m for footwall adopting 80m stack height		

The geotechnical design programme has been undertaken based on internationally recognised standards and is considered appropriate for the pit optimisation and design process. The successful implementation of the recommended pit slope design requires adequate slope de-watering at all times. Failure to adequately de-water the planned slopes will compromise the planned design and the anticipated slope angles may require revision.

## 12.4. Hydrology and geohydrology

Knight Piésold (KP) constructed a ground water model of the T3 Project area and reported a forecast mine water balance estimate of total steady state operational water demand at 287m<sup>3</sup>/hr (80t/s). KP has acknowledged the difficulties associated with predicting long term bore performances in the fractured rock aquifers associated with the T3 Project area.

Current modelling appears to be based on simplified geological interpretations and further calibration and test work is required to:

- improve current confidence levels in water abstraction potential from the planned boreholes;
- ensure adequate de-watering for mine planning and slope stability analysis; and
- confidently forecast water table draw down impacts.

Current uncertainties around the confidence in the ground water modelling should be addressed as a matter of urgency. Cognisance should be taken of an anticipated six-month lead time which will be necessary to test the proposed de-watering system and allow adequate time for the current model to be re-calibrated.

## 12.5. Infrastructure supporting the mining operation

Adequate mine accommodation for contractors has been planned at the mine camp located outside Ghanzi and adjacent to the A3 Highway. Plenty of executive accommodation can be found in nearby lodges.

The mine's 'powering up' model will likely remain a mix of an initial diesel tank farm start-up with gensets until the BPC national grid supply can be guaranteed (refer Project Development section). It is noted in the FS that the process plant design has factored in power loss.

The proposed start-up diesel generation plant must have adequate capacity to supply unhindered and uninterrupted power to the Project. The possibility of selling spare power from this plant back into the BPC grid must be confirmed and numerated for future revenue streaming.

A sustainable water supply plan must be confirmed prior to project start-up and execution. Adequate lead times must be incorporated into project planning to ensure that ground water models are properly calibrated.

The T3 Project is well provisioned with good logistics infrastructure and access to regional centres with health and administration services. However, there are current uncertainties around long term bulk services, namely water and power supply, which must be resolved with appropriate risk premiums being included in the project valuation.

## 12.6. Metallurgical testwork

MOD undertook a comprehensive testwork program on the T3 Project ore which determined the ore primarily consists of chalcopyrite, bornite and chalcocite, in order of volume. In addition to these Cu sulphide minerals, the T3 Project ore hosts minor Cu minerals include digenite (Cu sulphide), malachite (Cu oxide), chrysocolla (Cu oxide), and minor native Cu. Furthermore, galena (Pb), sphalerite (Zn), molybdenite (Mo), bismuthinite (Bi), pyrite (Fe sulphide), tetrahedrite/tennantite (As), arsenopyrite (As) and cobaltite (CoAsS) are present. The gangue mineralogy is predominantly quartz, calcite, muscovite, biotite, potassium feldspar, chlorite, apatite and titanite. Overall, the ore is deemed by MOD to be moderately competent, abrasive and hard, with the Cu and Ag recovered via conventional flotation techniques.

The Cu recovery from the testwork indicated a 92.9% average recovery for Cu, and an 88% average for Ag. The FS testwork indicated the Cu recovery is impacted most by the proportion of acid soluble Cu present in the ore. Broadly, Cu oxide mineralisation is treated using leaching via sulphuric acid to liberate the Cu, hence in the presence of Cu oxides testing for acid soluble Cu is undertaken. Testwork undertaken by MOD indicates the % acid soluble Cu in the head assays varied from 1.2% to 14.8%. Table 7 is a summary from the FS indicating the types of Cu minerals present in the ore and the acid soluble and residual values. A total of 159 of the 161 diamond drill holes available for the July 2018 Mineral Resource estimation were assayed for acid soluble copper. The understanding of the acid soluble material in the ore will need addressing particularly as mining progresses to deeper extents. Should further drilling and testwork reveal a higher proportion of acid soluble Cu than what testwork has shown, recoveries may differ.

**Table 7 : Head assay results for the acid soluble, cyanide soluble and residual Cu (Source MOD)**

ANALYTE	UNIT	CHALCOPYRITE	BORNITE	CHALCOCITE	HIGH GRADE CHALCOPYRITE	HIGH GRADE BORNITE	HIGH GRADE CHALCOCITE
Cu Total	%	1.31	1.67	1.51	3.84	3.75	6.64
Cu Acid Soluble	ppm	140	129	501	119	150	916
Cu CN Soluble	ppm	1,567	9,282	9,708	3,180	14,300	43,600
Cu Res	ppm	10,400	6,728	4,240	32,000	22,300	18,200
Cu Total Calc.	%	1.21	1.61	1.34	3.53	3.68	6.27
% Cu Acid Soluble	%	1.2	0.8	3.7	0.3	0.4	1.5
% Cu CN Soluble	%	12.9	57.5	64.7	9	28.9	69.5
% Cu Res <sup>1</sup>	%	85.9	41.7	31.5	90.7	60.7	29

<sup>1</sup> Cu Res refers to primary Cu sulphide minerals namely chalcopyrite

## 12.7. Mineral processing

The T3 Project concentrator plant (the plant) has been designed to process approximately 3Mtpa of Cu ROM ore to a primary grind product size of 80% passing (P80) 180µm. According to the FS, when grinding to P80 212µm, the plant can have a throughput capacity of 3.2Mtpa.

The design of the plant will process a blend of bornite, chalcocite and chalcopyrite minerals at a design head grade of 1.3% Cu. The LOM feed grade has been modelled at 1.00% Cu.

The process plant design consists of the following major elements:-

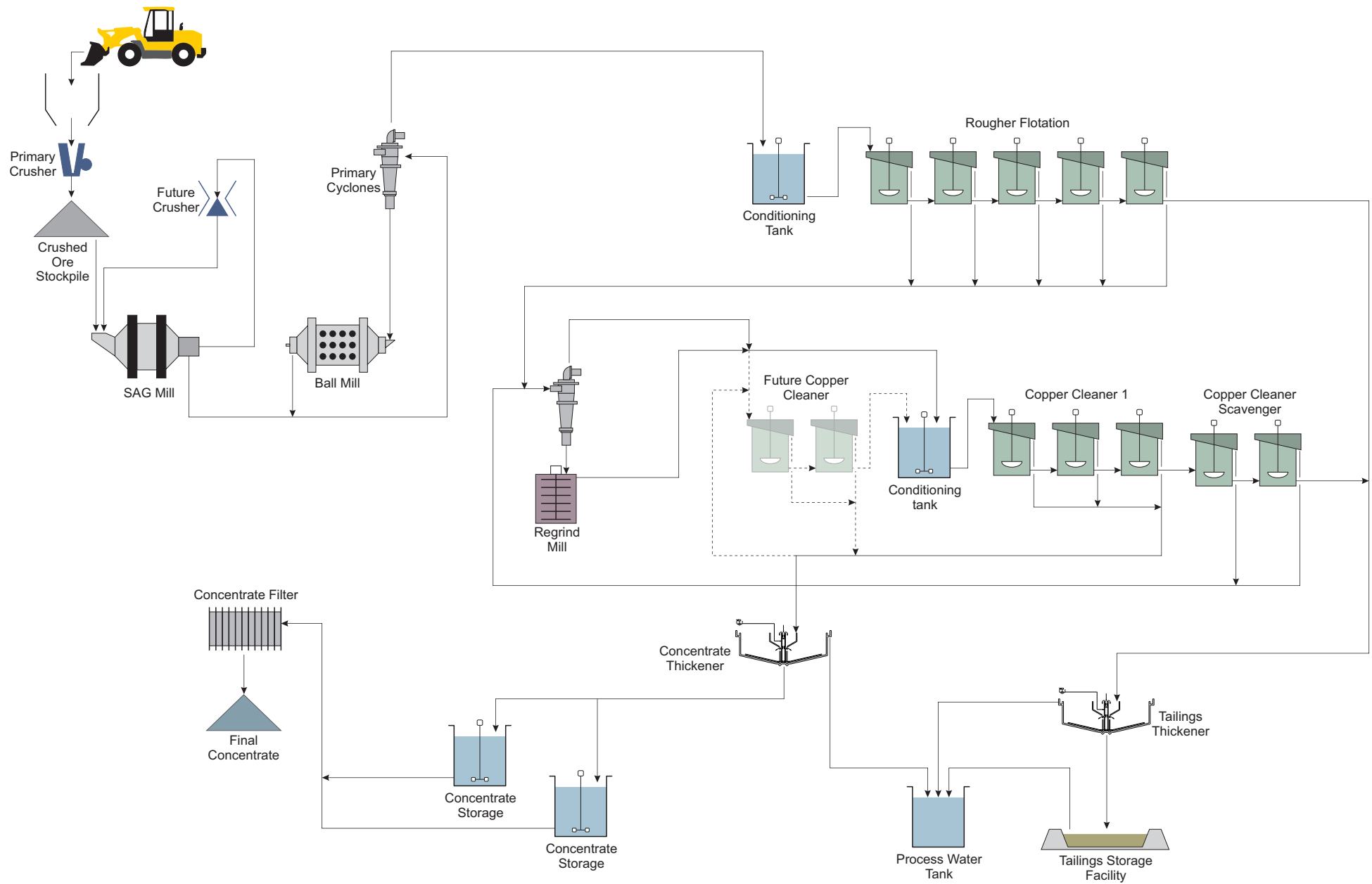
- a single-stage crushing circuit with a conventional Semi-Autogenous Grinding (SAG) mill and ball mill grinding circuit. Space for the addition of a pebble crusher, if required, is allowed for in the design of the plant;
- a flotation circuit, consisting of roughing and single-stage cleaning; and
- infrastructure for:-
  - concentrate handling;
  - tailings handling;
  - reagents;
  - utilities; and
  - paddock style tailings storage facility (TSF).

The design of this plant is consistent with the design of other Cu processing plants globally and in Botswana, such as African Copper Limited's plant at Mowana and Discovery Metals' plant at Boseto. The Process Design Criteria (PDC) for the plant is shown in Table 8 and the Process Flow Diagram (PFD) is shown in Figure 18.

**Table 8 : T3 Project plant process design criteria (Source MOD)**

CRITERIA		UNITS	VALUE	AVERAGE	SOURCE
Ore throughput		t/pa	3,000,000 to 3,200,000	-	FS
		h/a	8,015	-	FS
		t/h	374 to 399	-	Calculated
Plant availability	Design	%	91.5	-	FS
Average Cu blend	Bornite	%	-	20	FS
	Chalcocite	%	-	10	FS
	Chalcopyrite	%	-	70	FS
Design average head grade (Cu)		%	1.3	-	Calculated
Pit shell 1 - Cu grade		%	1.07	-	FS
Pit shell 2 - Cu grade		%	1.08	-	FS
Pit shell 3 - Cu grade		%	1.1	-	FS
Pit shell 4 - Cu grade		%	1.12	-	FS
Pit shell 5 - Cu grade		%	1.05	-	FS
Pit shell 6 - Cu grade		%	1.03	-	FS
Pit shell 1 - ore tonnes		Mt	2.6	-	FS
Pit shell 2 - ore tonnes		Mt	6.5	-	FS
Pit shell 3 - ore tonnes		Mt	10.4	-	FS
Pit shell 4 - ore tonnes		Mt	18.8	-	FS
Pit shell 5 - ore tonnes		Mt	27.5	-	FS
Pit shell 6 - ore tonnes		Mt	33	-	FS
Concentrate grade (Cu)		%	33.6	-	FS
Concentrate recovery (Cu)		%	91.7	-	FS
Cu metal produced		kt/pa	106	-	Calculated
Physical characteristics	BWI	kWh/t	15.6	13.8	FS
	RWI	kWh/t	19.4	18.1	FS
	Ai		0.087	-	FS
	JK Axb		36.8	44.6	FS
Primary Grind size	P 80	µm	180	-	FS
Regrind Size	P 80	µm	90	-	FS
Laboratory residence time	Rougher	min.	6	-	FS
	Cleaner 1	min.	6	-	FS
	Cleaner Scavenger.	min.	8	-	FS
	Cleaner 2 (Future)	min.	7	-	FS
Concentrate thickener rise rate		m <sup>3</sup> /m <sup>2</sup> /h	3	-	Testwork
Concentrate thickener U/F density		% solids	72	-	Testwork
Filter type			Plate & frame	-	Typical
Concentrate filter sizing basis		m <sup>3</sup> /t	0.526	-	FS
Filtration area required		m <sup>2</sup>	79.4	-	Vendor
Tailings thickener rise rate		m <sup>3</sup> /m <sup>2</sup> /h	2.4	-	FS
Lime consumption		kg/t	0.87	-	FS
Collector 1 (SIBX:PAX) consumption		g/t	75	-	FS
Promoter (XD-5002) consumption		g/t	2	-	FS
Frother (Polyfroth H57)		g/t	150	-	FS
Flocculant		g/t	45	-	FS
Grinding media - 125mm		kg/t	0.3	-	Calculated
Grinding media - 65mm		kg/t	0.176	-	Calculated
Grinding media - 19mm		kg/t	0.37	-	Calculated

The process flow diagram (PFD) for the T3 Project plant is depicted in Figure 18.



Mineral processing at the T3 Project will follow the process outlined below:-

- Crushing, stockpile and reclaim:-
  - ROM ore will be predominately fed to the 80m<sup>3</sup> ROM bin, overlain by a static grizzly screen to prevent material greater than 900mm from entering the crushing circuit; and
  - suitably sized ROM ore will then be transferred from the ROM bin to the primary jaw crusher where the particle size will be reduced to a P80 118mm, prior to discharging onto the primary crushed ore stockpile, and thereafter reclaimed to the SAG mill feed conveyor by vibrating reclaim feeders.
- Grinding:-
  - crushed ore will be ground by the SAG and ball milling process;
  - discharge from the 5.5MW SAG mill will pass over a trommel screen, where undersize material from the screen will discharge into the primary cyclone feed hopper and oversize material will discharge onto the pebble discharge conveyor. The pebble bunker diverter gate will allow pebbles to be either stored in the SAG mill pebble bunker or recirculated back to the SAG mill via the pebble transfer conveyor. The pebble transfer conveyor will discharge onto the SAG mill feed conveyor with provision for a future pebble crusher if required;
  - the 3.2MW ball mill will operate in closed circuit with a primary cyclone cluster, which will be used for classification purposes. Slurry will be pumped from the primary cyclone feed hopper to the primary cyclone cluster; and
  - the primary cyclone cluster overflow will have a P80 of 180µm and flow to the rougher conditioning tank. The coarse dense material will report to cyclone underflow where it will be recirculated back to the ball mill. Oversize from the ball mill trommel will discharge into the ball mill scats bunker to be removed as required.
- Copper flotation:-
  - in addition to the rougher condition tank, the Cu rougher circuit will consist of five rougher tank cells in series;
  - the primary cyclone overflow will gravitate to the conditioning tank, where a collector will be added;
  - the rougher conditioning tank will overflow into the first Cu rougher cell. A frother will be dosed to the first and fourth rougher cells, while low pressure air will be injected to all the rougher cells;
  - the concentrate produced by the rougher cells will report to the rougher concentrate hopper;
  - tailings from the fifth rougher cell will gravitate to the flotation tails hopper;
  - the rougher concentrate hopper will collect the concentrate from rougher and cleaner scavenger cells. Concentrate slurry from the rougher concentrate hopper will be pumped to the regrind cyclone cluster;
  - underflow from the regrind cyclone cluster will report to the regrind Vertimill where it will be milled to a P80 of 90µm and then pumped to the cleaner conditioning tank. Overflow from the regrind cyclone cluster will have a P80 of 90µm and report to the cleaner conditioning tank;
  - the cleaner conditioning tank will be fed by the regrind cyclone overflow and dosed with lime, SIBX:PAX Cu collector and a Cu promoter. The cleaner conditioning tank will overflow into the first cleaning cell. Concentrate produced by the cleaner cells will be a final concentrate and will report to the concentrate transfer hopper;
  - the tails stream from the cleaner cells will be fed into the cleaner scavenger cells. Concentrate produced by the cleaner scavenger cells will be collected in the cleaner scavenger concentrate hopper and will report to the rougher con hopper where it will be combined with the concentrate from the rougher cells. Tailings from the cleaner scavengers will be discharged to the flotation tails hopper;
  - the final concentrate from the cleaner scavenger cells will pass over a vibrating trash screen to remove any entrained trash, before gravitating to a high-rate concentrate thickener;
  - thickened slurry will be withdrawn from the thickener underflow via a duty/standby arrangement of pumps and pumped to the agitated concentrate storage tanks;
  - thickened concentrate will be filtered in a dedicated plate and frame concentrate filter; and
  - the filtered concentrate will discharge to a bunker directly below the filter, with the filtrate being returned to concentrate thickener feed via the concentrate filter area sump pump.
- Concentrate and tailings handling:-
  - concentrate will be periodically removed from the discharge bunker and loaded into the concentrate bagging hopper, the concentrate will then be conveyed to a second concentrate



- bagging hopper. The Cu concentrate will be filled into palletised bulk bags and weighed. The concentrate bulk bags will then be stored in the shed to be transported off site; and
- rougher and cleaner scavenger tailings will be pumped from the final tailings hopper to the tailing's thickener.

### 12.7.1. Plant production profile and recovery

DTMA has assessed the plant production profile presented in the financial model, and compared it to the FS results. The key metrics of the production profile are shown in Table 9 and in Figure 19.

**Table 9 : Plant production schedule and recovery (Source MOD)**

DESCRIPTION	LOM	MIN <sup>1</sup>	MAX <sup>1</sup>	FS <sup>1</sup>
Ore fed to mill (Mt)	34.4	2.8	3.2	3.0 <sup>2</sup>
Cu grade (%)	1.0	0.9	1.2	1.3
Ag grade (g/t)	13.2	8.7	15.9	14.0
Cu content (kt)	342.7	25.6	35.6	39.0
Ag content (t)	455.4	24.2	47.7	42.0
Recovered Cu (kt)	318.3	23.6	33.5	35.8
Recovered Ag (t)	401.0	21.0	42.7	37.0
Cu recovery (%)	93.1	91.3	94.3	91.7
Ag recovery (%)	88.1	86.6	89.5	88.2
Concentrate tonnes (kt)	1,037.4	73.1	106.8	106.4
Concentrate grade (% Cu)	30.4	27.4	33.3	33.6
Concentrate grade (g/t Ag)	383.37	244.8	516.1	348.0
Mass pull (%)	3.0	2.4	3.5	3.5

<sup>1</sup> Figures are on an annual basis.

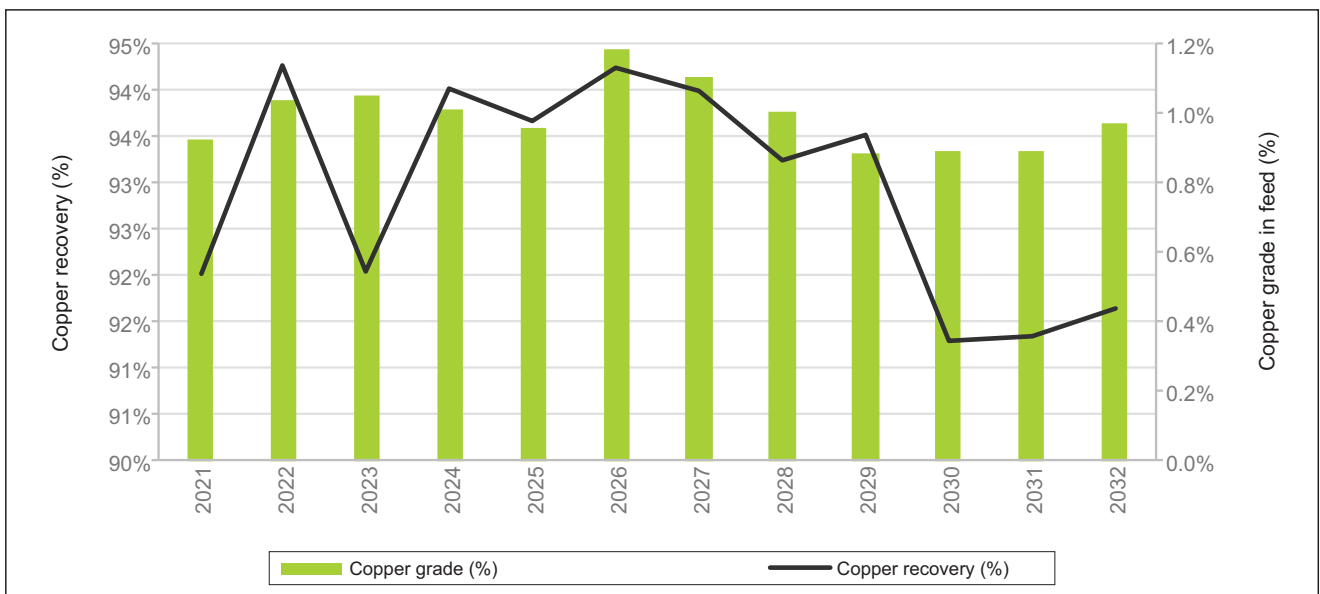
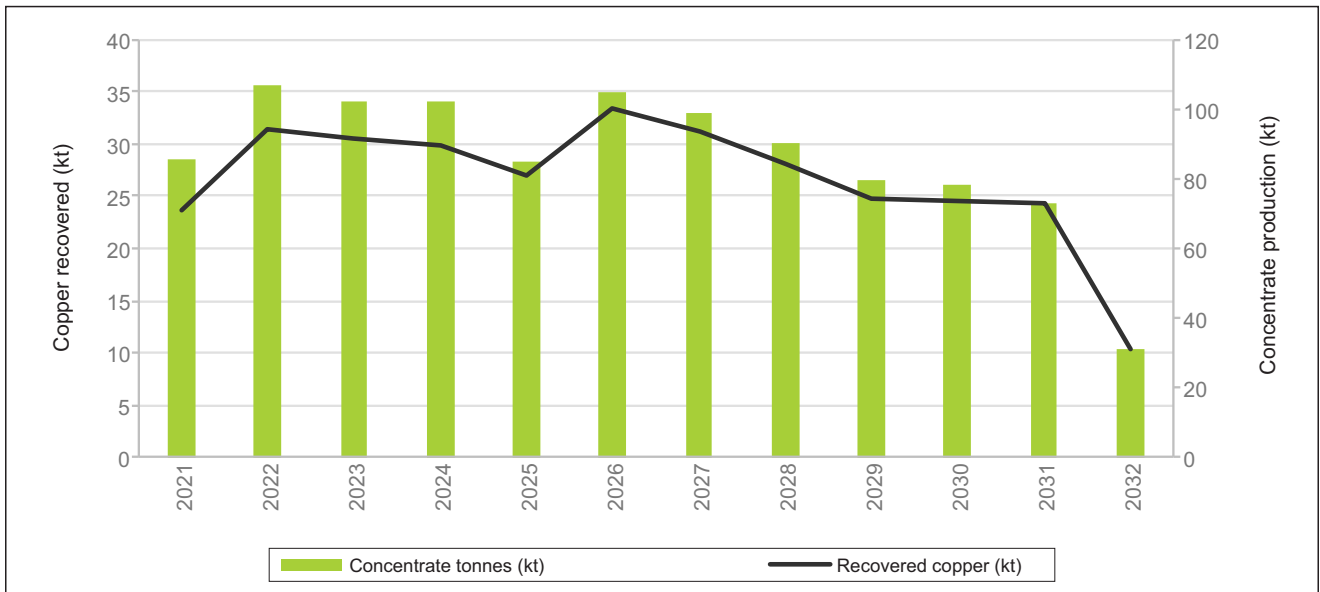
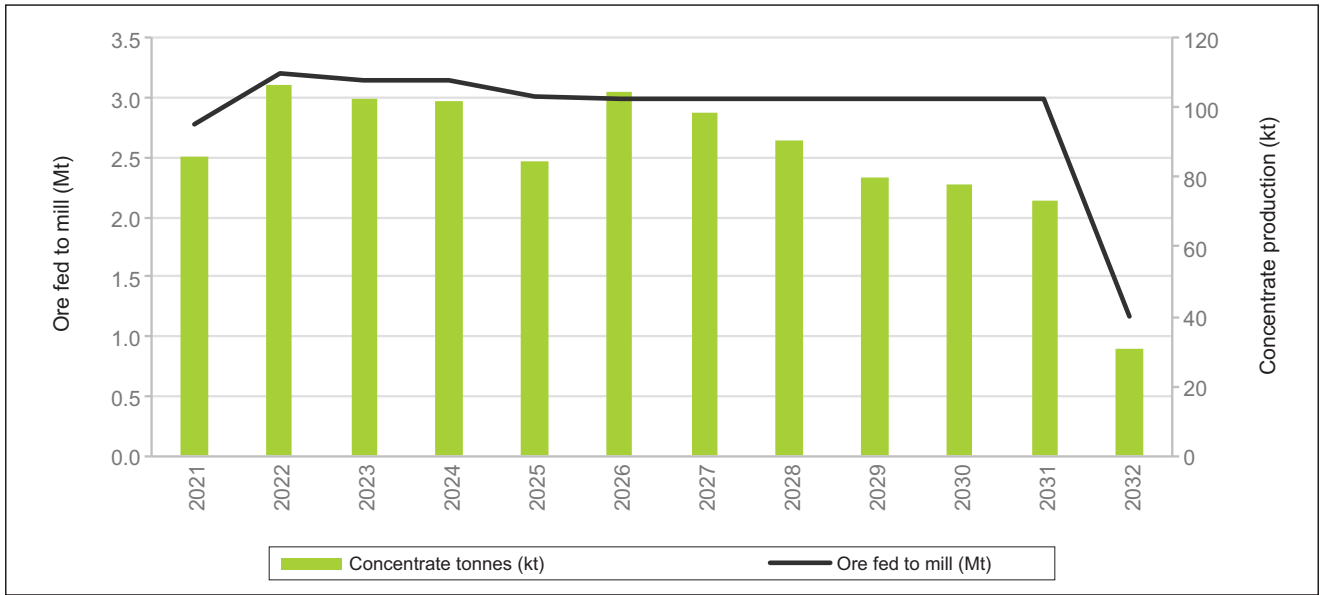
FS design Cu grade is 1.3%

<sup>2</sup> Based on design criteria

Based on data in Table 9, and in addition the mass balance which DTMA independently constructed, we conclude as follows:-

- plant feed: the plant feed in the financial model is in line with the mine plan as well as the plant PDC;
- Cu grade: the Cu grade in the feed material in the financial model is consistent, if not conservative with the mine plan and the plant PDC;
- Ag grade: although it varies, the LOM average grade is consistent with the mine plan and FS grade;
- the grade of Cu in final concentrate from the FS is higher than the average in the financial model potentially mitigating the risk deviations in the recoveries during the ore processing;
- based on data provided to DTMA and discussions held with MOD, the volume of oxide ore, based on current analyses, is minimal;
- Ag recoveries and grade in concentrate: the Ag recovery used in the financial model appears consistent with the PDC and FS. The large variation between the minimum and maximum achieved product grades is a result of the large variation in feed grade. This is not considered unreasonable, since the primary metal is Cu and mining and processing efforts are meant to maximize the recovery of Cu; and
- the mass pull is consistent with what other similar plants achieve.

Selected metallurgical metrics of the FS Model



## 12.8. Environmental permitting

For a mineral project, regulatory environmental approvals must be obtained before the commencement of exploration or mining, and the mining company must adhere to the terms and conditions of those approvals, as well as to the requirements of general environmental regulations, throughout the mining life cycle. The impacts of the current exploration activities are managed by a number of Environmental Management Plans (EMPs). As part of the FS and application for a ML, Tshukudu Metals appointed Loci Environmental (Pty) Ltd to undertake a detailed assessment, the Environmental and Social Impact Statement (ESIS/EMP) to obtain regulatory approval as required in terms of the Environmental Assessment Act No. 10 of 2011. Issuing the ML is subject to approval of the ESIS/EMP.

The statutory approval process is divided into the scoping phase (which entails stakeholder engagement, identification of key environmental and social areas, the Terms of Reference for the EIA) and the ESIS phase. The scoping report and the Terms of Reference were approved by the Department of Environmental Affairs in a letter dated 2<sup>nd</sup> August 2018 (reference DEA/GH/BOD/EXT/MINE 009 (5)). The draft ESIS report was revised and resubmitted to the competent authority following comments received and based on updated technical information contained in the FS. The majority of the potential impacts were assessed to be 'moderate' and 'slight' with suitable mitigation measures proposed to alleviate the impact. The 'significant' impact identified through the ESIS process was the likely loss of vegetation due to bush clearing and the increased risk and spread of communicable diseases such as HIV/AIDS and TB. Following the final ESIA approval, MOD intends to lodge a ML application.

The IFC Performance Standards and relevant guidance notes were applied during impact assessment process to help identify and manage environmental and social risks. These standards are considered good international industry practice as reflected in various internationally recognized sources including the World Bank Group. An environmental and social management plan (ESMP) was developed to mitigate all potential impact identified. MOD has made the following allowances for the implementation of the ESMP:

- Pre-construction (post ESIS): BWP 2 million
- In Construction phase: BWP 3 million
- In Operational phase: BWP 1 million annually

These ESMP costs were included as an allowance in the capital cost for initial development, ongoing costs under G&A for the environmental team (environmental manager, two environmental officers – social team members are not budgeted as part of T3, they are a corporate expense), and ongoing allowances in G&A for Environmental and closure studies. A large number of the social related commitments are allocated to the community relations team (corporate budget).

Apart from the approval of the ESIS, a number of additional approvals will be required prior to construction. The key outstanding approvals is shown in Table 10.

**Table 10 : Summary of regulatory environmental approvals required**

ITEM	PERMIT/LICENSE TYPE	AUTHORITY	RELEVANT LEGISLATION	BY WHEN
1	Mining License	Department of Mines	Mines and Minerals Act (1999)	Before Project construction start
2	ESIS Approval	Department of Environmental Affairs	EA Act (2010)	Before application for Mining License
3	Archaeological Impact Assessment (AIA) approval and development License	Department of National Museum and Monuments	Monuments and Relics Act (2001)	Before ESIS approval
4	Water borehole registration	Department of Water Affairs	Boreholes Act (1956)	When drilling boreholes for the Project
5	Water rights	Department of Water Affairs	Water Act (1968)	Before Project construction start
6	Permission to connect access roads to existing roads	District Council, Roads Department	Road Traffic Act (1981)	Before access road construction
7	Obtainment of surface rights	Deeds Registry	Tribal Land Act (1968), State Land Act (1966)	Before application for Mining License
8	Extension of Prospecting Licenses	Department of Mines	Mines and Minerals Act (1999)	Before PL expires

## 12.9. Operating costs

Operating costs in the T3 Project Model are based on the FS work conducted by Nicscotia Consulting (mining costs) (Nicscotia), Sedgman (processing costs, general and administration costs) and DSV (logistics costs). Although the FS states the costs reflect Q4 2018 money terms, Management confirms the costs reflect Q1 2019 money terms. Operating costs are at a  $\pm 15\%$  level of accuracy and include no contingencies.

According to the FS, operating costs were determined from first principles using the FS technical production parameters and supplier quotations for mining and processing costs. Personnel salaries and overheads were supplied by MOD.

DTMA confirmed that the operating costs are based on the operational parameters and activities contained in the technical sections of the FS (as summarised in the preceding sections).

In assessing the reasonability of the operating costs, DTMA corroborated the T3 Project Model cost assumptions to the underlying studies prepared by the 3<sup>rd</sup> party consultants mentioned above, and considered the overall costs against DTMA's experience of industry benchmark costs. For costs estimated by MOD, DTMA performed a more detailed review.

### 12.9.1. Mining costs

The mining operating costs were compiled by Nicscotia and were prepared on a contractor mining approach with costs based on quotations from five local and international mining contractors.

The contractor budget estimates covered a 143 month (11.5 year) LOM schedule which described the two different production phases; namely the initial four year pit development phase in which TMM of around 40Mtpa was planned and the subsequent period through to the end of the LOM in which around 11-13Mtpa was planned.

Operating costs were prepared on an activity basis, namely:-

- Drilling;
- Blasting;
- Loading;
- Hauling;
- Dumping;
- ROM re-handling; and
- Support services.

The MOD owner's team would provide key technical services and overall guidance and control of the appointed mining contractor, including the critical grade control function.

Conventional mining equipment and mining practices are to be deployed by the mining contractor with hydraulic excavators being used in backhoe configurations from elevated bench positions. Selective mining practices applied to the ore mining and bulk mining practices applied to the waste mining. Furthermore, the operating costs were developed through the integration of the following inputs:-

- LOM production and dumping scheduling;
- the application of conventional mining equipment and methods;
- the development of haul road profiles from the loading positions through to the final dumping destination sites including the ROM pad, other stockpiles and waste dumps; along with ongoing road maintenance and dust suppression;
- customised drill and blast designs for the different rock types using a waterproof 70/30 emulsion explosive blend;
- pit de-watering based on current hydrological and geo-hydrological assessments;
- mining manpower levels developed by Nicscotia and principally dictated by the variability of the mining fleet /operator compliment; and
- an overhead cost.

Total mining operating costs over the LOM have been reported as USD646.2m, which accounts for a LOM TMM of 230.2Mt. This equates to an average mining cost for the TMM over the LOM of 2.81 USD/t (It is noted that a portion of these mining costs were capitalised over the pre-stripping period (February 2020 to October 2020) at a similar TMM rate).

Nicscotia have estimated a mining contractor margin of 12% on the modelled cost price. This margin forecast is likely to be tested as the project moves into an operational phase and will be influenced by;

- Current tight mining fleet inventories;
- Anticipated future mining investment flows into the region; and
- The T3 Project's perceived low country, operational and commercial risk profile.

The derivation of the T3 Project LOM mining operating cost by Nicscotia has been underpinned by a thorough engagement with a range of local and international mining contractors. The forecast average LOM unit operating cost is considered to be acceptable for the location, scale and type of mining equipment proposed. The -15% to +15% accuracy of the operating cost estimate is considered acceptable. Further optimisation of the mining plan can be expected during the early pre-stripping and early mining stages and this should translate to a further reduction in the life of mine mining cost forecast.

### 12.9.2. Processing costs

Opex for the mineral processing plant have been estimated by considering fixed and variable costs, as follows:-

- fixed costs, comprising labour costs, equating to a total of USD3.14m per annum (or USD262k per month); and
- variable costs comprising reagents and consumables, equating to a total of USD1.67 per milled tonne and maintenance costs, equating to a total of USD0.88 per milled tonne. The total variables costs are USD2.55 per milled tonne.

The above mentioned FS fixed and variable costs have been adequately incorporated into the T3 Project Model, from the FS.

Costs of reagents have been estimated from first principles, by considering consumption rates determined by testwork and multiplying the consumption rates by the unit costs. Unit costs were supplied by various potential suppliers. Costs of consumables (e.g. mill liners) were estimated in a similar manner. This methodology is consistent with the procedures expected at a FS level.

Maintenance costs were estimated at 4-5% of the installed mechanical equipment capital costs for each plant area, compared to our expected range of 4-12% range which is widely accepted in the industry. Given the substantial level of planned sustaining capital this level of maintenance cost is considered adequate.

### 12.9.3. Power costs

Power costs account for 41% of processing costs at USD2.47 per feed tonne based on BPC fixed, energy and demand tariffs for large businesses (average of USD0.094/kWh). The T3 Project Model assumes that the BPC grid connection will be installed by the time operations commence and hence includes the cost at USD2.47/t.

MOD calculated an alternative cost of USD7.13 per feed tonne for running diesel generators to power the plant and other site infrastructure. This is based on a quote received from a mobile power plant supplier and fuel supplier based on diesel consumption of 0.283l/kWh and USD0.83/l for diesel.

In light of potential delays in power grid connection to site, and the power generation challenges faced by BPC, it is possible that the higher cost of USD7.13 per feed tonne may prevail for some time during the LOM.

### 12.9.4. Site administration costs

Site administration costs consists of general and administration costs (G&A) (including non-processing labour costs, mobile equipment costs and other miscellaneous expenses such as consulting fees, Information Technology (IT) equipment and general site administration), royalty and compensation payments.

Labour costs account for 75% of G&A costs, hence DTMA focussed its review on the reasonability of this cost element. Detailed schedules of mobile equipment costs and other overheads are considered to be adequate.

Given the contract-mining approach, DTMA considers the level of MOD management, technical and administration staff (60 personnel) and the departmental responsibilities covered to be adequate for the size of the T3 Project. However, these personnel do not include MOD's management and support structure in Botswana that manages the broader Tshukudu Metals, Tshukudu Exploration and MOD Botswana activities. The current Botswana staff contingent is likely to include a proportion of staff whose costs would not be fully and/or directly associated with the T3 Project.

Labour cost estimates per level are based on MOD Management's research on mining labour rates in Botswana. DTMA considers these rates reasonable but at the higher end of the remuneration scale. Botswana mining salaries tend to be higher than those in South Africa but given a current oversupply of mining labour in Southern Africa, MOD may be able to secure good local talent at lower rates. The isolated position of the T3 Project adds additional accommodation, transport and labour rotation requirements that potentially off-sets labour cost upsides.

On inspection of the Q1 and Q3 trial balances of the three Botswana companies and discussion with MOD Management, DTMA established that the non-T3 Botswana based G&A costs average between USD75,000 and USD100,000 per month, inclusive of labour costs, property rentals, transport costs and office expenses. Tshukudu Exploration and MOD Botswana are likely to continue exploration activities while T3 Project development is undertaken. As the value of the non-T3 exploration assets are excluded from the T3 Project Model and calculated separately, DTMA considers it appropriate to exclude the planned exploration costs from the valuation model. DTMA recommends that a cost of USD100,000 per month be included in the valuation model to cover non-T3 Project related G&A costs.

#### 12.9.5. Logistics costs

The FS established that the most optimal concentrate transport option is two-ton bulk transport into container shipping through the port of Walvis Bay. DSV performed the logistics study and costs were further reviewed by Hellman Logistics. Based on the logistics study and industry experience, DTMA concurs with the selected transport solution. The FS does not fully address what process would have to be followed to secure port throughput access at Walvis Bay, but the selection of containers as shipping storage solution should adequately mitigate against the risk of not obtaining access as Walvis Bay has an established and expanding container terminal. Walvis Bay's container terminal is currently undergoing a capacity increase project which is planned to increase the container handling capacity from the current 355,000 twenty-foot equivalent units (TEUs) to up to 1,005,000 TEUs. The expansion is scheduled for completion in June 2019.

Securing a road transport contractor for haulage from mine to port is not considered a significant risk, although it represents the highest logistics cost element at USD81.11 per concentrate tonne (63% per FS) or USD0.081/t per kilometre (~1,000km from mine to port). This cost falls within DTMA's benchmark road transport cost range for Southern Africa of between USD0.07 and USD0.10 per tonne per kilometre.

Some variability may occur in the port and sea freight charges included in the FS, but the DSV and Hellman studies suggest that the total costs are reasonable.

#### 12.9.6. Conclusion

With the exception of power costs and non-T3 Project Botswana G&A costs, DTMA has not identified any concerns regarding the specific operating cost assumptions contained in the T3 Project Model. Potential optimisation of the mine schedule could reduce mining unit costs.

According to the FS, operating costs were estimated at an accuracy of -15% to +15%. DTMA would expect an accuracy of at least  $\pm 10\%$  for a FS level estimate. The level of accuracy will likely improve once the FEED phase is completed.

Given the uncertainty of power costs, pre-FEED level of potential inaccuracy, the need for a marginal adjustment from Q1 2019 costs to Q3 2019 costs and the lack of contingency built into the T3 Project Model, DTMA suggests an appropriate inflation adjustment and a 5% contingency (excluding royalties, payability charges and farmers compensation) be added to total operating costs.

## 12.10. Capital costs

Capital costs in the T3 Project Model are based on the FS work conducted by Nic Scotia (mining), Sedgman (process plant and site infrastructure, Ghanzi accommodation camp, EPC costs), KP (TSF) and MOD (mine establishment and owner's project costs). Costs reflect Q1 2019 money terms and are at a  $\pm 15\%$  level of accuracy.

According to the FS, capital costs were determined from first principles using the FS technical production parameters; budgetary unit costs from Southern Africa contractors for civil, concrete, steel and mechanical works; data from recent similar studies and projects; and information provided by MOD.

DTMA confirmed that the capital costs are based on the operational parameters and activities contained in the technical sections of the FS (as summarised in the preceding sections).

In assessing the reasonability of the capital costs, DTMA corroborated the T3 Project Model cost assumptions to the underlying studies prepared by the 3<sup>rd</sup> party consultants mentioned above, and considered the overall costs against DTMA's experience of industry benchmark costs. For costs estimated by MOD (such as mine establishment and owner's project costs), DTMA performed a more detailed review.

### 12.10.1. Mine establishment, mine pre-strip and owner's project costs

MOD and Nic Scotia prepared the mining capital estimate which includes a mine establishment cost estimate as well as a capitalised mining cost component which describes mobilisation, and site establishment costs, along with the pre-strip mining costs through to the first ore production (Months 1-9). The estimate includes capital starting from June 2019. Capital expenditure incurred prior to June 2019 has been excluded from the estimate. An overall accuracy of  $\pm 15\%$  has been stated.

A mine establishment allowance of USD635k was prepared by MOD and includes WD construction and fencing costs for the open pit area.

The capitalised pre-strip cost of USD40.6m includes:-

- the pre-strip capitalised mining cost for Month 1 to Month 9: USD33.4m;
- site mobilisation cost: USD2.9m;
- site establishment cost: USD3.7m; and
- land acquisition payment: USD0.5m.

The capitalised mining costs were estimated from the contractor mining rates compiled by Nic Scotia and the pre-strip bill of quantities generated from the SRK pit design.

Total capital costs estimated by MOD, rather than 3<sup>rd</sup> parties, of USD13.8m represents less than 8% of total capital costs.

MOD included an allowance of USD0.6m for WD construction and fencing around the open pit, which appear to represent minor items not covered by the Sedgman site infrastructure cost estimate.

Owner's project costs of USD11.4m predominantly represents owner's project management and labour costs over the planned 18 month construction period. The labour costs of USD5.5m is based on the organisational structure and labour rates discussed in the Operating Costs section (these labour costs are capitalised in the construction phase of the Project and classified as operating expenses once operations commence).

MOD further included USD1.8m as a contingency to cover fencing, accommodation camp expansion and owners' scope of work.

Additional owner's labour costs may be incurred in the event of project timeline overruns (refer to Project Development section).



DTMA notes that the total site acquisition cost for 153-ML is USD2m. DTMA understand USD1.5m of this amount has been settled to date and another USD500,000 included in the T3 Project Model in mine establishment costs. MOD has also entered into land leases for site access and may considered future land acquisitions.

### 12.10.2. Process plant capital cost

The capital cost estimate for the plant was prepared on a commodity basis (i.e., earthworks, concrete, structural, etc.) and subsequently reported by area (i.e. crushing, milling, etc.). This is consistent with best practice, where each of the commodities for each of the areas of the plant are considered separately, using consumption and costs rates, and then reported per area.

The total capital cost estimate for the mineral processing plant is shown in Table 11.

**Table 11 : Capital cost for the mineral processing plant (Source MOD)**

AREA	AMOUNT (USDm)
Crushing / stockpile and reclaim	10.5
Grinding	18.9
Flotation	6.3
Tailings thickening and disposal	3.2
Concentrate filtration and storage	4.8
Reagent and services	5.2
<b>Total process plant capital</b>	<b>48.8</b>

DTMA assessed the manner in which the capital costs for the process plant were estimated and concluded that the procedure is consistent with best practice. The contingency applied (8.5%) appears reasonable, albeit at the lower end of the range. Generally, DTMA expects the capital costs for a FS level design to be within the 8-12% region.

### 12.10.3. Site infrastructure capital cost

Sedgman estimated a total of USD23.3m in site infrastructure capital costs (13% of total capex).

DTMA considers the main risk to this cost to be the potential for a longer access road due to final farm lease agreements and/or land purchases still having to be concluded. Farmers indicated potential other options that could increase the total road length of 14km (FS current cost estimate of USD3.6m). DTMA inspected relevant agreements at a high level (DTMA is not providing a legal opinion) and met with the impacted farmers. Access to a 1.5km stretch of the planned road is yet to be secured. An alternative with minimal additional length is available as are other longer route options.

Power supply and distribution capital cost is based on a 132kV overhead power line, HV switchboard and in-plant 11kV power reticulation (total USD4.0m). A significant risk is no capital cost has been planned for diesel generator sets in the event that BPC grid connection is delayed (Refer to the Project Development section for further detail on BPC grid connection). The base OPEX costs used in the financial model are for Grid power from BPC only, however should grid power be delayed the course of action is to rent generator sets.

The cost of the accommodation camp is based on five quotations and hence is deemed to be robust.

Concerns raised by neighbouring farmers regarding the impact of pit de-watering activities on the surrounding water table may require MOD to sink additional boreholes for monitoring purposes. Given that the total cost for 18 boreholes in the FS equates to only USD1.0m, the cost for a small number of monitoring boreholes should not be material.

#### 12.10.4. Tailings and water management

KP's TSF capital cost is based on two independent cost estimates that came to within 0.5% of one another, suggesting that the cost estimate is reasonable.

The FS TSF design has been prepared to accommodate a tailings deposition rate of 3.0Mtpa and a storage capacity of 34.4 DMT, although the proposed plant treatment rate during the first half of the project is as much as 3.2Mtpa. The construction of the TSF is planned in stages and thereby will accommodate the 34.4 DMT from the LOM, and an additional volume for entrained moisture based on consolidation / settling testwork.

The FS notes that changes to the LOM plan or throughput may impact the tailings management requirements for the site. Any significant increases in total throughput will require a review of the technical aspects of the TSF design.

#### 12.10.5. EPC and pre-production costs

Sedgman estimated a total of USD31.6m in EPC and pre-production costs. This includes an USD10.8m EPC fee, being 12.5% of combined direct, indirect and engineering allowance costs.

#### 12.10.6. Sustaining capital

The T3 Project Model includes a total sustaining capital of USD84m. DTMA considers a level of 5-10% of construction capital excluding mine development and landforms as a reasonable annual sustaining capital allocation. Hence, the T3 Project Model sustaining capital is considered reasonable.

#### 12.10.7. Contingencies

An EPC contingency of USD8.6m (9%) is included on process plant, site infrastructure and EPC scope of work, and USD1.3m (10%) on the TSF and water management.

Given that the FS level of accuracy is at  $\pm 15\%$  and the FEED phase is yet to be completed, DTMA recommends applying a 15% contingency over all development capital cost elements, replacing the contingencies included in the T3 Project Model.

This also addresses potential additional cost impacts to ensure sufficient pit dewatering / monitoring boreholes, land acquisitions and owner's cost on potential project development delays.

### 12.11. Closure costs

A conceptual mine closure plan was prepared by Rescology Environmental Consultants for the proposed T3 Project as a part of the EIA/EMP process and FS. The closure plan considers the national legislative framework, industry best practice and international guidance materials on mine closure and rehabilitation.

At this stage of the T3 Project, closure costs are expected to be a broad estimate (Class 3 or similar) with an accuracy of 30% and are based on preliminary mine site layouts and areas of disturbance by infrastructure type and a conceptual monitoring program. A contingency factor of 20% was applied.

Measurements and quantities used to determine the environmental rehabilitation liabilities were based on conceptual and PFS level of design engineering drawings. Rescology applied third party contractor rates in USD. It is recommended that local contractor and industry rates are applied in subsequent updates to increase the level of accuracy of the estimate. The total LOM Closure estimate calculated by Rescology is USD40.6m and is the closure cost considered in the T3 Project Model. The breakdown of the rehabilitation liability is shown in Table 12.

**Table 12 : Closure cost estimates**

<b>SITE PROJECT AREA</b>	<b>2019 CLOSURE ESTIMATE (USD)</b>
Land forms	23,828,137
Industrial infrastructure	5,712,224
Mining infrastructure	440,287
Water containment facilities	297,226
Groundwater infrastructure	58,880
Roads	29,635
Exploration	-
Water treatment - post closure	-
Post closure monitoring	525,000
Owner's management (closure and post closure)	2,982,886
Contingency	6,721,337
<b>Total cost estimate</b>	<b>40,595,612</b>

The bulk of the rehabilitation liability is related to the rehabilitation and profiling of Landforms (includes the TSF, WD, ore stockpiles and topsoil stockpiles) and demolition of industrial infrastructure (includes the process plant, administration buildings, magazine store, workshops, pipelines, power infrastructure and fencing). The closure plan and the liability estimate assumes that the open pit will remain and will not be backfilled. The estimate allows for making the pit slopes safe and for diverting surface runoff around the perimeter of the open void. It is unclear at this stage if the competent authority will permit the final land form and may require MOD to return the land to pre-mining state. It is recommended that the closure plan and cost estimate be updated at least every three years and should reflect changes in legislation, knowledge, design, operations and technology.

DTMA compared the mining schedule and general site infrastructure to the rest of the FS and confirmed that the T3 Project Model closure cost cash outflows match those of the closure cost model. The only exception noted from this high level review was that costs included in the closure cost model from 2037 to 2044 were included as one total in 2037 in the T3 Project Model. The majority of the closure costs are scheduled to incur in Year 3 and 4 after last production. The delay in rehabilitation is due to the TSF requiring a dry-out period before it is capped and rehabilitated.

Botswana regulations do not currently require mining companies to provide cash funding or other funding instruments to cover environmental rehabilitation liabilities. A change in regulation is widely expected and has been mooted by Government, particularly in the wake of large liabilities carried by Government on discontinued mining operations in Botswana.

In practice, it is likely that MOD would be required by future regulation or at the very least sound management practices, to ensure sufficient funds or funding instruments are in place to fund eventual mine closure. DTMA recommends that timing of closure cost cash outflows be adjusted in the valuation to reflect a USD/t allocation of cost based on annual production. On the basis of a total of 230.2Mt of material mined over the LOM (waste and ore), this would amount to USD0.176/t (USD1.18/t ore) in closure costs.

## 12.12. Metal sale payability

The T3 Project Model payability assumptions are based on a draft term sheet received from an international metals trader. DTMA had sight of the draft terms sheet and confirmed the Cu and Ag payability, deductions in terms of treatment charge (TC) and refining charge (RC), the Pb/Zn penalty and mercury (Hg) penalty per DMT of concentrate. No clear indication for oxide/transition concentrate was provided. The concentrate generated from the T3 plant is sulphide dominant, and the proportion of acid soluble material represents a small portion of the total tonnes processed and has been taken into consideration in the FS Model.

Per the T3 Project Model, the average Cu concentrate grade over the LOM is 30.4% Cu and 348g/t Ag, with MOD's calculation resulting in a net total payability of 96.71% Cu and 90% Ag. DTMA confirmed that the payability calculations in the T3 Project Model accurately reflect the payability per the trader's draft term sheet and industry norms.

The T3 Project Model assumes a Benchmark Settlement TC/RC of USD80.80 per tonne / USD0.0808 per pound based on the Antofagasta/Jiangxi settlement for 2019 (Metal Bulletin 15 November 2018). TC/RCs are paid by miners to smelters

to cover the cost of turning Cu concentrate into refined metal, and is generally agreed between the larger Cu producers and Chinese smelters on an annual basis. The Benchmark Settlement TC/RC prices for 2019 is at its lowest levels for the last 6 years (2013 to 2018), with a peak of USD107.00/USD0.107 in 2015 and an average of USD90.18/USD0.0902. According to Metal Bulletin (8 July 2019):

“Antofagasta, Chile’s largest listed Cu miner, has agreed to supply China’s two top smelting companies with Cu concentrate in the first half of 2020 at treatment and refining charges (TC/RCs) in the mid-USD60s per tonne/6s cents per lb. The half-year deals are closer in value to the spot Cu concentrates TCs, which are at multi-year low levels on tight availability. Fast markets’ Cu concentrates TC/RC index CIF Asia Pacific is at USD52.4 per tonne/ 5.24 cents per lb as of Friday July 5, the lowest since the index was launched in 2013.”

Lower TC/RC charges generally signal tighter Cu supply and should be considered in conjunction with short- to medium-term market balance and Cu pricing outlook. The ratio of TC/RC to Cu price also tends to be lower when Cu prices are higher. As an example, the ratio was as high as 2.01% in 2016 at a Cu price of USD2.201/lb, but as low as 0.95% in 2013 at a Cu price of USD3.34/lb. MOD’s assumed TC/RC and Cu price outlook of USD3.096/lb equates to a ratio of 1.18%, which is considered reasonable in light of historical ratios.

MOD assumed a 10% discount to the Benchmark TC/RC. DTMA understands that the discount can be between 5% and 20% depending on the Cu market balance at the time of negotiation. The 10% use is considered reasonable.

The metallurgical test results on the T3 Project Cu concentrates forecast the following for penalty metals:

- Zn Range: 0.02% to 6.24%; average 1.25%; and
- Pb Range: 0.03% to 21.18%; average 2.40%.

According to Metal Bulletin’s January 2018 Copper Concentrate Index, acceptable ranges are:

- Zn Base: Min. 2.00%; Max 5.0%; and
- Pb Base: Min. 0.07%; Max 5.5%.

Based on a combined Pb/Zn grade of 3.65% over the LOM and a penalty range of USD1.00/t to USD3.00/t of concentrate (DMT), the total penalty of USD1.6m included in the T3 Project Model is considered reasonable.

### 13. Ore Reserves

The updated Ore Reserves (25<sup>th</sup> March 2019) presented in Table 13 have been defined in accordance with the JORC Code (2012 Edition) and have been prepared from FS’s mine production schedule. The Ore Reserve category has at this stage been aligned to the Indicated Mineral Resource category. No Inferred category material has been incorporated into the Ore Reserve. It is noted that an average lowest ore grade of 0.22% Cu was incorporated into the LOM schedule and that this grade corresponded to a forecast marginal ore grade.

Appropriate modifying factors were applied to the Mineral Resource, more specifically ore losses were estimated at 9% and diluted tonnages at 8%. Metallurgical recoveries were integrated into the block model using algorithms derived from the metallurgical test work programme.

**Table 13 : T3 Project JORC Ore Reserves (25<sup>th</sup> March 2019) (Source MOD)**

OPEN PIT ORE RESERVE CATEGORY (25 MARCH 2019)					
RESERVE CATEGORY	TONNES (MT)	Cu GRADE (%)	Cu CONTENT (KT)	Ag GRADE (g/t)	Ag CONTENT (MOz)
Proven	-	-	-	-	-
Probable	34.4	1.0	342.7	13.2	14.6
<b>Total Ore Reserve</b>	<b>34.4</b>	<b>1.0</b>	<b>342.7</b>	<b>13.2</b>	<b>14.6</b>

Ore Reserves were based on metal prices of USD2.91/lb and USD16.81/oz.

The Ore Reserves are aligned to the JORC Code (2012 Edition) and has included marginal cut-off grade tonnage. Appropriate modifying factors have been applied to the Mineral Resource to ore reserve conversion. The T3 Project’s

sensitivity to the Cu price is noted and as such the Ore Reserves sensitivity to lower metal process should be monitored particularly where long term Cu price forecasts are adjusted lower than 5%.

## 14. Valuation of Exploration Projects

DTMA was commissioned by Deloitte Australia to perform an independent valuation of MOD's Exploration Projects in accordance with the VALMIN Code (2015 Edition). To achieve this objective, DTMA has used the appropriate valuation methods, after examining each PL/exploration project on its merits.

### 14.1. Valuation methodologies

Any decision to apply a valuation technique will depend principally on the stage to which a project has been developed, the geological confidence and the potential of the Mineral Asset to demonstrate reasonable and realistic prospects for eventual economic extraction. The valuation approach for a greenfields project will be substantially different from that applied to a well-drilled, extensively explored Mineral Asset. Changes in the value of a Mineral Asset are associated with increasing confidence through increased knowledge, as well as the greater degree of probability of it being brought to account. An appropriate valuation recognises these possibilities.

Furthermore, a valuation exercise may produce different outcomes for the same Mineral Asset depending on which valuation method has been applied and, therefore, a realistic and reasonable range of values will be given.

Since the PLs of MOD are at different stages of development, different valuation approaches will be adopted in accordance to the VALMIN Code. The three main different valuation approaches, as stipulated in the VALMIN Code, are the Cost Approach, Market Approach/ Comparative Approach and the Income/Discounted Cashflow (DCF) Approach. In terms of the MOD Mineral Assets, DTMA has taken cognisance of the T3 Project Mineral Resources and Ore Reserves for the FS, which is the surface deposit. With further exploration the mineralisation at depth that is beyond the pit limits and current Mineral Resource limits has not been taken account of in the valuation.

The valuation approaches incorporate the respective Mineral Resource and Mineral Reserve categories on the following basis:-

- stage of development;
- level of geological confidence in the interpretation of the geology and mineralisation;
- the depth of the defined Mineral Resources and Ore Reserves relative to surface i.e., whether the Mineral Resources are likely to be mined early, or later in the production plan, and at what relative cost;
- the availability of existing mining infrastructure and mineral production within the project area, i.e. whether the undeveloped Mineral Resources and Ore Reserves are likely to be mined as an extension of a pre-existing operation; and
- relative difficulty or ease of mining conditions largely due to complex geological structures, and whether or not they are conducive to mechanised mining.

In conducting Mineral Asset valuations, DTMA considers the following categories of Mineral Assets:-

- defunct properties - a Mineral Asset on which the Mineral Resources and Mineral Reserves have been exhausted and exploitation has ceased, and that may or may not have residual assets and liabilities
- exploration projects - properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified;
- Mineral Resource properties - properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development. Properties on care and maintenance and properties held on retention titles are included in this category if Mineral or Petroleum Resources have been identified, even if no further valuation, technical assessment, delineation or advanced exploration is being undertaken;
- development Projects - properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels; and
- Production Properties - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Therefore, according to these categories, MOD's Exploration Projects to be valued can be classified as Exploration Projects.

Where insufficient confidence exists in the technical parameters of a mineral deposit, or Mineral Asset, to classify resources, valuation methods mainly rely on the principle of historical cost. This implies that a Mineral Asset's value is related to the money spent on its acquisition, plus a multiple of the exploration expenditure, depending upon the degree to which its prospectivity has been enhanced by exploration.

Once Mineral Resources are classified, then market comparisons can be made on a monetary value per unit of mineralisation (e.g. USD/lb). As the confidence in Mineral Resource estimates is increased, i.e. from Inferred Mineral Resources to Indicated Mineral Resources and Measured Mineral Resource, so is the veracity of the valuation. After technical studies establishing the basis for future economic exploitation have been carried out, DCF methods are applicable.

Table 14 summarises the valuation approaches and the underlying methodologies that DTMA adopts in Mineral Asset valuation, whilst Figure 20 shows the general movement of projects up the value curve with increasing amount of geoscientific knowledge. In other words, Table 14 and Figure 20 illustrate the link between a project's development status and the most appropriate valuation methodology.

**Table 14 : Valuation approaches and methodologies**

DESCRIPTION	COST	SALES / MARKET	CASHFLOW
Dormant properties	Yes	Yes	No
Exploration properties	Yes	Yes	No
Mineral Resources	Yes	Yes	Yes
Development properties	No	Yes	Yes
Production properties	No	Yes	Yes
Defunct properties	Yes	Yes	No

Certain valuation methods are more widely used and may be more generally acceptable as industry practice than others, although this could change over time. Some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to check valuations by primary methods but it is imperative to use at least two methods. Therefore, from Table 14 and Figure 20, MOD's Exploration Projects will be valued using the Cost and Market Approaches.

## 14.2. Valuation date

The effective date of the Valuation is the date of this report.

## 14.3. General mineral asset valuation assumptions

The Exploration Projects (or Assets) have been valued using appropriate methodologies as described in the relevant sections to follow. These valuations have been based on a number of specific assumptions as discussed in the relevant sections, including the following general assumptions, as relevant:-

- that all information provided to DTMA, by MOD and its contractors can be relied upon;
- that the legal status of the mineral rights and statutory obligations were fairly stated;
- that the mineral licences will be kept valid and that they can be converted to ML in the future;
- that the permitting and area (ha) are accurate;
- that expired PL will be successfully renewed;
- that the PLs will be kept valid;
- that all other regulatory approvals for exploration and mining will be timeously obtained;
- that the corporate structures and on-going activities are fairly presented;
- that reliance can be placed on the exploration expenditures provided by MOD;
- that reliance can be placed on the Financial Statements and Management Accounts provided by MOD;
- that reliance can be placed on the current Mineral Resource and/or Reserve statements;
- that the quality of the base metals lends itself to the production of a marketable product;

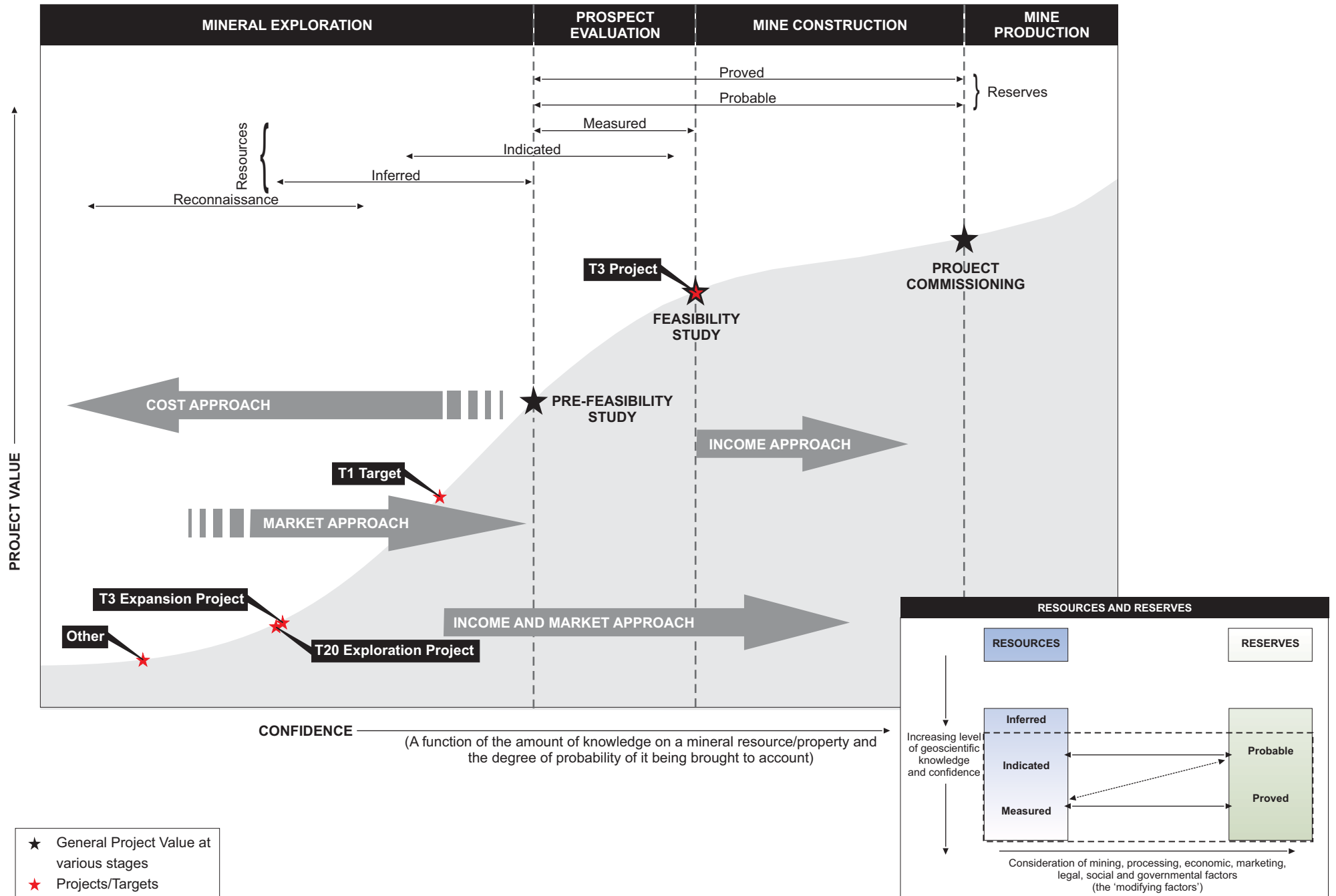
- that MOD and its subsidiaries would continue as going concerns and would continue to be fully funded;  
and
- that MOD would be able to secure markets and offtake for any future operations.

DTMA made due enquiry into these issues to be satisfied of the potential impact on the Mineral Asset valuation. DTMA has relied upon and assumed the accuracy of the information provided to it in deriving its opinion. Where practical, DTMA has corroborated the reasonableness of the information provided to it for the purpose of its valuation, whether in writing or obtained in discussion with management of MOD, by reference to publicly available or independently obtained information.

DTMA's valuations are based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect these valuations, and DTMA is under no obligation to update, review or re-affirm its valuations based on such developments.



Project lifetime value and valuation methodology curve for mineral projects



## 14.4. Cost Approach

The Cost Approach relies on historical amounts spent on the Mineral Asset. References to historical costs imply that a Mineral Asset's value is related to the money spent on its acquisition, plus a multiple of the exploration expenditure, depending upon the degree to which its prospectivity has been enhanced by exploration. Through the introduction of a Prospectivity Enhancement Multiplier (PEM), a premium or discount multiplier can be applied to the total cost of exploration to-date, depending on whether the exploration expense being considered has relatively enhanced the prospectivity of the target or not.

The subjectivity of the method is reduced by addressing specific expenditures with reference to the relevance of the type of mineralisation being considered and the effectiveness of the exploration. A measure of the effectiveness of a historical exploration programme is the confidence that can be ascribed to the resultant Mineral Resource or level of exploration and results estimate.

In conducting the Mineral Asset valuations using this method, DTMA considered the prospectivity of the respective Exploration Projects, taking cognisance of the classification of exploration phases illustrated in Table 15. This table represents DTMA's standard PEM schedule for base metals deposits. The magnitude of the PEM is determined by the level of sophistication of the exploration for which positive exploration results, applying the concept of successful efforts, have been obtained.

**Table 15 : PEM schedule for base metals deposits**

	EXPLORATION ACTIVITY	EXPLORATION PHASE	LOWER PEM	UPPER PEM
0	Project about which nothing is known, but which has possible merit on a conceptual basis	Exploration concept	0.0	0.2
1	Historical and literature study, records or evidence of base metals findings in the area. Historical artisanal mining data if any	Desktop study	0.2	0.5
2	Geological mapping if terrain suitable. Palaeo topographical mapping. Historical drilling with intercept data, no laboratory assay	Reconnaissance	0.5	0.75
3	Detailed outcrop mapping, identification of base metals hosting strata, base metals seam outcrop mapping. Sampling of exposed base metals seams where available. Historical drilling data with intercept and analyses, but of questionable authenticity	Ground follow-up	0.75	1.0
4	Ground geophysics, remote sensing techniques (e.g. seismic investigation). Reliable historical drilling, but correlations difficult due to density of drilling	Target follow-up	1.0	2.0
5	Diamond core drilling, widely spaced grid with preliminary base metals analysis. Confirm preliminary economics. First-pass tonnage estimate. Inferred base metals Mineral Resource	First-phase drilling	2.0	5.0
6	Infill drilling, detailed base metals analyses and mineral dressing assessment. Establish base metals qualities, market potential, detailed resource tonnage estimation, mineral dressing parameters. Inferred and indicated base metals Resource classification	Resource drilling and laboratory testwork	5.0	11.0
7	Previous exploitation on a production basis, establishing reliable and well documented quality, tonnage, recoveries and products etc. Measured base metals Mineral Resource	Historical mining	11.0	20.0
8	Complete FS, establish economics, and design a mine of an appropriate nature. Classification of base metals Reserves	Reserve classification	>20	

In DTMA's opinion, these PEM values reflect fair and reasonable multipliers based on the amount of work associated with and/or development status of any particular PL.

In order to establish an appropriate PEM, each PL valued using this method was classified taking cognisance of Table 15, with appropriate adjustments, knowing that each new exploration phase was carried out contingent upon the successful

outcome of the preceding phase. In addition, the PEM selected was reviewed taking into consideration proximity to well understood Resource areas, drillhole density and a qualitative assessment of the prospects for eventual extraction.

The costs association with PL acquisition were also considered and incorporated as deemed appropriate into the overall valuation, but were not multiplied by a PEM.

DTMA has analysed and rated the contributing properties according to the results achieved from historical and recent exploration activities as well as the success these activities have had on the classification of base metals Mineral Resources over the various properties, and the prospects for development.

Exploration expenditures associated with exploration on MOD's Exploration Projects, where available and relevant, are summarised in Appendix B.

The summary of the valuation dynamics using the Cost Approach is shown in Table 16:-

**Table 16 : Summary of valuation using the Cost Approach**

DESCRIPTION	OWNER <sup>1</sup>	PROJECT VALUE (USDm)		
		LOWER	UPPER	MEAN
T1 Target	MOD Botswana	10.9	13.7	12.3
T3 Expansion <sup>2</sup>	Tshukudu Exploration	11.2	14.0	12.6
T20 Exploration	Tshukudu Exploration	1.4	2.2	1.8
Other PLs	Other MOD Botswana	1.3	2.6	2.0
Other Tshukudu Metals (TEX)	Other Tshukudu Exploration	4.7	7.4	6.0
Precious Stone licenses	MOD Botswana	0.0	0.0	0.0
	<b>TOTAL</b>	<b>29.5</b>	<b>39.9</b>	<b>34.7</b>

All values presented on a 100% attributable basis.

<sup>1</sup> MOD owns various PLs through its Botswana registered subsidiaries Tshukudu Metals – 100% owned, MOD Botswana – 100% owned and Tshukudu Exploration – 70% owned

<sup>2</sup> PL190/2008 is held by Tshukudu Metals, where an area of ~25km<sup>2</sup> covering the T3 Project will be submitted as the ML area, where upon the remaining area of PL190/2008 might be transferred to Tshukudu Exploration upon award of the ML

Therefore, according to the Cost Approach, the Exploration Projects of MOD have been estimated on a 100% attributable basis to be valued at between USD29.5m (lower value) and USD39.9m (upper value), with a mean of USD34.7m.

## 14.5. Market Approach

The Market Approach relies on the principle of "willing buyer, willing seller" and requires that the amount obtainable from the sale of the asset is determined as if in an arm's length transaction. However, in order to arrive at reasonable market values with which to compare any Mineral Asset undergoing valuation, appropriate recent and historical transactions must form the basis.

The quantification of unit values is a subjective one but DTMA is of the opinion that the ranges defined are reasonable in light of historic transactions and considering the following:-

- stage of development of the project;
- location of the mineral deposit;
- proposed mining method;
- the quality of the deposits;
- the classified Mineral Resources;
- infrastructure and logistics; and
- timing of potential exploitation.

Ordinarily, DTMA would consider Mineral Resources declared on a Mineral Asset and perform a valuation based on the USD amount per contained unit of metal (the USD/t method). However, since no Mineral Resources have been declared on the Exploration Projects, DTMA relied on the USD/km<sup>2</sup> method, commensurate with the early stage nature of the Exploration Projects. This method is based upon other, preferably recent, arm's length transactions and valuations of a similar nature, which determines a monetary value per unit land area (USD/km<sup>2</sup>). DTMA has plotted recent transactions and valuations of a similar nature in relation to their specific stage of exploration (as shown in Figure 21) in order to make the necessary comparisons.

Figure 21 was created by separating various exploration projects on the basis of their development stage in the following manner:-

- entry-stage projects where little work has been carried out and is mainly limited to regional exploration and geophysics;
- mid-stage projects where some work has been carried out. This work includes, but is not limited to geochemical sampling, preliminary drilling and trenching; and
- advanced-stage projects where the development status has exceeded the mid-stage but no mining operations have been commissioned. Typically, some Scoping and Feasibilities Studies have been carried out in these projects.

The data presented in Figure 21 shows a distinct difference in the transaction value associated with properties on which drill confirmed targets and/or drilling has taken place and properties on which only geophysics has taken place. Empirically this makes good sense as drilling follows geophysics and represents a progression up the exploration value curve towards a declaration of Mineral Resources. It also demonstrates the premium that the market is prepared to pay for projects associated with historical estimates of mineralisation (i.e. projects for which a positive indication of potential economic viability has been made).

It is worth mentioning that the transactions that form the basis of Figure 21 involve total land areas that are ordinarily much larger than the average areas of each of the Exploration Projects. In addition, these areas get smaller as the development stage progressively increases illustrating the fact that as a project moves up the value curve, exploration is concentrated on smaller, more prospective, areas. Furthermore, no “clean-cut” boundary exists between the different categories and this is reflective of reality, the different market forces at play and the strategic value each project represents to its prospective buyers.

In allocating values to the MOD Exploration PLs DTMA utilised the relative prospectivity classifications from Table 15:-

- Northern Structural Corridor (NSC) as mid-stage projects;
- Southern Structural Corridor (SSC) as entry-stage projects; T3 Project is hosted in the SSC;
- Central Structural Corridor (CSC) as entry-stage projects; and
- Other as entry-stage projects.

The summary of the valuation dynamics of the Exploration Projects using the Market Approach is shown in Table 17:-

**Table 17 : Summary of valuation using the Market Approach**

ASSET <sup>1</sup>	AREA (Km <sup>2</sup> )	UNIT VALUE (USD/Km <sup>2</sup> )		PROJECT VALUE (USDm)		
		LOWER	UPPER	LOWER	UPPER	MEAN
T3 Expansion	683	10,000	15,000	6.8	10.2	8.5
T20 Exploration <sup>2</sup>	1,825	4,000	5,000	7.3	9.1	8.2
Other PLs	3,053	1,000	2,000	3.1	6.1	4.6
Other Tshukudu Metals (TEX)	7,455	1,000	2,000	7.5	14.9	11.2
Precious Stone licenses	3,562	0	0	0.0	0.0	0.0
<b>Total / Average</b>	<b>16,578</b>	<b>1,486</b>	<b>2,436</b>	<b>24.6</b>	<b>40.4</b>	<b>32.5</b>

All values presented on a 100% attributable basis.

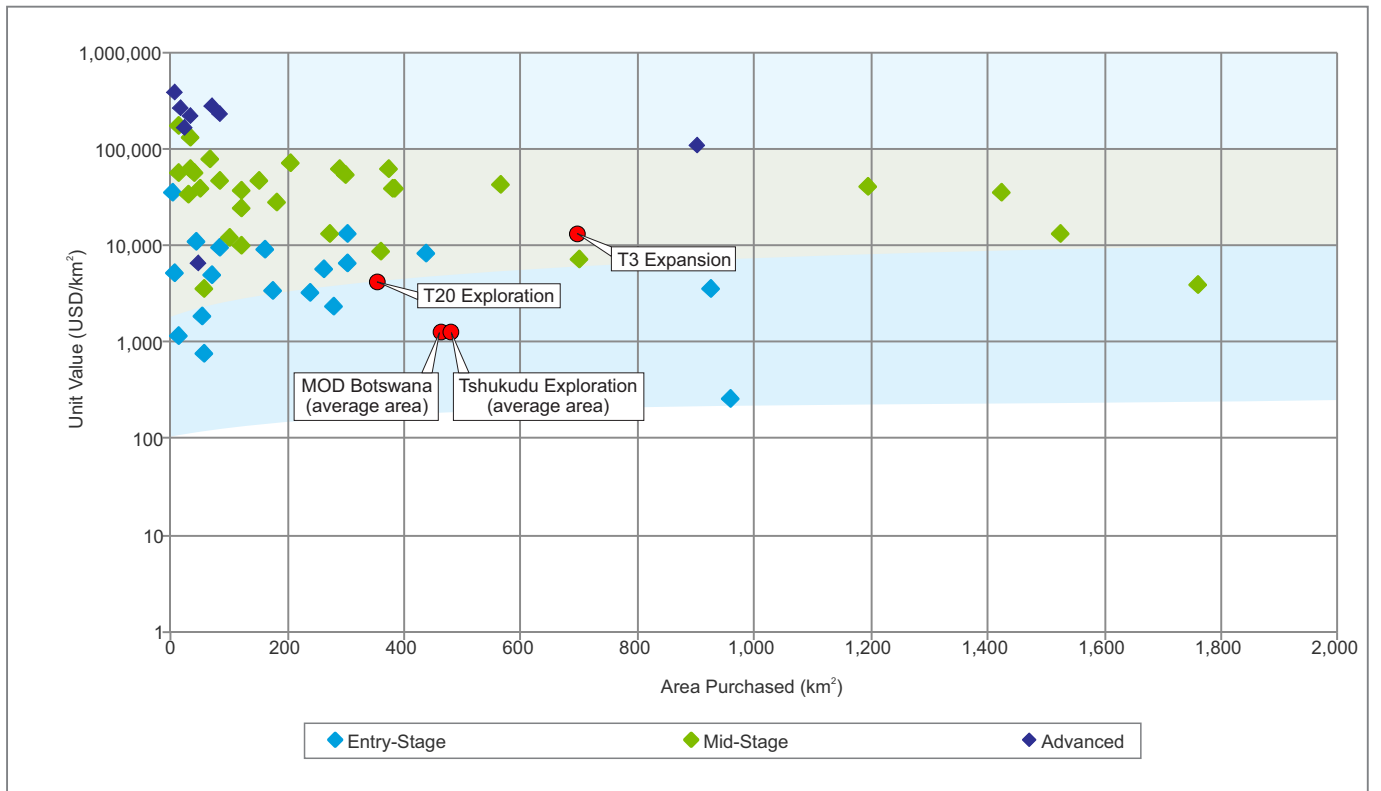
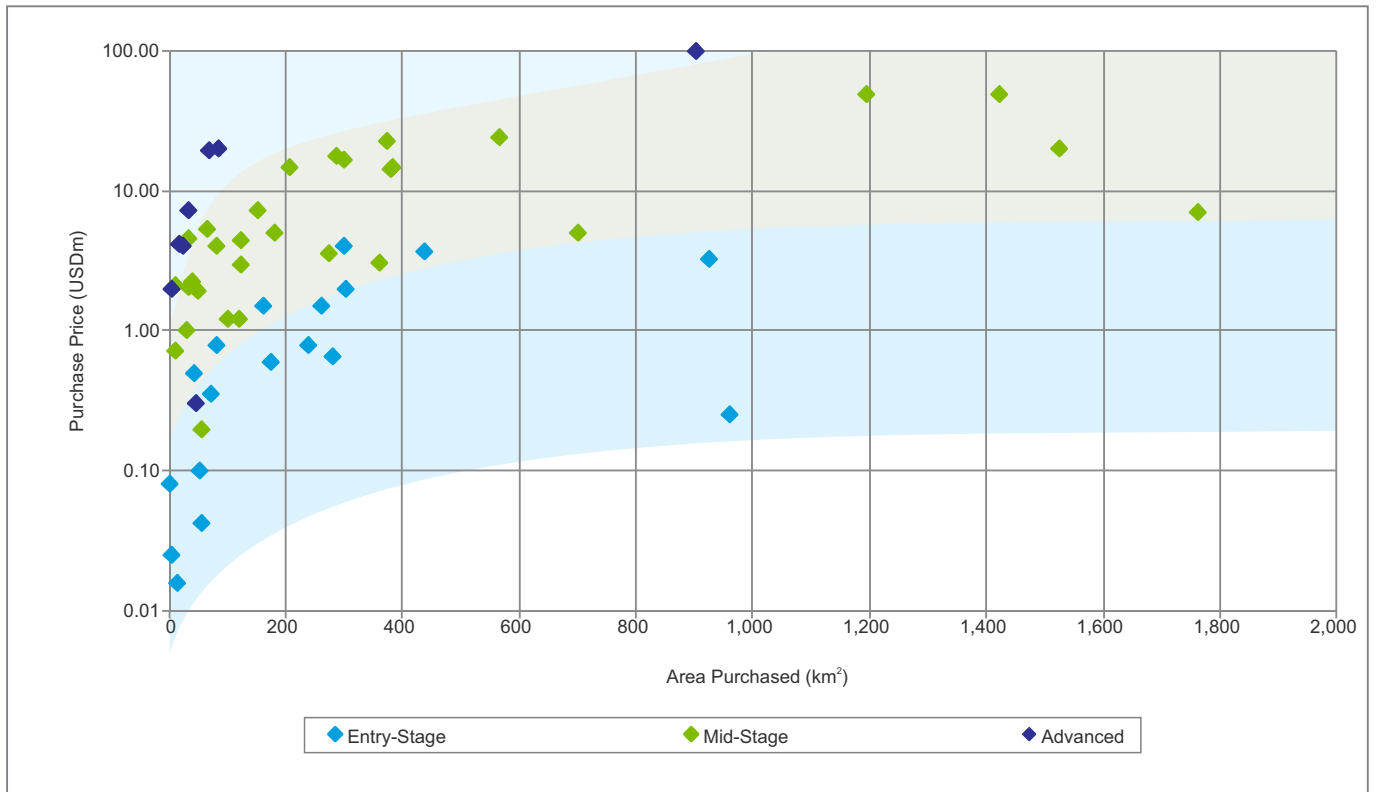
<sup>1</sup> MOD owns various PLs through its Botswana registered subsidiaries Tshukudu Metals – 100% owned, MOD Botswana – 100% owned and Tshukudu Exploration – 70% owned.

<sup>2</sup> PL190/2008 is held by Tshukudu Metals, where an area of ~25km<sup>2</sup> covering the T3 Project will be submitted as the ML area, where upon the remaining area of PL190/2008 might be transferred to Tshukudu Exploration upon award of the ML

The Precious Stone licenses were given a zero value as these assets are not considered material being at the Exploration Concept level.

The Market Approach has therefore valued the Exploration Projects at between USD24.6m (lower value) and USD40.4m (upper value) with a mean value of USD32.5m.

The DTMA base metals exploration projects valuation curve (USD/km<sup>2</sup>)



## 14.6. Valuation of Resource Projects

### 14.6.1. Valuation of the T1 Target using the USD/lb Market Approach

The T1 Target has been valued using the USD/lb Market Approach, considering that it has Mineral Resources declared. The principles described in Section 14.5 were applied in this valuation, the main difference being that the proxies used consisted of Mineral Assets with Mineral Resources on them.

Figure 22 summarises DTMA's database of recent unit market valuations within the context of the Cu markets, with reference to the respective resource and reserve classifications. DTMA has utilised its entire copper transaction database to derive an appropriate comparable transaction value. DTMA maintains a database of copper transactions of various qualities and unit market capitalisations of copper companies, which is continually updated. This information is collated to produce a DTMA Copper Valuation Curve (the curve) and is illustrated in Figure 22. This curve demonstrates the range of indicative market-related values of USD/lb contained Cu attributed to the different categories of Mineral Resources and Mineral Reserves.

DTMA plotted the T1 Target on its Copper Valuation Curve taking into consideration the following:-

- location of the mineral deposits;
- depth of the deposits and proposed mining method;
- the classified Mineral Resources;
- infrastructure and logistics; and
- timing of potential exploitation.

The T1 Target Market Approach valuation results is summarised in Table 18:-

**Table 18 : Exploration Project valuation summary**

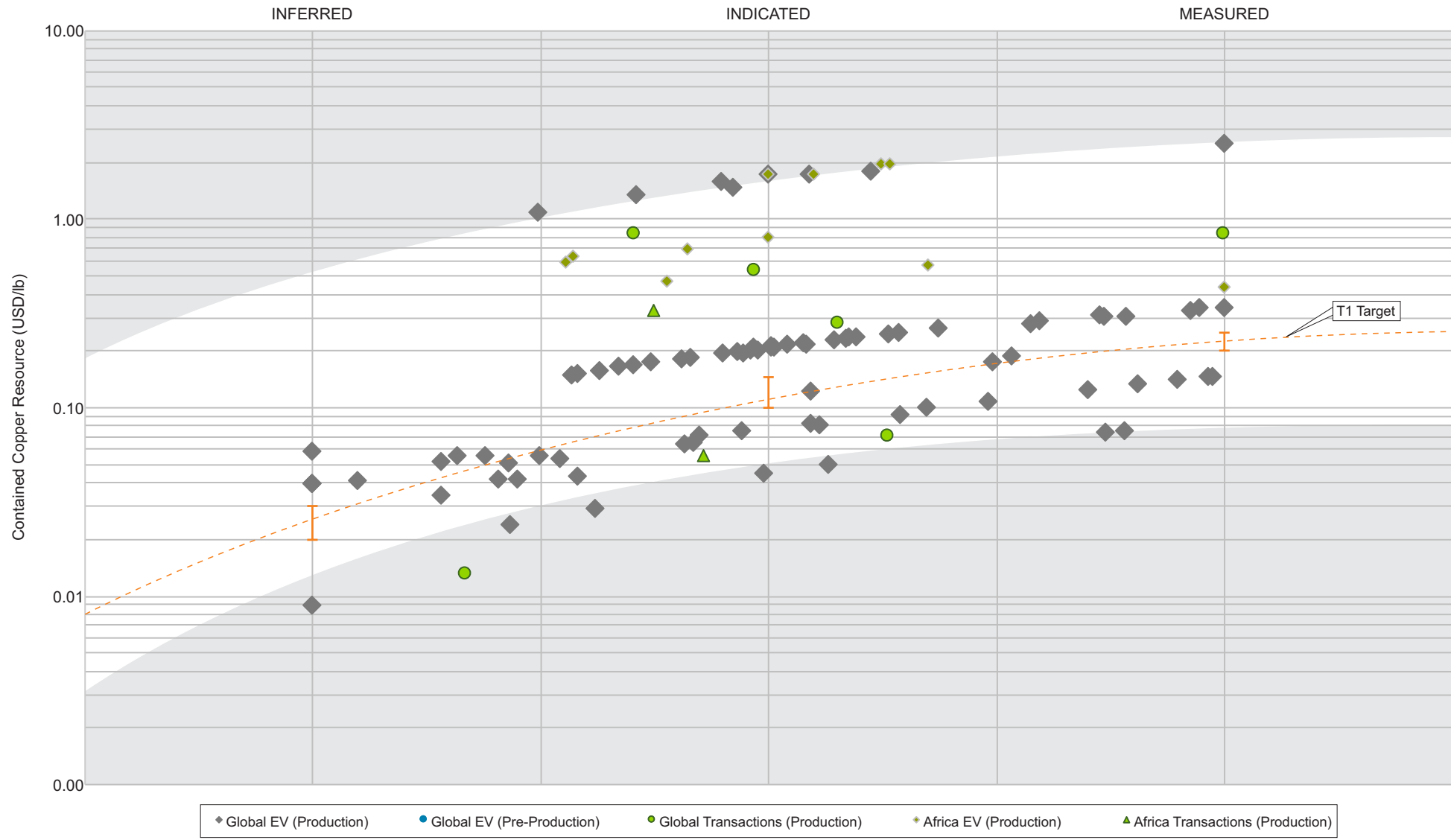
MINERAL RESOURCE		TONNES (MT)	CU CONTENT (KT)	AG CONTENT (MOz)	CU WITH AG CREDITS (Mlb)	LOWER UNIT VALUE (USD/lb)	UPPER UNIT VALUE (USD/lb)	LOWER VALUE (USDm)	UPPER VALUE (USDm)	MEAN (USDm)
T1 Target	Measured	0.5	10.0	0.8	27.0	0.20	0.25	5.4	6.7	6.1
	Indicated	1.7	32.3	2.7	87.4	0.10	0.15	8.7	13.1	10.9
	Measured and Indicated	2.2	42.3	3.5	114.4	0.12	0.17	14.1	19.9	17.0
	Inferred	0.4	10.9	0.8	28.9	0.02	0.03	0.6	0.9	0.7
	Subtotal	2.7	53.2	4.3	143.3	0.10	0.14	14.7	20.7	17.7

The Market Value calculated for T1 Target is considered to be low considering the Mineral Resource was stated at a cut-off of 1% Cu which is considered high in comparison to the proxies used.

### 14.6.2. Value of T3 Project Resources not included in the LOM

DTMA assessed whether the T3 Project Mineral Resources that are not included in the LOM plan (mostly the Inferred Resources) may represent additional value. These Resources are located below and adjacent to the FS pit design. Although further pre-construction pit optimisation is possible, it is unlikely at this point to increase the quantum of Resources included in the LOM plan and hence the current Ore Reserve presents the likely final pit outcome based on current information. Additionally, as noted above, the Resources below the current pit bottom are based on an opencast cut-off and not modelled as a separate underground Resource. Hence, in the absence of mid-life optimisation to extend the pit shell, this means that the potential for further value beyond what is captured in the FS is currently not demonstrable. On the basis of these considerations, DTMA concludes that any potential additional value related to the Mineral Resources not in the LOM plan cannot be demonstrated at this point.

The DTMA USD/lb Copper Valuation Curve





## 14.7. Summary of valuation of Exploration Projects

DTMA has performed a valuation of MOD's Exploration Projects using the Cost and Market methods in accordance with the VALMIN Code and the results are summarised in Table 19:-

**Table 19 : Exploration Project valuation summary**

ASSET	OWNER <sup>1</sup>	MARKET APPROACH		COST APPROACH		SELECTED RANGE		PREFERRED
		LOWER (USDm)	UPPER (USDm)	LOWER (USDm)	UPPER (USDm)	LOWER (USDm)	UPPER (USDm)	VALUE (USDm)
T1 Target	MOD Botswana	14.7	20.7	10.9	13.7	13.7	14.7	14.7
T3 Expansion Project	Tshukudu Exploration <sup>2</sup>	6.8	10.2	11.2	14.0	11.2	14.0	11.2
T20 Exploration Project	Tshukudu Exploration	7.3	9.1	1.4	2.2	1.4	2.2	1.4
Other PLs	MOD Botswana	3.1	6.1	1.3	2.6	1.3	2.6	1.3
Other PLs	Tshukudu Exploration	7.5	14.9	4.7	7.4	4.7	7.4	4.7
Precious stones PLs	MOD Botswana	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>MOD Botswana</b>	<b>17.8</b>	<b>26.8</b>	<b>12.3</b>	<b>16.3</b>	<b>15.0</b>	<b>17.3</b>	<b>16.0</b>
<b>Sub-total</b>	<b>Tshukudu Exploration</b>	<b>21.6</b>	<b>34.3</b>	<b>17.4</b>	<b>23.5</b>	<b>17.4</b>	<b>23.5</b>	<b>17.4</b>
	<b>TOTAL</b>	<b>39.6</b>	<b>61.1</b>	<b>29.6</b>	<b>39.8</b>	<b>32.4</b>	<b>40.9</b>	<b>33.4</b>

All values presented on a 100% attributable basis.

1. MOD owns various PLs through its Botswana registered subsidiaries Tshukudu Metals (100% owned), MOD Botswana (100% owned) and Tshukudu Exploration (70% owned).
2. PL190/2008 is held by Tshukudu Metals, where an area of ~25km<sup>2</sup> covering the T3 Project will be submitted as the ML area, where upon the remaining area of PL190/2008 might be transferred to Tshukudu Exploration upon award of the ML

DTMA considered the Market Approach to be the most reliable valuation method for the T1 Target given that it has a Mineral Resources declared. In light of the low level of confidence placed on the USD/km<sup>2</sup> valuation metrics used for the remaining PLs, DTMA considers the Cost Approach to provide the most reliable valuation metrics in this case. DTMA has elected to utilise the lower end of the Cost Approach and Market Approach (T1 Target) as its preferred value, resulting in a value of MOD's Exploration Projects of USD33.4m on a 100% attributable basis.

DTMA's scope did not extend to expressing a value of the T3 Project, other than the potential value of T3 Project Resources not included in the current LOM plan (the reader is referred to the Deloitte Australia IER which includes a valuation of the T3 Project). DTMA concludes that any potential additional value related to the Mineral Resources not in the T3 Project LOM plan cannot be demonstrated at this point.

## 14.8. Previous valuations

DTMA is not aware of any VALMIN compliant Mineral Asset valuations conducted on MOD's Exploration Projects in the past two years.

## 14.9. Audits, reviews and historic verifications

No audits or reviews of the Mineral Asset valuation have been conducted, and a historic verification of the performance parameters on which the Mineral Asset Valuation is based cannot be presented.

## 14.10. Forward looking statements

This report contains forward-looking statements. These forward looking statements are based on opinions and estimates of MOD management and DTMA at the date the statements are made. They are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in the forward-looking statements.

Factors that could cause such differences include changes in world Cu markets, equity markets, costs and supply of materials relevant to the projects, and changes to regulations affecting them. Although we believe the expectations reflected in the forward-looking statements to be reasonable, DTMA cannot guarantee future results, levels of activity, performance or achievements.

Yours faithfully,



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**Draft Date:** 16 August 2019

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## 16. Glossary and abbreviations

%	Percentage
°	Degree
μ	Micron
3D	Three dimensional
AEM	Airborne electromagnetic
Ag	Silver
Ai	Abrasion index
AIA	Archaeological Impact Assessment
As	Arsenic
ASIC	Australian Securities and Investments Commission
ASX	The Australian Stock Exchange
AUD	Australian Dollar
Bi	Bismuth
BoD	Basis of design
BPC	Botswana Power Corporation
BWI	Bond work index
BWP	Botswana Pula
Co	Cobalt
Conc.	Concentrate/concentration
CSC	Central Structural Corridor
Cu	Copper
DCF	Discounted cashflow
DD	Diamond drilling
DMT	Dry metric tonnes
DRC	The Democratic Republic of Congo
DTMA	Venmyn Deloitte (Proprietary) Limited trading as Deloitte Technical Mining Advisory
EM	Electromagnetic
EMP	Environmental Management Plan
ESMP	Environmental and social management plan
Eng	Engineering
Env.	Environmental
EPC	Engineering, Procurement and Construction
ESIA	Environmental and Social Impact Assessment
Fe	Iron
FOS	Factor of safety
FS	Feasibility Study
FW	Foot wall
g/t	Grams per tonne – concentration
Geochem.	Soil geochemistry
H1	First half of calendar year
h/a	Hours per annum
Hg	Mercury
HW	Hanging wall
IFRS	International Financial Reporting Standards
ITSR	Independent Technical Specialist Report
JK Axb	Drop-weight test
JORC	The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition
kg/t	Kilogram per tonne– concentration
km	Kilometre
KP	Knight Piesold
Kt	Kilo tonne
ktpa	Kilo tonnes per annum

kV	Kilovolt
l/s	Litres per second
lb	Imperial pound
LG	Low grade
LOM	Life-of-Mine
LSE	London Stock Exchange
Ltd	Limited
m	Metre
m <sup>3</sup> /m <sup>2</sup> /h	Volumetric rate of rise
m <sup>3</sup> /hr	Cubic metre per hour
Max	Maximum
ML	Mining License
mm	Millimetre
Mm <sup>3</sup>	Million cubic metres
Min	Minimum
Mo	Molybdenum
MOz	Million ounces
Mpa	Mega Pascal
Mt	Million tonne
Mtpa	Million tonnes per annum
MRM	Mineral Resource model
MW	Megawatt
MWD	Mineralised waste dump
Nicscotia	Nicscotia Consulting
NSC	Northern Structural Corridor
NPF	Ngwako Pan Formation
NPV	Net present value
Oz	Ounce
Pb	Lead
PDC	Process design criteria
PEM	Prospectivity enhancement multiplier
PFD	Process flow diagram
PL	Prospecting License
Pr.Sc.Nat.	Professional Natural Scientist, a Recognised Professional Organisation by the ASX
QAQC	Quality assurance and quality control
RC	Reverse circulation
RC	Refining charge
RF	Revenue factor
RG111	Australian Securities and Investments Commission (ASIC) Regulatory Guideline 111
RG112	Australian Securities and Investments Commission (ASIC) Regulatory Guideline 112
RL	Relative elevation
ROM	Run-of-Mine
RWI	Rod work index
S	Sulphur
SACNASP	South African Council for Natural Scientific Professions
SAG	Semi-autogenous grinding
SMU	Selective mining unit
SRK	SRK Consulting (UK) (Proprietary) Limited
SSC	Southern structural corridor
T3 Project	Surface mining project for T3
t/m <sup>3</sup>	Bulk density
t/t	Stripping ratio (tonne per tonne)
TC	Treatment charge
TEUs	Twenty foot equivalent units
TMM	Total material moved

Troy oz	Troy ounce
TSF	Tailings storage facility
Tshukudu	Tshukudu Metals Botswana (Proprietary) Limited
USD	United States Dollars (\$)
USDm	Million United States Dollars (\$)
USD(k)	Thousand United States Dollars
VALMIN	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code, 2015 Edition
WD	Waste dump
Zn	Zinc



## MOD summary table of PLs information

Prospecting License No.	Current Holder of License	Ownership %	District	Area (km <sup>2</sup> )	Commodity	Target/s Identified	Commencement Date	Expiry/Renewal Date
PL686/2009	MOD Botswana	100%	Ngamiland and Ghanzi District	463.0	Base Metals	T1	01-Jan-19	31-Dec-20
PL034/2010	MOD Botswana	100%	Ghanzi District	619.5	Base Metals	T7	01-Apr-18	31-Mar-20
PL035/2010	MOD Botswana	100%	Ghanzi District	496.6	Base Metals	T7	01-Apr-18	31-Mar-20
PL036/2010	MOD Botswana	100%	Ghanzi District	470.0	Base Metals	T7	01-Apr-18	31-Mar-20
PL141/2012	MOD Botswana	100%	Ngamiland District	387.3	Base Metals	T5	01-Apr-18	31-Mar-20
PL204/2014	MOD Botswana	100%	Ngamiland District	35.5	Base Metals	T13	01-Apr-18	31-Mar-20
PL211/2017	MOD Botswana	100%	Ghanzi District	974.0	Base Metals	-	01-Jan-18	31-Dec-20
PL280/2014	MOD Botswana	100%	Ghanzi District	70.2	Base Metals	T11	01-Apr-18	31-Mar-20
PL065/2018	MOD Botswana	100%	Ngamiland District	644.0	Precious Stones	-	01-Oct-18	30-Sep-21
PL334/2018	MOD Botswana	100%	Ngamiland District	976.0	Precious Stones	-	01-Oct-18	30-Sep-21
PL335/2018	MOD Botswana	100%	Ngamiland District	946.0	Precious Stones	-	01-Oct-18	30-Sep-21
PL336/2018	MOD Botswana	100%	Ngamiland District	996.0	Precious Stones	-	01-Oct-18	30-Sep-21
PL060/2012	Tshukudu Exploration	70%	Ghanzi District	809.2	Base Metals	T4, T22, T4W	01-Jan-19	31-Dec-20
PL061/2012	Tshukudu Exploration	70%	Ghanzi District	974.9	Base Metals	-	01-Jan-19	31-Dec-20
PL074/2017	Tshukudu Exploration	70%	Ghanzi District	45.0	Base Metals	-	01-Apr-17	31-Mar-20
PL093/2018	Tshukudu Exploration	70%	Ghanzi District	160.0	Base Metals	T20 Dome	01-Oct-18	30-Sep-21
PL099/2017	Tshukudu Exploration	70%	Ghanzi District	285.0	Base Metals	T20 Dome	01-Oct-17	30-Sep-20
PL102/2005	Tshukudu Exploration	70%	Ngamiland District	331.1	Base Metals	T6, T9 & T14	01-Jan-19	31-Dec-20
PL103/2005	Tshukudu Exploration	70%	Ngamiland and Ghanzi District	131.1	Base Metals	T10	01-Jan-19	31-Dec-20
PL104/2005	Tshukudu Exploration	70%	Ngamiland and Ghanzi District	285.3	Base Metals	-	01-Jan-19	31-Dec-20
PL126/2013	Tshukudu Exploration	70%	Ghanzi District	341.4	Base Metals	T20 Dome	01-Oct-18	30-Sep-20
PL127/2013	Tshukudu Exploration	70%	Ghanzi District	668.6	Base Metals	T20 Dome	01-Oct-18	30-Sep-20
PL186/2008	Tshukudu Exploration	70%	Ghanzi District	557.0	Base Metals	T17	01-Jan-19	31-Dec-20
PL187/2008	Tshukudu Exploration	70%	Ghanzi District	648.8	Base Metals	-	01-Jan-19	31-Dec-20
PL188/2008	Tshukudu Exploration	70%	Ghanzi District	395.0	Base Metals	T17	01-Jan-19	31-Dec-20
PL189/2008	Tshukudu Exploration	70%	Ghanzi District	210.7	Base Metals	A13,	01-Oct-18	30-Sep-20
PL189/2017	Tshukudu Exploration	70%	Ghanzi District	370.0	Base Metals	T20 Dome	01-Oct-17	30-Sep-20
PL191/2008	Tshukudu Exploration	70%	Ghanzi District	572.0	Base Metals	T16, T18, T19	01-Jan-19	31-Dec-20
PL192/2008	Tshukudu Exploration	70%	Ghanzi District	604.5	Base Metals	T23	01-Jan-19	31-Dec-20
PL231/2016	Tshukudu Exploration	70%	Ghanzi District	65.0	Base Metals	-	01-Oct-16	30-Sep-19
PL190/2008 <sup>1</sup>	Tshukudu Metals	100%	Ghanzi District	25.0	Base Metals	T3 Project	01-Oct-18	30-Sep-20
	Tshukudu Exploration	70%		683.0	Base Metals	A4, A13, A1, A27, T21, T2W, T2E,		
<b>TOTAL</b>				<b>15 240.7</b>				

Note 1: The T3 Expansion Project predominantly consists of the targets located on Tshukudu Metals owned PL190/2008. However, the portion of PL190/2008 outside the 25km<sup>2</sup> T3 Project is held in trust on behalf of Tshukudu Exploration

Mineral Assets of MOD

Prospecting License No.	MOD Interest	Ownership %	Commodity	Area (km <sup>2</sup> )	Minimum PL Expenditure ('000 BWP)	Historical Expenditure ('000 BWP)	Total PL Expenditure ('000 USD) <sup>1</sup>	Acquisition Cost ('000 USD) <sup>1</sup>	Target/s Identified	Mineralisation Type	Level of Exploration completed	PEM Phase Completed	PEM Exploration Phase	PEM range		Selected PEMs		Project value (USDm)	
														Lower PEM	Upper PEM	Lower PEM	Upper PEM	Lower	Upper
PL686/2009	MOD Botswana	100%	Base Metals	463	2 000	28 983	2 726.6	38	T1	Northern Structural Corridor	Diamond Drilling, Resource & Underground Scoping study	5	First-phase drilling	2.0	5.0	4.0	5.0	10.94	13.67
PL204/2014	MOD Botswana	100%	Base Metals	36	600	395	37	7	T13	Northern Structural Corridor	RC Drilling & Soil Geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.04	0.08
PL280/2014	MOD Botswana	100%	Base Metals	70	600	289	27	7	T11	Northern Structural Corridor	Soil Geochem & RC drilling	4	Target follow-up	1.0	2.0	1.0	2.0	0.03	0.06
PL034/2010	MOD Botswana	100%	Base Metals	620	600	2 893	272	7	T7	Southern Structural Corridor	RC Drilling, AEM, Soil Geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.28	0.55
PL035/2010	MOD Botswana	100%	Base Metals	497	600	2 883	271	0	T7	Southern Structural Corridor	RC Drilling, AEM, Soil Geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.27	0.54
PL036/2010	MOD Botswana	100%	Base Metals	470	600	1 970	185	7	T7	Southern Structural Corridor	RC Drilling, AEM, Soil Geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.19	0.38
PL141/2012	MOD Botswana	100%	Base Metals	387	600	5 103	480	7	T5	Northern Structural Corridor	Diamond Drilling	4	Target follow-up	1.0	2.0	1.0	2.0	0.49	0.97
PL211/2017	MOD Botswana	100%	Base Metals	974	1 250	110	10	7		Southern Structural Corridor	AEM & soils undertaken; no drilling	4	Target follow-up	1.0	2.0	1.0	2.0	0.02	0.03
PL065/2018	MOD Botswana	100%	Precious Stones	644	4 150	0	0	7	-	Other	No drilling; soils undertaken	0	Exploration Concept	0.0	0.2	0.0	0.2	0.00	0.00
PL334/2018	MOD Botswana	100%	Precious Stones	976	4 850	0	0	7	-	Other	No drilling & soils	0	Exploration Concept	0.0	0.2	0.0	0.2	0.00	0.00
PL225/2018	MOD Botswana	100%	Precious Stones	946	4 850	0	0	0	-	Other	No drilling & soils	0	Exploration Concept	0.0	0.2	0.0	0.2	0.00	0.00
PL336/2018	MOD Botswana	100%	Precious Stones	996	4 850	0	0	104	-	Other	No drilling & soils	0	Exploration Concept	0.0	0.2	0.0	0.2	0.00	0.00
PL186/2008	Tshukudu Exploration	70%	Base Metals	557	1 200	2 203	207	104	T17	Northern Structural Corridor	AEM & soil geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.31	0.52
PL187/2008	Tshukudu Exploration	70%	Base Metals	649	1 200	1 945	183	7		Northern Structural Corridor	AEM & soil geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.19	0.37
PL188/2008	Tshukudu Exploration	70%	Base Metals	395	1 200	1 388	131	7	T17	Northern Structural Corridor	AEM & soil geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.14	0.27
PL189/2008	Tshukudu Exploration	70%	Base Metals	211	2 000	1 353	127	0	A13,	Central Structural Corridor	Soil Geochem & AEM; no drilling	4	Target follow-up	1.0	2.0	1.0	2.0	0.13	0.25
PL191/2008	Tshukudu Exploration	70%	Base Metals	572	1 200	1 756	165	0	T16, T18, T19	Northern Structural Corridor	Soil Geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.17	0.33
PL192/2008	Tshukudu Exploration	70%	Base Metals	605	1 200	4 633	436	0	T23	Central Structural Corridor	RC & DD drilling, Soil geochem, AEM	5	First-phase drilling	2.0	5.0	2.0	3.0	0.87	1.31
PL102/2005	Tshukudu Exploration	70%	Base Metals	331	1 200	2 350	221	0	T6, T9, T14	Northern Structural Corridor	AEM & soil geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.22	0.44
PL103/2005	Tshukudu Exploration	70%	Base Metals	131	1 200	2 009	189	0	T10	Northern Structural Corridor	Soil geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.19	0.38
PL104/2005	Tshukudu Exploration	70%	Base Metals	285	1 200	1 435	135	0		Northern Structural Corridor	AEM & soil geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.13	0.27
PL060/2012	Tshukudu Exploration	70%	Base Metals	809	1 200	5 038	474	0	T4, T22, T4W	Central Structural Corridor	DD & RC drilling, Soil geochem (Drilling (T4))	5	First-phase drilling	2.0	5.0	2.0	3.0	0.95	1.42
PL061/2012	Tshukudu Exploration	70%	Base Metals	975	1 200	3 384	318	308		Central / Southern Structural Corridor	Soil Geochem & RC drilling	4	Target follow-up	1.0	2.0	3.0	4.0	1.26	1.58
PL231/2016	Tshukudu Exploration	70%	Base Metals	65	750	381	36	0		Other	RC drilling & soil geochem	4	Target follow-up	1.0	2.0	1.0	2.0	0.04	0.07
PL074/2017	Tshukudu Exploration	70%	Base Metals	45	850	362	34	0		Central Structural Corridor	Soil Geochem & AEM; no drilling	4	Target follow-up	1.0	2.0	3.0	4.0	0.10	0.14
PL093/2018	Tshukudu Exploration	70%	Base Metals	160	1 250	176	17	0	T20 Dome	Central Structural Corridor	AEM & soil geochem	5	First-phase drilling	2.0	5.0	2.0	3.0	0.03	0.05
PL099/2017	Tshukudu Exploration	70%	Base Metals	285	1 250	750	71	0	T20 Dome	Central Structural Corridor	Soil Geochem, AEM	5	First-phase drilling	2.0	5.0	2.0	3.0	0.14	0.21
PL189/2017	Tshukudu Exploration	70%	Base Metals	370	850	1 138	107	0	T20 Dome	Central Structural Corridor	Soil Geochem & AEM	5	First-phase drilling	2.0	5.0	2.0	3.0	0.21	0.32
PL126/2013	Tshukudu Exploration	70%	Base Metals	341	900	1 454	137	0	T20 Dome	Central Structural Corridor	AEM & Soil Geochem	5	First-phase drilling	2.0	5.0	2.0	3.0	0.27	0.41
PL127/2013	Tshukudu Exploration	70%	Base Metals	669	900	4 159	391	0	T20 Dome	Central Structural Corridor	AEM & Soil Geochem	5	First-phase drilling	2.0	5.0	2.0	3.0	0.78	1.17
PL190/2008	Tshukudu Exploration <sup>2</sup>	70%	Base Metals	683	80 000	29 827	2 806	0	A4, A13, A1, A27, T21, T2W, T2E	Central Structural Corridor	AEM, Soil geochem, IP, Water drilling	5	First-phase drilling	2.0	5.0	4.0	5.0	11.22	14.03
	Tshukudu Metals <sup>2</sup>	100%		25				0	T3 Project		Feasibility Study	n/a	Feasibility Study						
<b>TOTAL</b>																		<b>29.64</b>	<b>39.83</b>

Note 1: USD amounts converted from BWP at a rate of 10.63.

Note 2: The T3 Expansion Project predominantly consists of the targets located on Tshukudu Metals owned PL190/2008. However, the portion of PL190/2008 outside the 25km<sup>2</sup> T3 Project is held in trust on behalf of Tshukudu Exploration

Note 3: The costs associated with T3 Project have been transferred to Tshukudu Metals, and are not reflected in this summary.

## Specialists and Competent Persons Certificates

Name of Staff: Chris de Vries  
 Position: Managing Director – Deloitte Technical Mining Advisory  
 Name of Firm: Venmyn Deloitte (Pty) Ltd (trading as Deloitte Technical Mining Advisory), a subsidiary of Deloitte Consulting South Africa (Pty) Ltd  
 Address: Building 33, Woodlands Office Park, Woodmead, Johannesburg  
 Profession: Chartered Accountant  
 Date of Birth: 16<sup>th</sup> August 1979  
 Years with Firm: 17  
 Nationality: South African

Membership of Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member	The South Africa Institute of Chartered Accountants	2005

Detailed Tasks Assigned (only Resources-related tasks listed):

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2019	Investment fund	Coal	Botswana coal business plan review for funding
	Listed mining company	Nickel	Market entry study and techno-economic valuation
	Private investor	Lithium	Prospectivity review, technical report and valuation for Namibia prospecting licences
	Japanese metals company	Chrome	Impairment review chrome and ferrochrome business
	Private coal company	Coal	Ermelo coal assets valuation
2018	Listed coal company	Coal	Listed coal group valuation
	Private investor	Gold	Prospectivity review and technical report for Burkina Faso prospecting licence
	Listed mining company	Vanadium	Preliminary technical and commercial study on investment target
	Private coal company	Coal	Technical due diligence on Witbank coal asset
	Private investor	Copper/Gold	Technical due diligence on Middle East asset
	Listed mining company	Vanadium	Market entry study and techno-economic valuation
	Contract mining company	Various	Market study and fleet capital investment study for Africa and Middle East
	Listed coal company	Coal	Listed coal group valuation, South Africa
	Private steel company	Coal	Coal mine valuation Botswana
	Listed industrial company	Coal	Waterberg coal project valuation
	Diversified mining company	Coal	Pre-development assets valuation
	Private equity fund	Various	Fund investment fair values
	Private investor	Nickel	Business plan optimisation and financial modelling
	Metals trader	Chrome	Stockpile audit
	Diversified mining company	Various	African strategy review
2017	Listed gold company	Gold	Impairment review South Africa
	Base metals company	Lead/Zinc	Operational excellence diagnostic
	Private coal company	Coal	Purchase price allocation valuation
2017	Private coal company	Coal	Valuation of coal assets
	Chinese steel company	Chrome	Valuation of chrome assets in South Africa

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
	Listed base metals company	Copper	Impairment review of copper assets in DRC and Zambia
	Private investment company	Nickel	Valuation of nickel laterite project
	Private coal company	Coal	Valuation of coal assets
	Ferrochrome producer	Chrome	Valuation of South African and international chrome mines and ferrochrome plants
	Diversified mining company	Coal	Impairment review
	Messina Botswana Copper	Copper	Disposal of Mowana Copper Mine
	Listed steel company	Steel	Impairment review
	Private coal company	Coal	Valuation of colliery
	Listed platinum company	Platinum	Valuation of platinum project
	Listed industrial company	Coal	Valuation of Waterberg coal project
	Junior diamond company	Diamonds	Valuation of diamond project
	Kangra Coal	Coal	Strategic optimisation and disposal advisory
	Ferrochrome producer	Chrome	Valuation of South African chrome mines
	2016	Diversified mining company	Coal
Listed chrome and platinum producer		Chrome / PGMs	Metal accounting baseline study
Listed coal development company		Coal	Techno-economic business plan review to support project finance
European power company		Coal	Techno-economic business plan review of coal mines in Eastern Europe
International steel company		Ferrochrome	Valuation of chrome mine and ferrochrome smelter
Listed gold company		Gold	LOM plan review
Listed coal company		Coal	Valuation
International industrial minerals company		Andalusite	LOM plan review – audit support
Messina Botswana Copper		Copper	Care and Maintenance support
Coal of Africa Ltd		Coal	CPR on the Greater Soutpansberg Projects
European coal group		Coal	Techno-economic business plan review of coal assets in Czech Republic and Poland
2015	International industrial minerals company	Mica / Silica	Due diligence
	Listed coal company	Coal	Independent mineral asset valuation
	Listed coal company	Coal	Independent mineral asset valuation
	Ferrochrome producer	Chrome	Update valuation of ferrochrome assets
	Diversified mining company	Coal	Impairment review as part of external audit
	Investment fund	Chrome	Technical due diligence on chrome processing plant
	Village Main Reef	Gold and Platinum	Independent fair and reasonable opinion
	Ferrochrome producer	Chrome	Impairment review as part of external audit
International industrial minerals company	Industrial minerals	Impairment review as part of external audit	

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
	Listed platinum company	Platinum	Independent fair and reasonable opinion
	Discovery Copper Botswana	Copper	Care and Maintenance and provisional liquidation support, including sale of the mine
	Private equity fund	Coal	Funding submission document for bankable feasibility study
	Contract mining company	Coal	Independent business review for banking syndicate
	World Platinum Investment Council	Platinum	Research into the relationship between historical capital expenditure and platinum output in the South African platinum industry
	Listed platinum company	Platinum	Independent fair and reasonable opinion
	Listed platinum company	Platinum	Technical review of business plan for group of lenders
	Private coal company	Coal	Valuation of coal independent power producer project in Zambia
	Base metals exploration company	Lead / zinc	Valuation of mineral asset in South Africa
	Ferrochrome producer	Chrome	Impairment review as part of external audit
	Junior gold miner	Gold	Impairment review as part of external audit
	Listed Platinum company	Platinum	Techno-economic business plan review
	Aquarius Platinum	Platinum	Independent Expert Report (ASX) on acquisition by Sibanye
	International steel company	Steel	Impairment review
	International steel company	Iron Ore	Impairment review
	Diversified mining company	Chrome / Platinum	Impairment review
	Japanese trader	Iron ore / Manganese	Impairment review
2014	Private equity fund	Coal	Independent Review of the coal operation.
			Business turnaround strategy for coal operation
			Due diligence of three operating export coal mines in South Africa owned by a multinational company.
	Platinum exploration and development company	Platinum	Valuation of the platinum assets
	BCL	Nickel	Due diligence on the Nkomati Nickel mine on behalf of BCL Review of BCL's financial model on the combined BCL / Nkomati entity for purposes of debt raising for acquisition of the Nkomati Nickel mine
	Mining private equity fund	Coal	Due diligence on a coal exploration project
	Mining private equity fund	Potash + Iron ore	Due diligence on a potash project in Ethiopia and an iron ore project in Gabon
	Coal company	Coal	Due diligence on an operating coal mine in South Africa
	Ferrochrome producer	Chrome	Valuation of ferrochrome assets
	Investment fund	Chrome	Review of CPR of platinum and chrome producer
Investment fund	Uranium	Due diligence on uranium project in Namibia	
Global industrial minerals company	Industrial minerals	Due diligence on an andalusite mine in South Africa and an industrial minerals manufacturer in South Africa	
2013	Mining private equity fund	Coal	Due diligence on a coal prospect in South Africa
	Korean metals company	Chrome	Due diligence on ferrochrome furnace
	Chinese private company	Platinum	Due diligence on a platinum prospect in South Africa
	Japanese trader	Uranium	Due diligence on uranium mine in Namibia
	Listed coal company	Coal	Due diligence on two coal mines in South Africa

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2012		Coal Iron Ore Fluorspar Nickel Mineral sands	Due diligence on a coal development project in South Africa Due diligence on an iron ore development project in Mozambique Due diligence on a fluorspar development project in South Africa Due diligence on a group of nickel projects in Southern Africa Due diligence on a mineral sands project in South Africa
2011	African cement manufacturer	Cement	Independent business review
	Listed Coal company	Coal	IPO – working capital review and long-form due diligence
2010	African cement manufacturer	Cement	Independent business review
2009	Listed Coal company	Coal	IPO – working capital review and long-form due diligence

#### Key Qualifications:

Chris de Vries is managing director of minerals corporate advisory firm Deloitte Technical Mining Advisory (formerly Venmyn Deloitte). He is a qualified CA (SA) and competent mineral asset valuator, having served as an associate director at Deloitte's Corporate Finance division in Johannesburg.

Chris has 10+ years' experience in conducting due diligence reviews, valuations, impairment reviews, business plan validation and corporate advisory assignments in the minerals industry. His experience includes a wide range of mining transactions, IPO projects and corporate recovery projects covering commodities such as coal, gold, platinum, nickel, chrome, uranium, copper and industrial minerals. This included operational, development and exploration assets as well as tailings retreatment operations and assets under care-and-maintenance.

Chris joined Deloitte's audit practice in 2002 and served as audit manager in the Deloitte London office for 3 years. While in London, Chris was the group audit manager on a FTSE 250 company with operations in 30+ countries. In 2008, Chris joined Deloitte's Corporate Finance division in Johannesburg and since then he has worked on a wide range of buy-side and sell-side due diligence assignments, independent business reviews and IPO projects. While at Corporate Finance, Chris led the Deloitte South Africa Mining Transaction Services team.

Chris joined Venmyn Deloitte in November 2014 focussing on mineral asset valuations, fair and reasonable opinions, due diligences, impairment reviews and strategic advisory to mining companies, banks and investors. Chris leads Deloitte Africa's Mining End-to-End M&A team.

#### Education:

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
B.Com	Accounting Sciences	University of Pretoria	2000
B.Com (Hons)	Accounting Sciences	University of Pretoria	2001
Dip. Auditing	Diploma in Auditing	University of Cape Town	2002

#### Employment Record:

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Managing Director	Venmyn Deloitte (Pty) Ltd	Company management, mineral asset valuations, corporate finance	2016 – present
Associate Director	Venmyn Deloitte (Pty) Ltd	Mineral asset valuations	2014 – 2016
Associate Director (2012 – 2014) Senior Manager (2009 – 2012) Manager (2008 – 2009)	Deloitte Corporate Finance	Planning and execution of financial and tax due diligence reviews. Advising clients on the impact of due diligence findings on the valuation of target businesses and how to mitigate risks identified.	2008 – 2014
Audit Manager	Deloitte UK	Planning and execution of financial audits of multi-national FTSE listed groups. Managing local audit teams and liaising with audit teams and client representatives across 25+ jurisdictions	2005 – 2008
Audit Clerk	Deloitte Touche &	Financial Audit fieldwork	2002 – 2004

Languages:

English: Excellent  
Afrikaans: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.



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Full name of staff member: Chris de Vries

Date: July 2019



Name of Staff: Dr Heather King  
 Position: Senior Manager  
 Name of Firm: Venmyn Deloitte (Pty) Ltd (trading as Deloitte Technical Mining Advisory), a subsidiary of Deloitte Consulting South Africa (Pty) Ltd  
 Address: Building 33, The Woodlands, 20 Woodlands Drive, Woodmead, 2052, South Africa  
 Profession: Geologist  
 Date of Birth: 13<sup>th</sup> March 1974  
 Years with Firm: February 2018 to present  
 Nationality: South African

Membership of Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member	South African Council for Natural Scientific Professions (SACNASP)	2001
Member	Geological Society of South Africa (GSSA)	1996
Fellow	Society of Economic Geologists (SEG)	2016

Detailed Tasks Assigned:

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2019	Confidential	Limestone	Technical review and CPR for a greenfields limestone project in RSA
2019	Confidential	Gold	Technical advisory services on reclamation of gold and tungsten from TSFs
2019	Global integrated chrome producer	Chromite	Technical assistance on chromite assets in conjunction with valuation
2019	Global gold mining company	Gold	Technical advisory services on Mineral Resources to Deloitte audit team
2019	Global multi-metals company	Zinc	Technical advisory services on Mineral Resources to Deloitte audit team
2019	Confidential	Diamonds	Operation Excellence of operating mine - Botswana
2018	Confidential	Li-Ni-Cu-PGE	Technical advisory services for sale of asset located in Namibia
2018	Investment company	Co-Cu	Technical appraisal of a Cu-Co-bearing slag dump in Zambia
2018	Mineral exploration and development company focused on the battery metals in Africa	Lithium	Mineral Resource estimation of LCT-pegmatite tailings material, Namibia
2018	Confidential	Gold	Technical advisory services for sale of asset Burkina Faso
2018	Listed minerals project developer	REE	Mineral Resource estimation of carbonatite REE Angola
2018	West African-focussed gold mining and exploration company	Gold	Technical advisory services, Guinea
2018	Confidential	Tin and Lithium	Pegmatite Technical study review, Namibia
2018	Confidential	Vanadium	Due Diligence South Africa
2018	Global PGM and gold miner	Gold	Independent review of Mineral Resources
2018	Zinc miner of a global resources group	Pb-Zn-Cu-Ag	Operational excellence at a Southern African mine - ore strategy
2018	PGM operator in South Africa	PGE	Economic Assessment
2018	US junior miner	Sand Proppant	Independent review of Resources
2017	Global mining group	Gold	External auditor of the Mineral Resources (JORC, SAMREC) of a South African mine
2017	Mineral exploration company with tenements in Tanzania	REE	Mineral Resource estimation and JORC Technical Report
2016	South African gold miner	Gold	External auditor of the Mineral Resources (JORC, SAMREC) of two South African gold mines
2016	Global mining group	Gold	External auditor of the Mineral Resources (JORC, SAMREC) of Surface Sources
2015	South African gold miner	Gold	External auditor of the Mineral Resources (JORC, SAMREC) of two South African gold mines
2015	Confidential	Limestone	Review of limestone Greenfields project - DRC

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2015	Confidential	Gold	Review of exploration and Mineral Resources (Exploration project stage) – gold North Africa; narrow vein-hosted mineralisation
2015	Confidential	Copper	Review of Copper Project, Namibia
2014	Junior miner	Base & Precious Metals	Project Manager and Resource Geologist for the mining company in Zambia – Greenfields exploration for iron oxide, copper, gold ore bodies
2014	Global mining group	Gold	External auditor of the Mineral Resources (JORC, SAMREC) of three South African gold mines
2013	Subsidiary of a Southern African PGM miner	PGE	PGE - Mineral Resource estimation and technical report - Zimbabwe
2012	Phosphates and REE producer	REE	Review of a carbonatite rare earth element project
2012	Specialist uranium company with projects in Namibia	U3O8	Review of magmatic uranium exploration project
2007 - 2012	Confidential	PGE	Eastern & Western Bushveld Igneous Complex (“BIC”) – Merensky Reef and UG2 geological and geostatistical modelling (4E & 7E)
	Gold major	Gold and U3O8	Free State Gold Field – Generation of uranium oxide geological and geostatistical models
	Confidential	Gold and U3O8	West Rand Gold Field - Generation of uranium oxide and gold geological and geostatistical models
	Confidential	Gold	East Rand Gold Field - Generation of gold geological and geostatistical models.
	Confidential	Gold	West Wits Line - Generation of uranium oxide and gold geological and geostatistical models
	Gold major	Gold and U3O8 and sulphur	Tailings Storage Facilities (“TSFs”) – independent Competent Person (SAMREC) overseeing the drilling, sampling and assaying of auger drilling of in excess of ten TSFs, the generation of high resolution three dimensional volumes of the TSFs and the geostatistical estimation with regard to gold, uranium oxide, available sulphide, iron, zinc, cobalt and copper, the compilation of concise technical reports detailing the geostatistical modelling within the Pre-feasibility and Feasibility studies
	Various	PGE	TSFs - geological modelling and geostatistical modelling of PGE TSFs
	African-focussed precious metals producer	Gold	Narrow tabular gold hosted deposit – overseeing of the geological and geostatistical modelling of a structurally controlled narrow tabular gold deposit
	Confidential	Gold	Greenstone belt – generation of geological and geostatistical models for a structurally complex, structurally related vein gold deposit
	Confidential	Gold	Review of geostatistical models for greenstone hosted narrow vein gold deposits
	Junior miner	Gold	Review of greenstone belts in Zimbabwe and RSA for the potential for gold deposits
	Confidential	Gold	Modelling of greenstone hosted gold vein mineralisation
	Confidential	Copper	Competent Persons visit and opinion of a base metal deposit in Zambia
	Global mining group, and other large gold miners in Southern Africa	Gold	Project manager for the compilation of digital 3D spatial models regarding the geology, structure and mine workings for several large gold mines in the West Wits Line and the Klerksdorp Gold Field
	Various	Various	Generation of Prospecting Rights reports
Large Zimbabwean chrome producer	Chrome	Independent generation of the chromite Mineral Resource asset base of a large Zimbabwean chrome producer – Great Dyke	
Confidential	PGE	Review of exploration programme on behalf of a leading PGE company	

**Key Qualifications:**

Heather King is a Senior Manager at Deloitte Technical Mining Advisory (previously Venmyn). Heather, who joined the Deloitte Technical Mining Advisory team in 2018, is a Geologist by profession and is registered with SACNASP as a Professional Natural Scientist. Heather has over 20 years' experience as a mine, resource and economic geologist.

Heather's work within the Mineral Resource environment has resulted in an in-depth understanding of the various Mineral Resource reporting codes and requirements, as well as international best practices. Her extensive experience from field geology to mining and resource geology has facilitated her ability to effectively project manage both Greenfield and Brownfield exploration, geology and mining projects encompassing project scopes of work, scheduling, budgets, service providers, implementation of project plan and client liaison.

Heather's experience is within the resources & mining disciplines, specifically resource modelling, geostatistical estimation (2D & 3D), auditing of geological & resource models, due diligences & project planning. Heather has worked on a wide range of commodities, including gold (placer, hydrothermal, greenstone belts), PGEs (layered complexes), chromite (layered complexes), uranium (placer, redox, magmatic) and base metals (sedimentary base metal deposits). Heather obtained her M.Sc. on the LG & MG chromitite seams of the Western Bushveld Igneous Complex. Heather obtained her PhD on the Zambian Copperbelt in 2018

Heather is actively involved, in many instances reporting as the Competent Person or Qualified Person, in the compilation of documentation according to the SAMREC (2016) and JORC (2012) Codes and the CIM reporting guideline requirements. Heather is also active in the auditing of the Mineral Resources for various large mining companies

**Education:**

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
B.Sc. (Hons)	Geology	Rhodes University	1996
M.Sc. (Econ. Geol.)	Economic Geology	Rhodes University	1999
GDE	Mining Evaluation	University of the Witwatersrand	2005
PhD	Economic Geology	University of the Witwatersrand	2018

**Employment Record:**

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Senior Manager	Deloitte Technical Mining Advisory	Responsibilities at Deloitte include:- Compilation of technical information into reports which are compliant with the SAMREC and JORC Mineral Reporting codes; Review of geological models and Mineral Resource models for a wide range of commodities; Project management; Background research of information for CPRs and Technical Statements.	February 2018 - present
Principal Geologist	Amec Foster Wheeler	Compilation of Exploration Plans Due Diligences on exploration projects in Africa Project Management and geological modelling of a Greenfields exploration programme focussing on stratiform copper mineralisation, Zambia Audit of Resources of RSA deep level gold mines. Audit of surface sources for Tier 1 gold company Independent generation of the PGE Mineral Resource asset base of a large Zimbabwean PGE producer – JORC Competent Person. Independent generation of the REE Mineral Resource asset base on behalf of an ASX Junior company – JORC Competent Person Drill space optimization studies Business development – long-term pipeline development; strategic projects and services that may lead to EPCM work	February 2013 - February 2018
Manager & Principal Geologist	CSA Global South Africa	Review of a carbonatite rare earth element project. Audit of magmatic uranium exploration project.	June 2012 – December 2012
Mineral Resource Manager	Minxcon	Eastern & Western Bushveld Igneous Complex ("BIC") – Merensky Reef and UG2 geological and geostatistical modelling (4E & 7E); Free State Gold Field – Generation of uranium oxide geological and geostatistical models; West Rand Gold Field - Generation of uranium oxide and gold geological and geostatistical models;	January 2009 – May 2012

POSITION	COMPANY	JOB DESCRIPTION	DURATION
		<p>East Rand Gold Field - Generation of gold geological and geostatistical models;</p> <p>West Wits Line - Generation of uranium oxide and gold geological and geostatistical models;</p> <p>Tailings Storage Facilities ("TSFs") – independent Competent Person overseeing the drilling, sampling and assaying of auger drilling of in excess of 10 TSFs; the generation of high resolution three dimensional volumes of the TSFs and the geostatistical estimation with regard to gold, uranium oxide, available sulphide, iron, zinc, cobalt and copper; the compilation of concise technical reports detailing the geostatistical modelling; and the signing off as the Independent Competent Person with regard to the Mineral Resources within the Pre-feasibility and Feasibility studies;</p> <p>TSFs - independent Competent Person with regard to the geological modelling and geostatistical modelling of PGE TSFs;</p> <p>BIF gold hosted deposit – overseeing of the geological and geostatistical modelling of a BIF hosted gold deposit in Mozambique;</p> <p>Greenstone Belt – generation of geological and geostatistical models for a structurally complex, structurally related gold deposit;</p> <p>Review of geostatistical models for Greenstone hosted gold deposits;</p> <p>Competent Persons visit and opinion of a base metal deposit in Zambia;</p> <p>Project manager for the compilation of digital 3D spatial models regarding the geology, structure and mine workings for several large gold mines in the West Wits Line and the Klerksdorp Gold Field;</p> <p>Generation of Prospecting Rights Reports;</p> <p>Independent generation of the chromite Mineral Resource asset base of a large Zimbabwean chrome producer – SAMREC Competent Person; and</p> <p>Review of exploration programme on behalf of a leading PGE company.</p> <p>My work within the Mineral Resource consultancy environment has resulted in an in-depth understanding of the international Mineral Resource reporting codes and requirements, as well as international best practices with regard to the modelling, geological and geostatistical, of ore bodies.</p>	
Senior Resource Geologist	Minxcon	Reporting as the Competent Person or Qualified Person, in the compilation of documentation in compliance with the SAMREC and JORC Codes and the CIM reporting guideline requirements, worked on a wide range of commodities, including platinum group metals (4E – 7E), gold (placer & structural), uranium oxide, available sulphide & chromite in Southern Africa (South Africa, Zambia, Mozambique).	July 2007 - December 2008
Geostatistitia n	Gold Fields – Driefontein Mine	Compilation and maintenance of geostatistical models; Compilation and maintenance of kriging grids and reconciliation; Maintenance of sampling database integrity; Compilation and maintenance of Mineral Resources – monthly blocking and reconciliation; Monthly compilation of Mining and Block Factors; Compilation and maintenance of Mineral Resources.	July 2002 – June 2007
Senior Evaluator	AngloGold Ashanti – Mponeng Mine	Management of sampling crews & sampling coverage; Quality control on underground sampling and samples for assay laboratory; Compilation of monthly preplanning and measuring kriging grids; Maintenance of local (10x10 & 30x30) geostatistical models; Compilation of monthly preplanning and measuring estimates; Assistance in compilation of Annual Resource and Reserve Figures (Mponeng Mine).	January 2002 – June 2002
Acting HOD & Senior Evaluator	AngloGold Ashanti – Joel Mine	Management of Evaluator, sampling crews & sampling coverage; Maintenance of local geostatistical models as well as Macro Co-kriging grid generation. Compilation of the annual Resource tabulations at Joel Mine	June – December 2001
Senior Evaluator	AngloGold Ashanti – Joel Mine	Management of sampling crews & sampling coverage; Quality control on underground sampling and samples for assay laboratory; Compilation of monthly preplanning and measuring kriging grids; Maintenance of local (10x10 & 30x30) geostatistical models; Compilation of monthly preplanning and measuring estimates; Assistance in compilation of Annual Resource and Reserve figures	January 2000 – June 2001

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Management Trainee	AngloGold Ashanti – Navachab Mine	Field mapping sheeted vein swarm for the possible extension of existing Navachab open pit	July 1999 – May 2001
Management Trainee	AngloGold Ashanti – Mponeng Mine	Underground mapping and interpretation of Ventersdorp Contact Reef; Drilling and logging; Maintenance of geological plans for section Pre-planning	
Management Trainee	AngloGold Ashanti – Bambanani Mine	Underground mapping and interpretation of Ventersdorp Contact Reef; Drilling and logging; Maintenance of geological plans for section Pre-planning	
Economic Geologist	Council for Geoscience	Compilation of Witwatersrand Metallogenic Map (1:250, 000); Research - Western Limb of the Bushveld Igneous Complex chromitite seams	January 1997 – June 1999

Languages:

English: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.



Date: July 2019

Full name of staff member: Dr Heather King

Name of Specialist: Graham Peter Stripp, Ph.D. M.Sc. B.Sc. Mining Eng (Hons), FSAIMM  
 Position: Director and Senior Mining Engineer  
 Name of Firm: Sound Mining Solution (Proprietary) Limited  
 Address: Sound Mining House, 2A Fifth Avenue, Rivonia, 2128  
 Profession: Senior Mining Engineer  
 Date of Birth: 18<sup>th</sup> April 1962  
 Years within field of Practice: + 30 Years  
 Nationality: British (RSA Permanent Resident)

Membership of Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Fellow	South African Institute of Mining and Metallurgy (SAIMM)	Fellow since 2003
Committee Member	South African Institute of Mining and Metallurgy (SAIMM)	Johannesburg branch 2010 to Present; Vice Chairman 2012 to 2013; and Branch Secretary 2015

Detailed Tasks Assigned:

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2019	Global Mining Advisory Business	Coal	Senior Mining Engineer for due diligence of SAEC South 32 RSA Coal Assets
2019	Vanadium Junior	Vanadium	Senior Mining Engineer for concept study on an Eastern Limb RSA vanadium deposit
2018	Coal Junior	Coal	Senior Mining Engineer for a feasibility study for their Coal Project, Madagascar
2018	Petroleum Operator	Crude petroleum	Senior Mining Engineer for the estimation of residual crude petroleum in the Ogies Oil Bunker Complex, Mpumalanga, RSA
2018	Platinum Junior	Platinum	Senior Mining Engineer for the preparation of the Mineral Reserve Statement (May 2018) in RSA
2018	Coal Consulting, Mozambique	Coal	Senior Mining Engineer for the Review of Coal Resource Modelling and Statement for a coal deposit in Tete Province, Mozambique
2018	Coal Junior	Coal	Senior Mining Engineer providing mine planning and review services for a coal mine in Mpumalanga, RSA
2018	Fluorspar Junior	Fluorspar	Senior Mining Engineer providing technical services to the project covering mine design and scheduling, Gauteng, RSA
2018	Copper Junior	Copper/silver	Mining Study Lead and Qualified Person (QP) for the Mining and Geotechnical Pre-Feasibility Study (PFS) for the T3 Copper Project, Western Kalahari. ASX Release January 2018, Botswana
2017	JSE Listed Company	Coal	Lead Engineer for an updated costing/valuation estimate for a coal project in Tete Province, Mozambique
2017	Private UK Registered Company	Coal	Lead Engineer for a due diligence of a coal project in Tete Province, Mozambique
2016	Coal Junior	Coal	Lead Mining Engineer for LoM planning and mining options analysis study for open pit coal mine near Bronkhorstspuit, Gauteng, RSA
2016	Copper Junior	Copper/silver	Mining Scoping Study Lead to the T3 Copper Project, Western Kalahari, Botswana
2016	JSE Listed Company	Gold/uranium	Mining Study Lead for an options study, RSA
2016	Law Firm	Coal	Expert witness for arbitration case, RSA
2016	Graphite Junior	Graphite	Study Manager for a concept mining study for the Mozambique Graphite Project, Mozambique
2015	Coal Junior	Coal	Expert Witness for arbitration case, RSA
2015	JSE Listed Company	Coal	Mining Engineer for a due diligence of a Coal Mine Complex, Mpumalanga, RSA
2015	Bauxite Junior	Bauxite	Mining Engineer for mine design criteria (MDC) for their Feasibility Study, Guinea
2015	Fluorspar Junior	Fluorspar	Mining Engineer for an optimisation of LoM production scheduling for an investment plan, Gauteng, RSA

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2015	Petroleum Operator	Oil bunker storage	Mining Engineer for an oil bunker storage estimation at former National Petroleum storage bunkers, Mpumalanga, RSA
2015	Coal Major	Coal	Mining Engineer on a Unit 5 and 6 feasibility study (owner's team), Botswana
2015	Gold Fund	Gold	Mining Engineer for a technical due diligence for a South African gold mine, RSA
2015	Global Mining Advisory Business	Gold	Mining Engineer for a technical review of a Gold Mine, Gauteng, RSA
2015	Rare Earths Junior	Rare earth elements	Mining Study Manager for the NI 43 101 Report Zandkopsdrift Mining Study Phase 2, Northern Cape, RSA
2014	Coal Junior	Coal	Expert witness for the technical audit report for an arbitration case, RSA
2014	Rare Earths Junior	Rare earth elements	Mining Study Manager for the PFS Zandkopsdrift Mining Study Phase 2, Northern Cape, RSA
2014	Rare Earths Junior	Rare earths elements	Mining Study Lead for the Steenkampskraal DFS, Gauteng, RSA
2014	Fluorspar Junior	Fluorspar	Mining Study Lead on the Plattekop Pit optimisation study, Gauteng, RSA
2014	Diamond Junior	Diamonds	Mining Study Lead for a scoping study, Botswana
2013	Fluorspar Junior	Fluorspar	Mining Study Lead on a concentrator project, EPCM Team, Gauteng, RSA
2013	Fluorspar Junior	Fluorspar	Mining Study Lead for the PFS - Fluorspar Project, Gauteng, RSA
2013	Coal Junior	Coal	Mining Study Manager for a Waterberg Coal Project, Limpopo, RSA
2013	Coal Junior	Coal	Mining Study Manager for the Kwa-Zulu Natal coal assets scoping study, RSA
2013	Rare Earths Junior	Rare earth elements	Mining Study Manager for the PFS Zandkopsdrift Mining Study Phase 2, Northern Cape, RSA
2013	Coal Junior	Coal	Study Lead on a Coal Project, concept study, Botswana
2012	State Energy Company	Coal	Study Lead for a Coal Mine operational review, Mpumalanga, RSA
2012	Coal Junior	Coal	Mining Engineer for a mining study scoping programme, Botswana
2012	Rare Earths Junior	Rare earth elements	Mining Study Manager for the PFS Zandkopsdrift Mining Study Phase 1, Northern Cape, RSA
2012	Global Mining Advisory Business	Coal	Project Mining Engineer on the project evaluation team, on a Coal Project, Kogi State, Nigeria
2011	Gold Junior	Gold	Project Mining Engineer for the preliminary economic assessment (PEA) on the Gold Project, mining study, Lake Victoria Goldfields, Tanzania
2011	Rare Earths Junior	Rare earth elements	Mining Study Manager for the PEA Zandkopsdrift mining study, Northern Cape, RSA
2011	Fluorspar Junior	Fluorspar	Mining Study Manager on the DFS Fluorspar Project mining study, RSA
2010	Copper Junior	Copper	Mining Study Manager for a Copper Project mining study, Botswana
2010	Coal Junior	Coal	Mining Study Manager for a Coal Project, Delmas, RSA
2009	Commodity Trader	Tungsten	Mining Study Manager on a mining study, Rwanda
2009	Project Management Company	Gold	Mining Engineer on a Gold Project, concept underground mining study, Ethiopia
2009	Global Mining Advisory Business	Gold	Mining Study Manager on a Gold Project, concept mining study, Ethiopia
2009	Gold Junior	Gold	Mining Engineer for their Gold Project due diligence, Namibia
2009	Global Mining Advisory Business	Fluorspar	Mining Study Manager for their Fluorspar Project DFS, RSA
2009	Coal Junior	Coal	Mining Engineer on the Waterberg Project - Resource Estimation, RSA
2009	JSE Listed Company	Coal	Project Manager on their Coal Project Delmas, Mpumalanga, addendum study to feasibility study, RSA



YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2008	Coal Junior	Coal	Project Manager on their Coal Project Delmas, Mpumulanga, feasibility study and scoping study, RSA
2007	RSA Government SOC	Coal	Project Manager on the Torbanite Project, Kinross Mpumulanga, feasibility study, RSA
2007	RSA Government SOC	CTL (coal to liquid products)	Project Manager on the Torbanite Project, workup study, Kinross Mpumulanga, RSA
2007	Subsidiary of RSA Government SOC	Coal	Project Manager for the Bannitor Mining Area, feasibility study, Kinross Mpumulanga, RSA
2007	JSE Listed Company	Coal	Project Manager for the TUGO No.1 Seam Underground Mining Area, pre-feasibility study, Mpumulanga, RSA
2007	Listed AIM Company	Gold	Senior Mining Engineer for the concept study for surface and underground mining in the Central Wits, Gauteng. Preparation of mining authorisation documentation, RSA
2006	Listed AIM Company	Gold	Project Manager and Senior Mining Engineer on the President Steyn No.9 Shaft Golden Triangle Project: Feasibility Study and 43-101 Documentation, Welkom Goldfields, Free State, RSA
2006	Private Capital Development Company	PGMs	Acquisition of PGM Mineral Rights for BBE Group, North West Province, RSA
2006	Private Capital Development Company	Coal	Due diligence of Afton colliery, Kwa-Zulu Natal, RSA
2005	Platinum Junior	PGMs	Mining Engineer for the access design study for the Crocodile River Mine, Mpumulanga, RSA
2004	JSE Listed Company	Gold	Senior Mining Engineer for the Target Mine feasibility study, Northern Free State, RSA
2003	JSE Listed Company	PGMs	Senior Mining Engineer for ventilation, refrigeration and occupational health studies for various PGM operations, North West Province, RSA
2002	JSE Listed Company	PGMs	Senior Mining Engineer for the Mechanised rock cutting study, North West Province Operations, RSA
2002	Commodity Trader	Copper and cobalt	Senior Mining Engineer for the due diligence of copper operations, ZCCM, Zambia
2000 to 2001	Commodity Trader	Copper and cobalt	Mining Engineer for the due diligence and acquisition of the Nkana and Mufulira divisions of ZCCM, Zambia
1999	Commodity Trader	Copper	Mining Engineer for the due diligence and acquisition of the PASAR Smelter Complex, Philippines
1998	Commodity Trader	Copper and silver	Mining Engineer for the due diligence and acquisition of the CSA Mine, New South Wales, Australia
1997	JSE Listed Company	Copper and cobalt	Mining Engineer for the due diligence of ZCCM Assets (Kafue Consortium), Zambia
1995 to 1997	JSE Listed Company	Chrome	Mining Engineer for the development and operation of the Horizon Chrome Mine, North West Province, RSA
1989 to 1997	JSE Listed Company	Gold	Mining Engineer and Planning Engineer, Evander Goldfield operations, Mpumulanga and Grootvlei Mine, Gauteng, RSA
1985 to 1989	JSE Listed Company	Coal	Environmental Superintendent, Coal Projects, Gauteng, RSA

Education:

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
Degree	B.Sc. (Hons) Mining Engineering	University College Cardiff, Cardiff, Wales	1980-1983
Degree	M.Sc. "Dust Generation Studies on a ¼ Scale Coal Face". A National Coal Board funded Health and Safety Project	University of Newcastle upon Tyne, Newcastle, England	1984
Degree	Ph.D. "Methane Emission Characteristics of South African Coal Seam Strata". A Gencor funded Health and Safety Project	University of the Witwatersrand, Johannesburg	1869-1989
Certificate	Mine Manager's Certificate	Department of Minerals and Energy	1991

Employment Record:


POSITION		COMPANY	JOB DESCRIPTION	DURATION
Senior Mining Engineer		Sound Mining Solution (Pty) Ltd	Technical and economic project evaluations covering full range of investigations from DFS-PFS-PEA-concept studies and including a wide range of commodities, specifically: coal, copper, fluorspar, gold, iron, niobium, platinum, rare earth elements, tantalum and tungsten.	2005 Present to
Technical Director		Minerals Capital Asses (Pty) Ltd	Responsibilities included:- Company secured prospecting permit rights of over 25,000 hectares of PGM Bushveld Complex properties in North West Province. Secured prospecting permits for gold, uranium and coal properties in Limpopo Province. Established a large alluvial diamond concession project in the DRC. Started a small-scale alluvial gold mining operation in Ghana.	2005-2006
Mining Engineer/ Director		Prysm Mining Consultants (Pty) Ltd and Prysm Resources (Pty) Ltd	Responsibilities included:- Technical and financial due diligence of Afton Colliery (Pty) Ltd (Mineral Capital Assets (Pty) Ltd). Mine design options comparison studies (Barplats Mines Limited). Target North expansion feasibility study (Avgold Ltd). Underground mining expansion from current open pit workings at Dwarsrivier Chrome Mine. (Assmang). Concept study completed. Ventilation and refrigeration projects for Anglo Platinum Projects.	2002-2005
Mining Engineer		Badger Mining and Consulting (Pty) Ltd	Responsibilities included:- Investigating the viability of integrating mechanised rock cutting technology to narrow reef platinum mining operations (IMPLATS). Preparation of enquiry documentation for the invitation to tender for execution of works (portal box cuts and surface pads) for the Two Rivers Platinum Mine Project (AVMIN/ IMPLATS).	2002
Mining Engineer		Anglovaal Mining (AVMIN)	Responsibilities included:- Preparation of a bankable document for a funding application.	2002
Mining Engineer		Glencore International AG	Responsibilities included:- Full technical services support to Glencore's copper business worldwide. Feasibility study and project management work on base metal and gold projects.	1997 - 2001
Mining Engineer/ Mine Manager		Anglovaal Mining (AVMIN)	Responsibilities included:- Technical services to Group Companies (gold, base metals and industrial minerals). Completed due diligence work on Zambian copper/cobalt assets (former ZCCM Divisions). Mine Manager for Avmin's Horizon Chrome Mine (sold to SA Chrome).	1995 - 1997
Mining Engineer/ Environmental Superintendent		Gencor	Responsibilities included:- Extensive project management and planning. Part of integrated services team which monitored all aspects of Health and Safety on Gencor's mines and refineries.	1985 - 1995

Languages:

English: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.



Date: July 2019

Full name of specialist: Dr Graham Stripp

Name of Staff: Munyar Chirisa  
 Position: Senior Manager  
 Name of Firm: Venmyn Deloitte (Pty) Limited (trading as Deloitte Technical Mining Advisory), a subsidiary of Deloitte Consulting South Africa (Pty) Ltd  
 Address: Building 33, The Woodlands, 20 Woodlands Drive, Woodmead, 2052, South Africa  
 Profession: Chemical Engineer  
 Date of Birth: 14<sup>th</sup> November 1980  
 Years with Firm: Joined September 2008  
 Nationality: Zimbabwean

Membership of Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member	Southern African Institute of Mining and Metallurgy (SAIMM)	2009
Member	Australasian Institute of Mining and Metallurgy (AusIMM)	2012
Candidate Engineering Technologist	Engineering Council of South Africa (ECSA)	2010

Detailed Tasks Assigned:

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2016	Gold project developer	Gold	Independent design and monitoring of an exploration and metallurgical testwork programme
2016	Confidential	Iron ore	Independent review of a financial model for a liquidation practitioner
2015	Undisclosed	PGM	Independent due diligence on a business plan, including review of concentrators, smelters and refineries
2015	Global diversified corporation	Ferrous metals	Independent impairment testing
2015	Energy producer, Rwanda	Oil and gas	Independent due diligence and valuation of a gas asset
2015	Junior miner in Botswana	Copper	Running a care and maintenance programme and assisting in the subsequent disposal process
2015	Chinese energy group	Coal	Independent mineral asset valuation
2015	Listed South African gold producer	Gold	Independent Fair and Reasonable Opinion
2015	Investment corporation	Various	Independent due diligence on certain mineral assets for the purposes of a potential transaction
2014	Asian exploration and development company	Gold	Independent Technical Review of the Metallurgical Testwork and Mineral Processing Sections for the for the purposes of an NI43-101 compliant Technical Report
2014	Company engaged in mining, exploration and processing of coal	Coal	Independent mineral asset valuation of certain coal assets for the purposes of a potential transaction with their BEE shareholders
2014	Precious metals refining and smelting complex	Gold	Independent review of all aspects of sampling, assaying and metal accounting procedures
2014	Chrome miner and smelter	Chrome	Independent mineral asset valuation of the assets for the purposes of a potential transaction
2014	Coal and heavy minerals mining company	Iron Ore	Independent review of the technical input parameters to their financial model on the iron ore project in the Republic of Congo
2014	Junior coal miner	Coal	Metallurgical due diligence on the coal process plants
2014	Listed manganese miner	Manganese	Independent mineral asset valuation of the stake in the manganese miner
2014	Junior miner	Tin	Metallurgical due diligence on their coal process plants and mineral asset valuation of their proposed project
2014	Zimbabwean junior mining and exploration company	Magnetite	Independent mineral asset valuation of a titanomagnetite deposit in Zimbabwe

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2014	Listed diversified mining and exploration company	Platinum	Independent Experts Report in the form of a JSE compliant Fairness Opinion for a potential transaction in fulfilment of the JSE Listing Requirements
2014	Junior coal miner	Coal	Metallurgical due diligence on their coal process plants
2014	South African coal miner	Coal	Independent Impairment Testing
2013	Global law firm	Copper and Cobalt	Metallurgical due diligence on the cobalt processing plant in Uganda
2013	Global major miner	Tantalite and diamonds	Metallurgical due diligence on their processing circuit for the purposes of a SAMREC-compliant CPR
2013	Zimbabwean gold mine	Gold	Preparation of a SAMREC-compliant Mineral Resource Statement on their gold dump in Zimbabwe
2013	Company engaged in mining, exploration and processing of coal	Coal	JSE compliant Mineral Asset Valuation of mineral assets for a merger. The report was included in the Circular to Shareholders
2013	Listed coal mine developer	Coal	ASIC compliant Mineral Asset Valuation of mineral assets for a merger. The report was included in the Circular to Shareholders
2013	Listed coal mine developer	Coal	Independent Technical Review of the Metallurgy Section on the project for the purposes of providing potential funders with the necessary comfort
2013	Zambian investment company	Copper	Independent Experts Report in the form of a JSE compliant Fairness Opinion for a potential transaction in fulfilment of the JSE Listing Requirements
2013	Central-African gold producer	Gold	Independent Technical Review of the Metallurgical Testwork and Mineral Processing Sections of the Project Definitive Feasibility Study for the for the purposes of an NI43-101 compliant Technical Report
2013	Chrome miner	Chrome	Independent Mineral Asset Valuation report of the Remaining interest in the chrome mine in compliance with Section 37 of the South African Tax Act
2013	Independent oil and gas company	Oil and Gas	Independent Technical Review and Oil and Gas Asset Valuation on the Oil and Gas assets off the west coast of South Africa
2013	Zimbabwean gold mine	Gold	Preparation of an Exploration Work Programme on their gold tailings dumps
2013	Chrome miner and smelter	Chrome	Technical Due Diligence and Mineral Asset Valuation of their chrome assets in South Africa
2013	Diversified metals company	PGEs	JSE compliant Mineral Asset Valuation of the mineral assets for a merger with Platinum Australia Limited. The report was included in the Circular to Shareholders
2013	Diversified metals company	PGEs	JSE compliant Mineral Asset Valuation of PGE assets. The report was included in the Circular to Shareholders
2012	Securities company	PGEs	ASIC compliant Mineral Asset Valuation report on PGE assets for a merger
2012	Securities company	PGEs	ASIC compliant Mineral Asset Valuation report on PGE assets for a merger
2012	Multi-commodity trader	Iron Ore	Independent Technical and Business Plan Review of the iron ore project in Iran
2012	Minerals exploration and treatment	PGEs and Base Metals	Technical Due Diligence, Review and Mineral Asset Valuation of their Project in the form of a Short-Form Techno-Economic Statement
2012	Developer and producer of coal in South Africa	Coking Coal	Independent Due Diligence of their Coal Project DFS in the form of a CPR
2012	Zimbabwean gold miner	Gold	Technical Due Diligence, Review and Mineral Asset Valuation of their Project in the form of a Short-Form Techno-Economic Statement
2012	Investment firm	Iron Ore	Technical Due Diligence, Review and Mineral Asset Valuation of their Project in the form of a Short-Form Techno-Economic Statement

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2012	Minerals developer project	Gold	Technical Due Diligence, Review and Mineral Asset Valuation of the Project in the form of a Short-Form Techno-Economic Statement for the purposes of a transaction
2012	Investment group	Gold	Techno-Economic Due Diligence, Review and Mineral Asset Valuation of the Project
2012	Producer of phosphate-based fertilizers	Rare Earth Elements	Independent Technical Review of the Metallurgy Section on Project for the purposes of an NI43-101 compliant Preliminary Economic Assessment
2012	Listed vertically-integrated vanadium producer	Iron Ore	Technical Due Diligence, Review and Mineral Asset Valuation of the Project in the form of a Short-Form Techno-Economic Statement
2012	Iron ore project developer	Iron Ore	Techno-Economic Prospectivity Review Report and ongoing provision of strategic advice in developing their greenfields projects
2012	Professional services firm	Base Metals	Mineral Asset Valuation of certain base metal projects in Burundi in the form of a Valuation Certificate
2012	Central-African gold producer	Gold	Independent Technical Review of the Metallurgy Section of the Project for the purposes of an NI43-101 compliant Preliminary Economic Statement
2012	Ferrochrome producer	Low carbon ferrochrome	Independent Technical Review of the Metallurgy Section of a certain low-carbon ferrochrome project
2008-2012	Continued presence in the minerals and mining industry	Gold, Platinum (PGEs), Coal, Rare earth elements, Uranium, Copper, Cobalt, Manganese, Nickel, Iron Ore, Chromite, Cement and associated products	Independent technical reviews, Technical statements, Mineral Asset Valuations, Fairness opinions, Preparation of protocols, Technical due diligences, strategic reviews, Resource and Reserve planning

#### Key Qualifications:

Munyar Chirisa is a Senior Manager at Venmyn Deloitte. Munyar, who joined the Venmyn team in 2008 (prior to its purchase by Deloitte), is a Chemical Engineer by profession and is registered with ECSA as a Candidate Engineering Technologist. Munyar started off as a gate-keeper of Valuation Curves, a responsibility which gave him extensive experience in the techno-economic valuation of mineral assets and mining projects using the market approach as well as the strategic analysis of various mineral industries. Munyar has also gained experience in recent times in using the DCF method of valuation.

Munyar has worked on more than 50 projects involving mainly ferrous, precious and base metals. However, his main focus now is Project Management, which includes Scoping Studies/Preliminary Economic Assessments, Pre-feasibility Studies, and Definitive Feasibility Studies. His main areas of interest are the reprocessing of dumps and the smelting of titano-magnetite ores whilst his main minerals of interest include rare earth elements, iron, base metals and chromite. Currently, Mr Chirisa's main focus is applying his mineral asset valuation and metallurgical knowledge in project management which includes Due Diligences, Technical Reviews, Scoping Studies, Pre-Feasibility Studies, and Definitive Feasibility Studies.

#### Education:

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
B.Eng. (Hons)	Chemical Engineering	National University of Science and Technology, Zimbabwe	2005

Employment Record:

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Mineral Projects Analyst	Venmyn Deloitte (Pty) Limited	Venmyn Deloitte provides compliance and valuation reporting services to the minerals industry. Responsibilities at Venmyn Deloitte include:- compiling technical information into reports which are compliant with the SAMREC and JSE listing rules; review of metallurgical testwork and mineral processing methods for a wide range of commodities; project management; high level research for multiple facets of mineral projects; compliant Mineral Asset Valuation of mineral projects; and background research of information for CPRs and Technical Statements.	November 2011 to Present
Mineral Projects Analyst	Venmyn Rand (Pty) Limited	Venmyn Rand (Pty) Limited provided compliance and valuation reporting services to the minerals industry. Responsibilities at Venmyn Rand (Pty) Limited included:- compiling technical information into reports which are compliant with the SAMREC and JSE listing rules; review of metallurgical testwork and mineral processing methods for a wide range of commodities; project management; high level research for multiple facets of mineral projects; compliant Mineral Asset Valuation of mineral projects; and background research of information for CPRs and Technical Statements.	September 2008 – November 2011
Trainee Metallurgist	Maranatha Ferrochrome (Pvt) Limited.	responsible for quality control at crushing plant and furnaces; preparing mass balances; day to day running of the plant; and preparing daily and weekly production reports.	August 2003 – July 2004

Languages:

English: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.



Date: June 2016

Full name of staff member: Munyar Chirisa



Name of Staff: Mr Stephan Herb  
 Position: Manager  
 Name of Firm: Venmyn Deloitte (Pty) Ltd (trading as Deloitte Technical Mining Advisory), a subsidiary of Deloitte Consulting South Africa (Pty) Ltd  
 Address: Building 33, The Woodlands, 20 Woodlands Drive, Woodmead, 2052, South Africa  
 Profession: Environmental Scientist  
 Date of Birth: 15<sup>th</sup> April 1983  
 Years with Firm: October 2018 to present  
 Nationality: South African

Membership of Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member	South African Council for Natural Scientific Professions (SACNASP)	2001

Detailed Tasks Assigned:

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2019	Confidential	Coal	Technical Environmental and Social Due Diligence for the disposal of a portfolio of coal assets
2019	Confidential	Platinum	Technical advisory services on merger and acquisition of a platinum asset in South Africa
2019	Confidential	Coal	Assurance on the rehabilitation and reclamation provision created for a JSE a listed coal mining company
2019	Confidential	Copper	Assurance on the rehabilitation and reclamation provision created for a copper mine in Botswana
2018	Gold mining operator in Tanzania	Gold	Internal audit review of the mine closure processes and systems for a gold mine in Tanzania
2019	Listed PGM producer	Platinum	Compilation of a closure plan and liability assessment for an expansion Project, South Africa
2018	International commodity trading company	Chrome	Project Manager for the environmental permitting application for the proposed project
2018	Confidential	Vanadium	Due Diligence, South Africa
2017	South African miner	Coal	Technical Environmental and Social Due Diligence of a portfolio of domestic coal assets
2017	Global PGM and gold miner	Gold	Development of a water conservation and demand management strategy
2015-2017	Various	Various	Prospecting Right Application
2017	Indian metals trader	Platinum	Technical Environmental and Social Due Diligence and development of a strategy to operate a series of derelict mines in Zimbabwe
2016	Major PGM producer in South Africa	Platinum	Assessment and the reporting of the company's performance against SAMREC Code and the SAMESG Guideline
2016	Confidential	Niobium	E&S due diligence against IFC Performance Standards and Equator Principles and the development of a corrective action plan for a German Development Bank on a project in Tanzania
2015	Confidential	Copper	Technical, legal and financial due diligence of a project in Botswana
2014-2015	Confidential	Copper	Technical advisor on a copper exploration programme in Zambia

Key Qualifications:

Stephan is an Environmental and Social Risk Manager of Deloitte Technical Mining Advisory, Deloitte Consulting Africa. He is a professional environmental scientist with 10 years' experience in environmental, social and sustainability management fields.

Stephan's areas of expertise include Environmental and Social (E&S) due diligence assessments, Environmental and Social Impact Assessments (ESIA), corporate sustainability strategy and assurance, contaminated land assessments, management systems, performance assessments and legal compliance. Much of the work has involved helping clients manage their E&S risks and opportunities and add value to their long term developmental impact through implementing international good practice.

Stephan has a particular focus in mine closure and financial provisioning where he works closely with clients to help them manage their post-closure liability and generate value from diminishing assets.

Education:

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
B.Sc. (Hons)	Zoology	University of Stellenbosch	2008
M.Sc.	Environmental Science	University of Johannesburg	2011
MBA	Business Management	Henley Business School	Current

Employment Record:

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Manager	Deloitte Technical Mining Advisory	Responsibilities at Deloitte include:- Review of technical information into reports which are compliant with the SAMREC and JORC Mineral Reporting codes; Review of rehabilitant and restoration provision as part of financial audits Development of sustainability strategies Project management; Background research of information for CPRs and Technical Statements.	October 2018 - present
Senior Environmental Project Manager	The MSA Group (Pty) Ltd	Responsible for managing environmental projects from: mining applications; integrated water right permitting; ESIA and ESMP applications; ESG due diligence risk reviews; and Mine closure planning and assessments.	Jan 2015 - Oct 2018
Environmental Consultant	ERM Southern Africa (Pty) Ltd	The responsibilities included: project managing ESIA & ESMP to IFC Performance Standards and national legislations; environmental site assessments for a global oil and gas client; scoping projects for sub-contracted specialists; and business development.	June 2012 - December 2014
Environmental Coordinator	Anglo American KIOC (Pty) Ltd	The key responsibilities included: the development of a complete EMS (ISO:14001 standard) to ensure and maintain compliance with legal and corporate requirements; reviewing of Contractor prepared Construction Environment Management Plans (CEMP); environmental risk assessments; incident investigations; and liaising with internal and external stakeholders.	January 2008- May 2012

Languages:

English: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.



Date: July 2019

Full name of staff member: Stephan Herb

Name of Staff: Neil Mc Kenna  
 Position: Director – Mining Advisory  
 Name of Firm: Deloitte  
 Address: 66 Shoe Lane, London, EC4A 3BQ  
 Profession: Geologist  
 Date of Birth: 05<sup>th</sup> June 1977  
 Years with Firm: 9  
 Nationality: British/South African

Membership in Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member	Australasian Institute of Mining and Metallurgy	2011
Fellow	Geological Society of South Africa	2002
Member	South African Institute of Mining and Metallurgy	2007
Member	South African Council for Natural Scientific Professions	2002

Detailed Tasks Assigned:

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2019	Natural gas production and distribution company	Oil & Gas	Technical review of an Oil & Gas field in Africa.
2019	Investment company for companies focussed on natural resources	Multi-Commodity	Valuation review for several mineral assets in Africa.
2019	Investment advisory company	Gold	Technical review of a gold mine in Namibia.
2019	Canadian gold production company	Gold	Valuation review for certain low confidence resources for gold projects in North America.
2019	Russian gold miner	Gold	Technical review of a Petropavlovsk's gold mining operations in Russia.
2019	Manufacturer and supplier of construction and building materials	Aggregates	Technical review of several aggregate quarries in the United Kingdom.
2019	Global commodity company	Copper	Technical review of the life of mine plans and valuations of copper mines in Central Africa.
2019	Russian gold miner	Gold	Review of the life of mine plans for several of Nordgold's operations in Africa and Russia.
2019	Global base metal miner	Copper	Review of the life of mine plan and valuation of a large copper mine in South America.
2018	Glass and aluminium company based in Saudi Arabia	Dimension Stone	Technical due diligence of Wajhat's dimension stone operations in Saudi Arabia.
2018	Global industrial minerals company	Cement/Aggregates	Technical review of certain aggregate operations in North America.
2018	Global vertically-integrated producer of alloys	Chrome	Technical review and valuation of a number of mineral assets owned by the Afarak Group in South Africa, Turkey and Germany.
2018	West African-focussed gold mining and exploration company	Gold	Technical and valuation review of the Tri-K Project in Guinea.
2018	Coal and energy company	Coal	Review of international best practices in mining licence application processes and permitting.
2018	Deloitte UK	Coal	Technical review of a coal mine in Wales.
2018	Russian gold miner	Gold	Technical review of a Petropavlovsk's gold mining operations in Russia.
2018	Global multi-metals business	Copper	Technical review and valuation review of certain Nyrstar Mines in North America.
2018	Global company mining and refining metals	Copper	Valuation of several copper mines in South Africa.
2018	South African developer and producer of coal	Coal	Review of the valuation of several coal assets in South Africa.
2018	Listed global base metal miner	Copper	Technical review of the life of mine plan and valuation of a copper mine in South America.
2018	Gemstone supplier	Gemstones	Valuation review of gemstone mines in Zambia and Mozambique for a Purchase Price Allocation.

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2018	Global commodities trading and mining company	Copper	Technical review of the life of mine plans for copper producers in Central Africa and Southern Africa.
2017	Global multi-metals business	Copper	Technical review and valuation review of certain Nyrstar Mines in North America.
2017	USD Lenders	Platinum	Technical review of mining operations in South Africa.
2017	Manufacturer and supplier of construction and building materials	Aggregates	Technical review of various aggregate operations in the United Kingdom
2017	Group of companies engaging in copper mining activities	Copper	Technical and financial review and strategic options assessment of a copper mine in Armenia
2017	Listed global base metal miner	Copper	Technical and valuation review of a copper mine in Asia
2017	Global commodities trading and mining company	Copper	Technical review of the mine and metal accounting review of the processing plant at a large copper mine in the DRC
2017	Diamond producer mining in Africa	Diamonds	Competent persons Report on mineral assets in Lesotho, Botswana and Australia
2017	West African-focussed gold mining and exploration company	Gold	Technical review of a gold mine in Burkina Faso
2017	Precious metals refining and smelting complex	Gold	Metal accounting review of a mint
2017	Precious metals refining and smelting complex	Gold	Technical review of a refinery in the USA
2017	Manganese ore producer in South Africa	Manganese	Competent persons report and valuation of a mine in South Africa.
2017	Gold producer with principal operations in Russia	Gold	Technical review of a gold mine in Russia
2017	Listed global base metal miner	Copper	Technical review of a base metal mine in South America
2017	Global commodities trading and mining company	Copper	Technical and metal accounting review of a copper smelter in Kazakhstan
2017	Russian gold miner	Gold	Technical review of gold mining operations in Russia
2017	Listed manganese miner	Manganese	Mineral Asset Valuation of a manganese mine in the Northern Cape of South Africa
2017	Russian gold mining company	Gold	Mine plan review
2017	Deloitte UK	Gold	Review of Life of Mine plan and Business Plan of a major Russian gold producer
2017	Global multi-metals business	Base Metals	Technical review of various aspects of a base metal smelting project in Australia
2017	Confidential	Gold	Mass balance and process review of a large North American refinery
2016	Listed company involved with construction materials	Industrial Minerals	Technical Report on the Mineral Assets
2016	Mining company in Africa	Iron Ore	Technical review and valuation of the mineral assets previously owned
2016	Deloitte Moscow	Gold	Review of Life of Mine plan and Business Plan of a major Russian gold producer
2016	Deloitte Australia	Copper	Technical review and valuation benchmarking of a large copper producer in Africa
2016	Russian gold mining company	Gold	Technical review of a gold mine in Russia
2016	Deloitte UK	Copper	Review of metal accounting procedures at a large metals smelting facility in Asia
2016	Diamond producer mining in Africa	Diamonds	Technical Report on the Mineral Assets
2016	Large coal miner in Eastern Europe	Coal	Technical review of metallurgical coal assets in Poland

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2016	Energy producer in eastern Europe	Coal	Business plan review and strategic technical advisor to the bondholders
2016	Russian gold miner	Gold	Technical review of gold mining operations in Russia
2016	Exploration and development company	Iron Ore	Valuation and strategic technical advisor to the Administrator
2016	Mining Development Fund	Multi-Commodity	Valuation of certain mineral assets
2016	Leading global mining group	Copper	Life of mine plan reviews for a copper mine in Mongolia
2016	Large coal miner in eastern Europe	Coal	Business plan review and strategic technical advisor to the bondholders with respect to the financial restructuring of their interest in Central Europe
2015	Deloitte Switzerland	Multi-Commodity	Life of mine plan reviews for gold and base metal mines in Honduras, Chile and USA
2015	Russian gold mining company	Gold	Benchmarking and strategic input into a target operating model
2015	South African coal producer	Coal	Independent mineral asset valuation
2015	USD Lenders	Platinum	Techno-economic due diligence of life of business plan as part of a successful rights issue and new debt financing recapitalisation
2015	Investment Council	Platinum	Research into the relationship between capital expenditure and platinum production in Southern African platinum mines
2015	Deloitte UK	Potash	Valuation of a potash project in Europe
2015	Russian gold mining company	Gold	Technical review of a gold mine in Russia
2015	Global commodities trading and mining company	Copper	Technical and valuation review of a copper mine in the DRC
2015	Integrated steel and mining company	Iron Ore	Technical and valuation review of an iron ore mine in Liberia and coal mines in the USA and Canada
2015	Deloitte Russia	Gold	Technical review of several gold projects in West Africa
2015	Russian gold miner	Iron Ore	Technical Review of a major iron ore project in Russia
2015	Subsidiary of Global commodities trading and mining company	Coal	Impairment review as part of external audit
2015	Investment corporation	Chrome	Technical due diligence on a chrome processing plant
2015	Russian gold miner	Gold	Technical review of gold mining operations in Russia
2015	Global diamond producer	Diamonds	Valuation of a Diamond Asset in Australia
2015	Coal mining company with production in South Africa and globally	Coal	Technical Due Diligence and Valuation
2014	Global diamond producer	Diamonds	Update of Resource and Reserve Statements
2014	Russian gold miner	Gold	Technical review of gold mining operations in Russia
2014	Deloitte USA	Aggregate	Technical review of a major aggregate producer in the USA
2014	Leading global mining group	Copper	Technical review of a copper producer in Mongolia
2014	Gold miner in Italy	Gold	Technical Review and Competent Persons Report on a Gold Mine in Italy
2014	Coal and heavy minerals mining company in South Africa	Iron Ore	Technical Review and Valuation of one Iron Ore Project
2014	Global diamond producer	Diamonds	Update of Resource and Reserve Statements
2014	Diversified industrial company	Coal	Technical Due Diligence of a large portfolio of Coal Projects in South Africa
2014	Coal mining company with production in South Africa and globally	Coal	Technical Due Diligence of a large portfolio of Coal Projects in South Africa

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2014	Deloitte UK	Coal	Technical and operational review of a major Coal Mining company in Eastern/Central Europe.
2014	Deloitte SA	Gold	Technical Review of a refinery for Audit purposes
2014	Subsidiary of global commodities trading and mining company	Coal	Technical Review of certain assets
2004 - 2013	Continued presence in the minerals and mining industry	Coal, Gold, Platinum, Iron Ore, Diamonds, Manganese, Heavy Minerals, Copper, Nickel, Zinc, Lead, Uranium	Competent Persons Reports, Valuations of Mineral Assets, Fairness opinions, Technical Due Diligences, Technical reviews and reports, Technical statements, Mineral Resource updates, Resource and Reserves statements, Prospectivity reviews

#### Key Qualifications:

Neil is an experienced Mining, Minerals & Metals Industry Advisor with a wide range of technical and commercial expertise across the industry, including on exploration, project development, and operations through to closure. Neil has over 15 years' experience in advising mining and minerals companies and investors on the technical and strategic merits of minerals, mining and metals projects, globally.

Neil has been the key technical and valuations advisor on a number of substantial transactions across a range of commodities and geographies, with a combined value of over USD4bn.

Neil also has extensive experience in mineral project reviews and due diligence, mineral asset valuations and public reporting (including on international stock exchanges). Neil has broad experience in various aspects of risk management, compliance, governance and finance of mining and metals companies.

Neil has worked on hundreds of mining, minerals and metals projects involving gold, silver, platinum group metals, chromite, base metals, diamonds, iron ore, industrial minerals, coal and uranium. His experience includes working on projects located in: Southern Africa; East Africa; Central Africa, Indonesia, Australia; Russia, Ukraine, Czech Republic, Poland, the Middle-East, Chile, Mongolia and the USA.

Neil currently serves as Director of Global Markets for Deloitte Technical Mining Advisory (DTMA) within the Financial Advisory business of Deloitte in London. As a subject matter expert he focusses on supporting global mining transactions by conducting technical reviews and analysis of minerals projects, due diligence reviews and mineral asset valuations.

Neil was instrumental in the acquisition of the Venmyn business by Deloitte Consulting in 2012.

#### Education:

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
Bachelor of Science Degree (BSc)	Zoology	The University of the Witwatersrand	1998
BSc (Honours) Degree - First Class	Environmental Science	The University of the Witwatersrand	1999
Master of Science (MSc) Degree	Business Management	The University of Cape Town	2002

#### Employment Record:

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Director Global Markets	Deloitte Technical Mining Advisory	Neil is currently responsible for Deloitte Technical Mining Advisory's expanded global market penetration and collaboration strategies out of the UK. In addition, Neil has responsibility for the companies' interests and presences in Canada. Neil is responsible for the growth, overall delivery, operational management, and capacity-building and performance management for global mining opportunities. In London, Neil works closely with Deloitte's Financial Advisory and Audit teams to provide technical transactional and audit support, respectively. Since being relocated to London, Neil has worked on a number of high profile mining companies/projects and significant M&A and financial restructuring projects involving large mining companies, globally. Neil continues to act as key technical advisor to minerals companies, investors and financial institutions, with a focus on mineral projects reviews/due diligence	July 2016 - Present

POSITION	COMPANY	JOB DESCRIPTION	DURATION
		and mineral asset valuations. Neil leads multi-national and multi-disciplinary teams delivering mineral project review work globally.	
Director	Venmyn Deloitte (Pty) Limited - United Kingdom	Relocated to Deloitte's offices in London, United Kingdom in order to focus on rolling out Venmyn Deloitte services in the EMEA region and to have better access to European based clients, including financial institutions.	May 2015 - June 2016
Director	Venmyn Deloitte (Pty) Limited	Formed after Venmyn was acquired by professional services firm Deloitte, creating a new technical and economic minerals advisory business. His responsibilities continued to include mineral asset valuations, mineral projects reviews, public reporting as well as strategic leadership for the new business. In addition, Neil actively provided audit support and transactional support for Deloitte's global Audit and Corporate Finance teams. Neil also served as a member of the Assurance Mining Industry Team in South Africa and the Core Mining Team in the UK as well as being recognised as a Subject Matter Expert/Specialist for Energy and Resources for Deloitte globally.	November 2012 - April 2015
Director	Venmyn Independent Projects (VIP)	Neil served as a director of this subsidiary of Venmyn Rand (Pty) Limited which specialised in the independent co-ordination and management of Feasibility Studies, from Concept to Definitive Feasibility Studies	June 2010 - October 2012
Director	Venmyn Rand (Pty) Limited	Responsible for mineral project assessments, due diligences and valuations with expertise in precious metals, base metals, coal, uranium and gem stones. Specialty included public reporting and valuation of mineral assets and minerals companies. Completed a number of valuations for a range of commodities including diamonds, coal, platinum, manganese, zinc, gold and uranium. Also active involvement in the day to day running of Venmyn as well as providing strategic leadership and sharing in the fiduciary responsibilities. Acting as a mentor to junior staff and as project leader in small teams, with an excellent record of achieving targets, deadlines and budgets.	March 2009 - October 2012
Mineral Industry Advisor	Venmyn Rand (Pty) Limited	Senior Consultant acting as Project Leader in the co-ordination, interpretation, analyses and presentation of mineral project information. Typical projects include Mineral Project Valuation, Competent Persons Reports, Technical Reports and Statements, Commodity Studies, Compliance and Assurance Reports.	March 2007 - March 2009
Project Manager - Resource Extension Project	De Beers Finsch Diamond Mine	Responsible for the Mineral Resource Evaluation of the Block 5 Extension of the Finsch Diamond Mine, Northern Cape. This project involved the drilling of in excess of 14,000m of core for volume, geological, structural and grade determinations. Responsible for co-ordinating drilling/sampling activities of four LM90 drill rigs on three underground levels (510, 650 and 888 levels). Responsible for managing the capturing of all geological data in a Datamine drill-hole database, and the reporting thereof. Dynamic drill hole planning was dependant on analysis of 3D geological model. Responsible for the managing of drilling contractors (Boart Longyear) and maintaining project schedules. Responsible for the supervision and mentorship of approximately 10 subordinates (including senior and junior geologists, geological officers and geological assistants).	September 2006 - March 2007
Technical Assistant to the Technical Director and to the Resource Delivery Group	De Beers Group Exploration - Group Managers Office	Responsible for routine reporting and technical reviews of advanced stage exploration projects and resource statements. Corporate governance of the Resource Delivery Group. Compilation of position papers. Joint venture reporting.	September 2005 - September 2006
Technical Assistant	Africa Exploration - De Beers Africa Exploration	Responsible for routine reporting, liaison between field operations, laboratories and Executive. Technical reports and reviews, corporate governance of Africa Management team and HOD committee. Active management of relationships and data for Joint Venture Partners. Projects tracking. Business plan management.	November 2004 - September 2005
Senior Geologist	De Beers Geoscience Centre	Responsible for exploration decision support as well as providing managing and supervising diamond related projects and diamond research.	June 2004 - November 2004



POSITION	COMPANY	JOB DESCRIPTION	DURATION
Geologist	De Beers Geoscience Centre	Industrial and exploration related diamond research. Management of major study investigating the relationship between macro- and micro-diamonds.	March 2003 – June 2004
Geologist	De Beers RSA Geological Services Division, Kimberley	Exposure to exploration and mining geology over a 13 month training period. Competencies gained include, diamond indicator mineral identification and interpretation, bulk sample evaluation, laboratory practices, stream and loam exploration sampling (both reconnaissance and follow-up sampling). Within the mining discipline: geological mapping, density measurements, waste control, bulk sampling, density and grade determination studies	February 2002 – March 2003

Languages:

English: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.



Date: July 2019

Full name of staff member: Neil Mc Kenna

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**ANNEXURE 2 – SCHEME IMPLEMENTATION DEED**

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## **Scheme implementation deed**

**Sandfire Resources NL**

**MOD Resources Limited**

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Date:

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## Parties

- 1 **Sandfire Resources NL** ACN 105 154 185 of Level 2, 10 Kings Park Rd, West Perth, WA 6005 (**Sandfire**)
  - 2 **MOD Resources Limited** ACN 003 103 544 of Level 1, 1304 Hay St West Perth, WA 6005 (**MOD**)
- 

## Background

- A Sandfire wishes to acquire all the MOD Shares and all other securities issued by MOD.
- B At the request of Sandfire, MOD has agreed to propose a members' scheme of arrangement pursuant to which Sandfire will acquire all the Scheme Shares, and MOD and Sandfire have agreed to implement the Scheme on the terms and conditions of this deed.
- C MOD and Sandfire have agreed to propose the EGM Resolutions on the terms and conditions of this deed.
- D MOD is, and will remain following implementation of the Scheme, the indirect holder of 100% of Tshukudu Metals Botswana (Pty) Ltd (the legal and beneficial owner of the T3 Project).
- E Sandfire has agreed to assist MOD in proposing the Scheme.

### The parties agree

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## 1 Defined terms and interpretation

### 1.1 Defined terms

A term or expression which is defined in the dictionary in Schedule 1 has the meaning given to it in the dictionary.

### 1.2 Interpretation

The interpretation clause in Schedule 1 sets out rules of interpretation for this deed.

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## 2 Agreement to proceed with Transaction

- (a) MOD agrees to propose the Scheme on and subject to the terms of this deed.
- (b) Sandfire agrees to assist MOD in proposing the Scheme on and subject to the terms of this deed.
- (c) Sandfire may nominate any wholly-owned Subsidiary of Sandfire (**Sandfire Nominee**) to acquire the Scheme Shares under the Scheme by giving written notice to MOD on or before the date that is 15 Business Days before the First Court Date.



- (d) If Sandfire nominates the Sandfire Nominee to acquire the Scheme Shares under the Scheme, then:
    - (i) references in this deed to Sandfire acquiring the Scheme Shares under the Scheme are to be read as references to the Sandfire Nominee doing so;
    - (ii) other references in this deed to Sandfire are to be read as references to Sandfire or Sandfire Nominee;
    - (iii) the parties must procure that the Scheme Shares transferred under the Scheme are transferred to the Sandfire Nominee, rather than the Sandfire;
    - (iv) Sandfire must procure that Sandfire Nominee complies with the relevant obligations of Sandfire under this deed and under the Scheme; and
    - (v) any such nomination will not relieve Sandfire of its obligations under this deed or the Deed Poll, including the obligation to pay (or procure the payment by Sandfire Nominee of) the Scheme Consideration in accordance with the terms of the Scheme provided that Sandfire will not be in breach of this deed for failing to perform an obligation of Sandfire if that obligation is fully discharged by Sandfire Nominee.
  - (e) For the avoidance of doubt, if Sandfire nominates the Sandfire Nominee to acquire the Scheme Shares under the Scheme, Sandfire will procure that the New Sandfire Shares are issued as Scrip Consideration.
- 

### 3 Conditions precedent to Scheme

#### 3.1 Conditions precedent to Scheme

Subject to this clause 3, the Scheme will not become Effective until and unless the following Conditions Precedent are satisfied or waived in accordance with clause 3.3.

- (a) **(Court approval)** The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.
- (b) **(EGM Resolutions)** MOD Shareholders approve the EGM Resolutions by the requisite majorities in accordance with the Corporations Act and the Listing Rules, as applicable.
- (c) **(MOD Scheme approval)** MOD Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under section 411(4)(a) of the Corporations Act, as modified under section 411(4)(a)(ii)(A) of the Corporations Act or otherwise.
- (d) **(MOD Options)** each MOD Optionholder:
  - (i) exercises all of the MOD Options they hold and the MOD Shares issued upon such exercise are entered into the register of members of MOD prior to the Record Date; or
  - (ii) enters into a deed with Sandfire and MOD regarding the MOD Options held by each MOD Optionholder pursuant to clause 4.13 prior to the Delivery Time.
- (e) **(Restraints)** Before and as at the Delivery Time, there is not in effect any preliminary or permanent injunction or other preliminary or final decision, order or

decree issued by any court of competent jurisdiction (whether foreign or Australian) or by any Government Agency, nor is there in effect any other legal process which restrains or prohibits (or could reasonably be expected to restrain or prohibit) the completion of the Transaction.

- (f) **(Investigations)** Before and as at the Delivery Time, no action or investigation is announced or commenced by any Government Agency relating to a substantial part of the ordinary business of MOD Group taken as a whole, in each case which is reasonably likely to have a materially adverse effect on that part of the business.
- (g) **(Australian regulatory approvals)** Before and as at the Delivery Time, MOD obtains all Australian regulatory approvals, authorisations and consents required to enable completion of the Transaction from:
  - (i) ASIC, including the statement required under section 411(17)(b) of the Corporations Act; and
  - (ii) ASX.
- (h) **(Botswana regulatory approvals)** Before the Delivery Time, MOD obtains all Botswana regulatory approvals, authorisations and consents required to enable completion of the Transaction from:
  - (i) the Minister for Mines for the transfer of a controlling interest in the holders of the Mining Tenements in Part A and Part B of schedule 4;
  - (ii) the Botswana Competition Authority; and
  - (iii) any other relevant Botswanan Government Agency.
- (i) **(No transaction tax or foreign exchange)** Before and as at the Delivery Time, no Tax or imposition of foreign exchange control is announced or proposed by the Government of Botswana which would:
  - (i) require any member of the MOD Group to pay a material sum of Tax to any revenue authority in Botswana in connection with the Transaction; or
  - (ii) require any member of the Sandfire Group to pay a material sum of Tax to any revenue authority in Botswana in connection with the Transaction; or
  - (iii) limit the ability of any member of the MOD Group to repatriate funds from Botswana to Australia,other than the proposed amendments to the transfer pricing regime in Botswana gazetted prior to the date of this deed.
- (j) **(Independent Expert's Report)** the Independent Expert provides the Independent Expert's Report to MOD, stating that in its opinion the Scheme is in the best interests of MOD Shareholders, on or before the date on which the Scheme Booklet is registered with ASIC under the Corporations Act, and the Independent Expert does not change or publicly withdraw this conclusion prior to the Delivery Time.
- (k) **(Prescribed Occurrence)** No Prescribed Occurrence occurs between the date of this deed and the Delivery Time.

- (l) **(Material Adverse Change)** No Material Adverse Change occurs between the date of this deed and the Delivery Time.
- (m) **(MOD Representations and Warranties)** The MOD Representations and Warranties being true and correct in all material respects at each of the relevant times set out in clause 11.8 or any breach being properly remedied as envisaged by clause 3.4(b)(vi)(B).
- (n) **(MOD Board recommendation)** Between and including the date of this deed and the date of the Scheme Meeting, subject to clause 5.5, none of the MOD Directors, fails to make, changes, qualifies or withdraws his or her Voting Intention or his or her Recommendation as provided by clause 8.

### 3.2 Reasonable endeavours

- (a) MOD must use its reasonable endeavours to procure that the Conditions Precedent in clause 3.1(j) (*Independent Expert's Report*), 3.1(k) (*Prescribed Occurrence*), 3.1(l) (*Material Adverse Change*), 3.1(m) (*MOD Representations and Warranties*) and 3.1(n) (*MOD Board recommendation*) are satisfied as soon as possible after the date of this deed.
- (b) The parties must each use reasonable endeavours to procure that:
  - (i) the Conditions Precedent in clauses 3.1(a) (*Court approval*), 3.1(c) (*MOD Scheme approval*), 3.1(d) (*MOD Options*), 3.1(e) (*Restraints*), 3.1(f) (*Investigations*), clause 3.1(g) (*Australian regulatory approvals*), 3.1(h) (*Botswana regulatory approvals*) and 3.1(i) (*No transaction tax or foreign exchange*) are satisfied as soon as possible after the date of this deed; and
  - (ii) there is no occurrence or non-occurrence within their control or the control of any of their related bodies corporate that prevents, or would be reasonably likely to prevent, the satisfaction of any Condition Precedent.
- (c) Clause 3.2(b) does not require:
  - (i) Sandfire to solicit votes in favour of the Scheme; or
  - (ii) either Sandfire or MOD to assist the other financially.
- (d) Without limiting clause 3.2(b) but subject to clause 3.2(e), each party must:
  - (i) promptly apply for all relevant regulatory approvals and take all reasonable steps required in connection with the regulatory approval process, including responding to requests for information from the relevant Government Agency at the earliest practicable time;
  - (ii) keep the other party informed of the progress towards satisfaction of the Conditions Precedent; and
  - (iii) except to the extent prohibited by law or a Government Agency:
    - (A) promptly notify the other party of all communications between it and a Government Agency in connection with any approval or consent required pursuant to a Condition Precedent in clause 3.1 or any action taken or proposed by, or any enquiries made by, a Government Agency in relation to the Transaction (**Regulatory Matter**);

- (B) promptly provide the other party with:
    - (I) copies of all communications referred to in clause 3.2(d)(iii)(A) (where written); and
    - (II) detailed summaries of all material communications referred to in clause 3.2(d)(iii)(A) (where not written);
  - (C) before sending any submission or correspondence to a Government Agency relating to any Regulatory Matter, consult with the other party in relation to, and provide the other party with a draft copy of, such submission or correspondence;
  - (D) have the right to be represented and make submissions at any proposed meeting with any Government Agency relating to a Regulatory Matter;
  - (E) respond to reasonable requests for information that relate to any Regulatory Matter, whether made by the other party or a Government Agency, at the earliest practicable time; and
  - (F) provide the other with all information and assistance reasonably requested by the other and the relevant Government Agency.
- (e) Before providing any document or other information to MOD pursuant to clause 3.2(d), Sandfire may redact any part of that document, or not disclose any part of that information, which contains or is confidential, non-public information (**Sensitive Confidential Information**) if Sandfire reasonably believes that:
- (i) the Sensitive Confidential Information is of a commercially sensitive nature; or
  - (ii) the disclosure of the Sensitive Confidential Information to MOD would be damaging to the commercial or legal interests of Sandfire or any of its related bodies corporate,

and may provide the document or disclose the information to MOD with any Sensitive Confidential Information redacted or excluded, provided that, where Sensitive Confidential Information is so redacted or excluded, Sandfire must provide MOD with as much detail about the relevant communication, submission or correspondence (and any other relevant circumstances) as is reasonably possible without disclosing Sensitive Confidential Information.

### 3.3 Waiver of Conditions Precedent

- (a) The Conditions Precedent in clauses 3.1(a) (*Court approval*) and 3.1(c) (*MOD Scheme approval*) cannot be waived.
- (b) The Conditions Precedent in clauses 3.1(e) (*Restraints*), 3.1(f) (*Investigations*), 3.1(g) (*Australian regulatory approvals*) and 3.1(h) (*Botswana regulatory approvals*) are for the benefit of Sandfire and MOD and any breach or non-fulfilment of any of those Conditions Precedent may only be waived in writing by both Sandfire and MOD.
- (c) The Conditions Precedent in clauses 3.1(b) (*EGM Resolutions*), 3.1(d) (*MOD Options*), 3.1(i) (*No transaction tax*), 3.1(k) (*Prescribed Occurrence*), 3.1(l) (*Material Adverse Change*), 3.1(m) (*MOD Representations and Warranties*) and

3.1(n) (*MOD Board recommendation*) are for the sole benefit of Sandfire and any breach or non-fulfilment of any of those Conditions Precedent may only be waived in writing by Sandfire.

- (d) The Condition Precedent in clauses 3.1(j) (*Independent Expert's Reports*) is for the sole benefit of MOD and any breach or non-fulfilment of that Condition Precedent may only be waived in writing by MOD.
- (e) If a party waives the breach or non-fulfilment of a Condition Precedent, such waiver will not prevent that party from suing the other party for any breach of this deed including a breach that resulted in the breach or non-fulfilment of the Condition Precedent, provided that the relevant party is otherwise permitted to do so under this deed.
- (f) Waiver of breach or non-fulfilment of a Condition Precedent in relation to an event does not constitute:
  - (i) a waiver of breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
  - (ii) a waiver of breach or non-fulfilment of that Condition Precedent resulting from any other event.
- (g) A party entitled to waive a Condition Precedent under this clause may do so in its absolute discretion. Any waiver of a Condition Precedent by a party for whose benefit the Condition Precedent applies must take place on or prior to Delivery Time.

#### **3.4 Termination on failure of Condition Precedent**

- (a) If:
  - (i) there is a breach or non-fulfilment of a Condition Precedent that has not been waived in accordance with clause 3.3;
  - (ii) a Condition Precedent becomes incapable of satisfaction and the breach or non-fulfilment of that condition precedent that has occurred, or would otherwise occur, has not been waived in accordance with clause 3.3; or
  - (iii) the Scheme has not become Effective by the End Date,then either party may give the other party written notice (**Consultation Notice**) within 10 Business Days after the relevant event (**Termination Event**). The parties must then consult in good faith to determine whether they can reach agreement with respect to:
  - (iv) an extension of the time for satisfaction of the relevant Condition Precedent or an extension of the End Date or both (as the case may be);
  - (v) changes to the Scheme or this deed to allow the Transaction to proceed;
  - (vi) the Transaction proceeding by way of alternative means or methods;
  - (vii) the terms (if any) on which the party with the benefit of the relevant Condition Precedent will waive that Condition Precedent; or

- (viii) to change the date of the application to be made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties.
- (b) If:
- (i) the parties are unable to reach agreement under clause 3.4(a) within 10 Business Days, and in the case of the Condition Precedent in clause 3.1(i) within 20 Business Days, after a Consultation Notice is given;
  - (ii) a Consultation Notice is not given within 10 Business Days after a Termination Event; or
  - (iii) the relevant Condition Precedent is contained in clause 3.1(m) (*MOD Representations and Warranties*) or 3.1(n) (*MOD Board recommendation*) regardless of whether a Consultation Notice is given or any time period has expired after a Consultation Notice is given,

a party who has the benefit of the relevant Condition Precedent (in this clause 3.4, the **Terminating Party**) may terminate this deed by giving written notice (**Termination Notice**) to the other party, provided that:

- (iv) if the basis upon which the Terminating Party is seeking to terminate this deed is the occurrence of an event described in clause 3.4(a)(i) or 3.4(a)(ii), the Terminating Party has the benefit of the relevant Condition Precedent;
  - (v) there has been no failure by the Terminating Party to comply with its obligations under this deed, where that failure directly and materially contributed to the circumstances giving rise to the Termination Event; and
  - (vi) where the relevant Condition Precedent is contained in clause 3.1(m) (*MOD Representations and Warranties*):
    - (A) Sandfire has given written notice to MOD setting out the relevant circumstances and stating an intention to terminate this deed or to allow the Scheme to lapse;
    - (B) the relevant circumstances have not been remedied for 10 Business Days from the time such notice is given; and
    - (C) the aggregate loss to Sandfire that would reasonably be expected to follow from the relevant breach of the MOD Representations and Warranties is material in the context of the Transaction or the MOD Group taken as a whole.
- (c) Where a Termination Notice is validly given under this clause 3.4, this deed will terminate with immediate effect and clause 14.5 will apply.

### 3.5 Certain notices

Each party must promptly notify the other party in writing if:

- (a) a Condition Precedent has been satisfied, in which case that party must comply with any reasonable request for evidence of such satisfaction made by the other party;

- (b) there is a breach or non-fulfilment of a Condition Precedent;
- (c) it becomes aware of any fact, matter or circumstance that has resulted, will result or is reasonably likely to result in:
  - (i) a Condition Precedent becoming incapable of satisfaction or otherwise not being satisfied in accordance with its terms; or
  - (ii) a material breach of this deed by that party.

However, a party is not required to notify information which has been given to that party by the other party under this clause 3.5.

### **3.6 Scheme voted down because of Headcount Test**

If the Scheme is not approved by MOD Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test and Sandfire or MOD considers acting reasonably that Share Splitting or some abusive or improper conduct may have caused or contributed to the Headcount Test not having been satisfied, then MOD must:

- (a) apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
- (b) make such submissions to the Court and file such evidence as counsel engaged by MOD to represent it in Court proceedings related to the Scheme, in consultation with Sandfire, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Act by making an order to disregard the Headcount Test.

---

## **4 Scheme**

### **4.1 Scheme**

- (a) MOD agrees to propose the Scheme on and subject to the terms of this deed and substantially in accordance with the Timetable.
- (b) MOD must not consent to any modification of, or amendment to, the Scheme, or to the making or imposition by a court of any condition in respect of the Scheme, without the prior written consent of Sandfire (such consent not to be unreasonably withheld).
- (c) Sandfire undertakes and warrants to MOD (in its own right and separately as trustee or nominee for each of the Scheme Shareholders) that, if the Scheme becomes Effective, in consideration for the transfer to Sandfire of the Scheme Shares held by each Scheme Shareholder under the terms of the Scheme, Sandfire will provide to each Scheme Shareholder the Scheme Consideration for each Scheme Share held by them in accordance with the terms of the Scheme and Deed Poll, provided that, if the Rematerialisation has not occurred as at the Record Date, the MOD Depositary may direct that Scheme Consideration attributable to the Scheme Shares held by the MOD Depositary or the MOD Depositary Interest Custodian be paid directly to MOD Depositary Interest Holders instead of the MOD Depositary or the MOD Depositary Interest Custodian.



## 4.2 Scheme Consideration

- (a) The Scheme Consideration in respect of each Scheme Share is either:
- (i) the Scrip Consideration; or
  - (ii) the Maximum Cash Consideration.
- (b) If, after the date of this deed, Sandfire converts all or any of its shares into a larger or smaller number of shares but the New Sandfire Shares are not issued in time to be consolidated or split by that conversion (as applicable), then the calculation in order to determine the number of New Sandfire Shares for the purposes of calculating the Scheme Consideration shall be adjusted so that the number of New Sandfire Shares to be received by each Scheme Shareholder (or nominee as applicable) reflects the number they would have received if the New Sandfire Shares had been consolidated or split by that conversion.
- (c) If, after the date of this deed, Sandfire makes a Bonus Issue to holders of Sandfire Shares but the New Sandfire Shares are not issued in time to participate in that Bonus Issue, then the number of New Sandfire Shares calculated in order to determine the number of New Sandfire Shares for the purposes of calculating the Scheme Consideration shall be increased by the number of additional Sandfire Shares which the relevant Scheme Shareholder (or nominee as applicable) would have received under the Bonus Issue if the New Sandfire Shares had carried an entitlement to participate in the Bonus Issue.
- (d) If, after the date of this deed and before the New Sandfire Shares are issued, Sandfire undertakes a Rights Issue and issues Sandfire Shares at a discount to the market price of its shares on ASX on the Trading Day prior to the announcement of the relevant Rights Issue, then the number of New Sandfire Shares calculated in order to determine the number of New Sandfire Shares for the purposes of calculating the Scrip Consideration shall be increased in accordance with the following formula:

$$A = B / (1 + C)$$

where:

A = the adjusted number of New Sandfire Shares

B = the original number of New Sandfire Shares

C = the percentage difference between Sandfire's Theoretical Ex-Rights Price (**TERP**) and Sandfire's share price on the Trading Day prior to the announcement of the relevant Rights Issue calculated as follows:

$$(\text{TERP} / H) - 1$$

where:

H is the Sandfire last close share price on the Trading Day prior to the announcement of the relevant Rights Issue

$$\text{TERP} = (D + E) / (F + G)$$

where:

D = is the market capitalisation of Sandfire prior to the announcement of the relevant Rights Issue to be calculated as the last closing price on the Trading Day prior to the announcement multiplied by the number of ordinary Sandfire Shares outstanding on the Trading Day prior to the announcement

E = the total dollar amount of the Rights Issue

F = the number of ordinary Sandfire Shares outstanding on the Trading Day prior to the announcement

G = is the total number of Sandfire Shares to be issued pursuant to the Rights Issue

#### 4.3 Election mechanism

- (a) MOD must ensure that the Scheme Booklet sent to MOD Shareholders permits Scheme Shareholders (other than European Holders or Ineligible Foreign Shareholders) (**Relevant MOD Shareholder**) to make an election (**Election**) to receive the Maximum Cash Consideration for all their Scheme Shares by completing an Election Form, such Election being subject to the terms of the Scheme.
- (b) The Election Form shall provide that:
- (i) subject to clause 4.3(b)(vi), a Relevant MOD Shareholder may make only one Election in relation to a particular holding and a Relevant Non Cash Out MOD Shareholder may make only one Non Cash Out Election in relation to a particular holding;
  - (ii) subject to clause 4.3(b)(vi), any Election by a Relevant MOD Shareholder will apply to all of the MOD Shares that Relevant MOD Shareholder holds as at the Record Date and any Non Cash Out Election by a Relevant Non Cash Out MOD Shareholder will apply to all of the MOD Shares that Relevant Non Cash Out MOD Shareholder holds as at the Record Date;
  - (iii) an Election or Non Cash Out Election may be made by a Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder, as applicable, by:
    - (A) completing the Election Form in accordance with the instructions specified on the Election Form or set out in the Scheme Booklet; and
    - (B) returning the completed Election Form in accordance with the instructions on it so that it is received by MOD no later than the Election Date,or by taking equivalent actions in electronic form if permitted by MOD's constitution and the Court at the First Court Hearing;
  - (iv) once made, an Election or Non Cash Out Election by a Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder, as applicable, may be varied before the Election Date (provided that any variation that purports to make an Election or Non Cash Out Election invalid will not be effective);
  - (v) if a valid Election is not made by a Relevant MOD Shareholder prior to the Election Date in respect of all of the MOD Shares held by that MOD

Shareholder as at the Record Date, then that Relevant MOD Shareholder will receive the Scrip Consideration in respect of all of their MOD Shares and if a valid Non Cash Out Election is not made by a Relevant Non Cash Out MOD Shareholder prior to the Election Date in respect of all of the MOD Shares held by that MOD Shareholder as at the Record Date, then that Relevant Non Cash Out MOD Shareholder will receive payment in accordance with clause 4.9 in respect of all of their MOD Shares;

- (vi) a Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder, as applicable, that holds one or more parcels of MOD Shares as trustee or nominee for, or otherwise on account of, another person, may, in a manner to be agreed between the parties (acting reasonably), make separate Elections or Non Cash Out Elections in relation to each of those parcels of MOD Shares (and, for the purpose of calculating the Scheme Consideration to which the Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder is entitled each such parcel of MOD Shares will be treated as though it were held by a separate Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder);
- (vii) the Relevant MOD Shareholder warrants and undertakes that it is not a European Holder, is not holding the MOD Shares or any of them or any interest in any of them directly or indirectly on behalf of a European Holder and is not making any Election directly or indirectly on behalf of a European Holder, and

must otherwise be in a form agreed between MOD and Sandfire.

- (c) MOD must ensure that, to the extent reasonably practicable, the Relevant MOD Shareholders or Relevant Non Cash Out MOD Shareholder, as applicable, who have acquired MOD Shares after the date of the despatch of the Scheme Booklet can receive an Election Form on request to MOD.
- (d) In order to facilitate the provision of the Scheme Consideration, MOD must provide, or procure the provision, to Sandfire or a nominee of Sandfire, of:
  - (i) a weekly update of the Elections and Non Cash Out Elections that have been received;
  - (ii) details of the final Elections and Non Cash Out Elections made by each Relevant MOD Shareholder, within one Business Day after the Record Date (and, for these purposes, an Election made by the MOD Depositary in respect of any parcel of MOD Shares shall be deemed after Rematerialisation to be an Election made by the MOD Shareholder holding such parcel of MOD Shares including for determining whether such MOD Shareholder is a Relevant MOD Shareholder and whether such Election is a valid Election); and
  - (iii) a complete copy of the Share Register (which must include the name, registered address and registered holding of each Scheme Shareholder) as at the Record Date, within three Business Days after the Record Date,

and such other information as Sandfire may reasonably require, upon the written request of Sandfire, to provide the Scheme Consideration in accordance with this deed and the terms of the Scheme.

#### 4.4 Scrip Consideration and European Holders

- (a) If a Scheme Shareholder has not made a valid Election to receive the Maximum Cash Consideration as referred to in clause 4.3(b)(v), that Scheme Shareholder will receive, for each Scheme Share held by that Scheme Shareholder at the Record Date, the Scrip Consideration.
- (b) European Holders may not make an Election and will receive, for each Scheme Share held by that Scheme Shareholder at the Record Date, the Scrip Consideration. Sandfire will be under no obligation under this Scheme or Deed Poll to pay any Maximum Cash Consideration to any European Holder who has made or purported to make an Election or to any person purporting to be a Relevant MOD Shareholder who Sandfire considers to be, or to be holding MOD Shares or MOD Depositary Interests or any of them or any interest in any of them directly or indirectly on behalf of, or to be making an Election directly or indirectly on behalf of, a European Holder.

#### 4.5 Election to receive Maximum Cash Consideration

- (a) If a Scheme Shareholder has validly made an Election to receive the Maximum Cash Consideration, that Scheme Shareholder will be entitled to receive for each Scheme Share held by that Scheme Shareholder at the Record Date:
  - (i) if the Aggregate Cash Consideration is less than the Cash Cap, \$0.45 per Scheme Share; or
  - (ii) if the Aggregate Cash Consideration is greater than the Cash Cap:
    - (A) an amount of cash per Scheme Share calculated as follows:  
$$A \div B$$

Where:

A = the Cash Cap;

B = the total number of Scheme Shares held at the Record Date by all Scheme Shareholders who validly elect Maximum Cash Consideration; and
    - (B) a number of New Sandfire Shares calculated as follows:  
$$(\$0.45 - X) \div B$$

Where:

X = the amount of cash per Scheme Share provided under clause 4.5(a)(ii)(A); and

B =  $\$0.45 \div 0.0664$

#### 4.6 Cash component of the Maximum Cash Consideration

Sandfire must, by no later than two Business Days before the Implementation Date, deposit in cleared funds an amount equal to the lower of the Aggregate Cash Consideration and Cash Cap in an Australian dollar denominated trust account operated by MOD or its registry as trustee of the Scheme Shareholders who validly Elect to receive

the Maximum Cash Consideration, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Sandfire's account.

#### **4.7 Allotment and issue of New Sandfire Shares**

- (a) Subject to clauses 4.8, 4.9, 4.10 and 4.11, Sandfire covenants in favour of MOD (in its own right and separately as trustee and nominee for each of the Scheme Shareholders) that Sandfire will:
  - (i) apply to ASX for the official quotation of the New Sandfire Shares that comprise the Scheme Consideration on the ASX; and
  - (ii) allot and issue to the Scheme Shareholders the New Sandfire Shares that comprise the Scheme Consideration in accordance with the Scheme and Deed Poll on terms such that each New Sandfire Share will rank equally in all respects with each existing Sandfire Share, provided that, if the Rematerialisation has not occurred as at the Record Date, the MOD Depository may direct that New Sandfire Shares attributable to the Scheme Shares held by the MOD Depository or the MOD Depository Interest Custodian be issued directly to MOD Depository Interest Holders instead of the MOD Depository or the MOD Depository Interest Custodian.
- (b) Sandfire covenants in favour of MOD (in its own right and separately as trustee and nominee for each of the Scheme Shareholders) that:
  - (i) the New Sandfire Shares to be issued under the Scheme and Deed Poll will be duly and validly authorised and will, on and from their issue, rank equally in all respects with all existing Sandfire Shares;
  - (ii) the New Sandfire Shares issued as Scheme Consideration will be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Sandfire Shares on and after the Implementation Date;
  - (iii) on issue, each such New Sandfire Share will be validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest or third-party rights; and
  - (iv) it will use its best endeavours to ensure that the New Sandfire Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the first Business Day after the Implementation Date, on an ordinary (T+2) settlement basis.

#### **4.8 Ineligible Foreign Shareholders and Cash Out Shareholders**

- (a) Sandfire will be under no obligation under the Scheme or Deed Poll to issue, and will not issue, any New Sandfire Shares to any Ineligible Foreign Shareholder, and instead, unless Sandfire and MOD otherwise agree, Sandfire must procure that the New Sandfire Shares that each Ineligible Foreign Shareholder would otherwise be entitled to receive as Scheme Consideration (which shall include any fraction of a New Sandfire Share arising from the calculation and disregarding the operation of clause 4.10) are dealt with in accordance with clause 4.9.
- (b) Sandfire will be under no obligation under the Scheme or Deed Poll to issue, and will not issue, any New Sandfire Shares to any Cash Out Shareholder, and instead,

unless Sandfire and MOD otherwise agree, Sandfire must procure that the New Sandfire Shares that each Cash Out Shareholder would otherwise be entitled to receive as Scheme Consideration (which shall include any fraction of a New Sandfire Share arising from the calculation and disregarding the operation of clause 4.10) are dealt with in accordance with clause 4.9, provided that Cash Out Shareholders (other than European Holders) who, on implementation of the Scheme, would be entitled to receive at least one whole New Sandfire Share as Scheme Consideration, may (if they have given the warranty referred to in clause 4.3(b)(vii) and are otherwise permitted to do so by applicable law) (**Relevant Non Cash Out MOD Shareholder**) elect to receive their Scheme Consideration in the form of New Sandfire Shares (**Non Cash Out Election**).

- (c) Sandfire will be under no obligation under the Scheme or Deed Poll to issue any New Sandfire Shares to any Cash Out Shareholder who is a European Holder and has made or purported to make a Non Cash Out Election or who Sandfire considers to be or to be holding MOD Shares or MOD Depositary Interests or any of them or any interest in any of them directly or indirectly on behalf of, or to be making a Non Cash Out Election directly or indirectly on behalf of, a European Holder.

#### 4.9 Sale Facility

- (a) Sandfire must appoint a nominee acceptable to MOD (acting reasonably) at least two weeks prior to the Scheme Meeting (and if required by ASIC, such nominee is to be approved by ASIC), and on the Implementation Date issue to that nominee, the New Sandfire Shares to which an Ineligible Foreign Shareholder or Non-Electing Cash Out Shareholder would otherwise be entitled under the Scheme and Deed Poll (which in each case shall include any fraction of a New Sandfire Share arising from the calculation and disregarding the operation of clause 4.10).
- (b) Where New Sandfire Shares are issued to a nominee pursuant to clause 4.9(a), Sandfire will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the nominee:
  - (i) sells on ASX or another prescribed financial market all of the New Sandfire Shares issued to the nominee in accordance with clause 4.9(a) in such manner, at such price and on such other terms as the nominee determines in good faith; and
  - (ii) remits to Sandfire the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).
- (c) Where New Sandfire Shares are issued to a nominee pursuant to clause 4.9(a), promptly after the last remittance in accordance with clause 4.9(b)(ii), Sandfire will pay in Australian dollars to each Ineligible Foreign Shareholder and Non-Electing Cash Out Shareholder the proportion of the net proceeds of sale received by Sandfire pursuant to clause 4.9(b)(ii) to which that Ineligible Foreign Shareholder or Non-Electing Cash Out Shareholder is entitled, in full satisfaction of their right to the Scheme Consideration.
- (d) For the purposes of this clause 4.9, each Ineligible Foreign Shareholder and Non-Electing Cash Out Shareholder appoints Sandfire as its agent to receive on its behalf any financial services guide or other notices (including any updates to those documents) that the nominee is required to provide to Ineligible Foreign Shareholders or Non-Electing Cash Out Shareholders under the Corporations Act.

#### **4.10 Fractional entitlements**

- (a) Any fractional entitlement of a Scheme Shareholder (other than an Ineligible Foreign Shareholder or a Non-Electing Cash Out Shareholder) to a part of a New Sandfire Share will be rounded up or down to the nearest whole number of New Sandfire Shares.
- (b) The fractional entitlements of Ineligible Foreign Shareholders and Non-Electing Cash Out Shareholders will be dealt with in accordance with clause 4.9(a).

#### **4.11 Share splitting**

If Sandfire is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares that results in rounding in accordance with clause 4.10) have, before the Record Date, been party to Share Splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Sandfire may give notice to those Scheme Shareholders:

- (a) setting out their names and registered addresses as shown in the Share Register;
- (b) stating that opinion; and
- (c) attributing the Scheme Shares held by all of them to one of them as specifically identified in the notice,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the Scheme and Deed Poll, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the Scheme and Deed Poll, be taken to hold no Scheme Shares. Sandfire, in complying with the other provisions of the Scheme and Deed Poll relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme and Deed Poll.

#### **4.12 Deed Poll**

- (a) Sandfire covenants in favour of MOD (in its own right and separately as trustee for each of the Scheme Shareholders) to execute and deliver to MOD the Deed Poll prior to the First Court Date.
- (b) In the event that Sandfire does not nominate Sandfire Nominee under clause 2(c) to receive the Scheme Shares, Sandfire hereby:
  - (i) approves of such reasonable amendments to the Deed Poll as MOD requires in order to reflect that; and
  - (ii) agrees to execute and deliver to MOD the amended Deed Poll prior to the First Court Date.

#### **4.13 Exercise, transfer or cancellation of MOD Options**

- (a) The parties must use reasonable endeavours (acting co-operatively and in good faith) to procure that, as soon as practicable after the date of this deed (subject to compliance with applicable laws and stock exchange rules, as modified or waived



by ASIC, ASX or LSE), each holder of MOD Options (other than Metal Tiger) either:

- (i) exercises its MOD Options prior to the Record Date, upon which MOD will enter each holder of MOD Options that exercises its MOD Options prior to the Record Date onto the register of members of MOD prior to the Record Date, such that such holder of the MOD Option participates in the Scheme as a Scheme Shareholder; or
- (ii) subject to being permitted by applicable laws and regulations to do so, enters into a deed with Sandfire and MOD, in a form acceptable to both Sandfire and MOD (each acting reasonably), under which:
  - (A) the holder agrees to the transfer to Sandfire or to cancellation of all of their MOD Options with such transfer or cancellation to be subject to the Scheme becoming Effective and to take effect on the Implementation Date;
  - (B) Sandfire agrees to provide, or procure the provision of, consideration as determined in accordance with Schedule 3 to the holder on the Implementation Date; and
  - (C) MOD agrees to cooperate with Sandfire to facilitate the transfer or cancellation of MOD Options (including, if required the MOD Board making any necessary lawful amendment, consent or determination for the purposes of the relevant terms and conditions upon which the MOD Options were issued and using reasonable endeavours to procure the grant of any necessary waivers by ASX).
- (b) Unless otherwise agreed in writing by Sandfire, MOD must, and must ensure that all members of the MOD Group refrain from conferring, or agreeing to confer, any benefits (whether by cash payment, the issue of awards, exercise of discretion, the issue of shares or other securities or otherwise) beyond those already conferred prior to the date of this deed under, or in relation to, any Incentive Plan or award under an Incentive Plan.

#### **4.14 MOD Performance Rights**

- (a) MOD must take such action as is necessary after the Effective Date and prior to the Record Date to ensure that any MOD Performance Rights which have not already vested, so vest and convert prior to the Record Date, which actions shall include procuring that the MOD Board:
  - (i) resolve that the Scheme becoming Effective constitutes a 'Change of Control Event' (as defined in the MOD Employee Incentive Plan);
  - (ii) resolve to waive unsatisfied vesting conditions and accelerate the exercise period such that all MOD Performance Rights convert or are exercised prior to the Record Date; and
  - (iii) notify such MOD Performance Rights holders of such accelerating prior to the Scheme Meeting.
- (b) MOD must, prior to the Record Date, issue the number of MOD Shares required by the terms of those MOD Performance Rights on such vesting, so that the relevant former holders of the MOD Performance Rights, as the case may be, can participate in the Scheme.

#### 4.15 Permitted Dividend

- (a) Subject to clause 4.15(b), MOD acknowledges that Sandfire may, at its sole discretion, pay the holders of Sandfire Shares an ordinary dividend in ordinary course of business which will be franked to the extent franking credits are available (**Permitted Dividend**).
- (b) Provided that the Implementation Date occurs on or prior to 15 November 2019, Sandfire will use reasonable endeavours to set a Permitted Dividend record date after the Implementation Date so that the Scheme Shareholders will be entitled to the Permitted Dividend.

#### 4.16 Alternate Transaction

If Sandfire concludes that it is necessary or desirable to proceed with the Transaction by way of another mechanism permitted by law (such as a take-over bid or asset acquisition) whereby Sandfire (or any Related Body Corporate) would acquire all of the MOD Shares, MOD Options and MOD Performance Rights or assets of MOD, within approximately the same time periods and terms and conditions (including tax treatment) and having consequences to MOD and the MOD Shareholders, that the MOD Board determines (acting reasonably) are equivalent to or better than those contemplated by this deed (an **Alternative Transaction**), MOD agrees to discuss in good faith the merits of implementing such Alternative Transaction.

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## 5 Implementation

### 5.1 General obligations

MOD and Sandfire must each:

- (a) use all reasonable endeavours and commit necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers act reasonably and work in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable and in accordance with the Timetable.

### 5.2 MOD obligations

MOD must, acting at all times in good faith, take all steps reasonably necessary to implement the Scheme in accordance with the Timetable and otherwise as soon as practicable and on and subject to the terms of this deed. Without limiting the foregoing, MOD must (to the fullest extent applicable):

- (a) (**announce directors' recommendation**) following execution of this deed, announce, in the form of its Agreed Public Announcement (on the basis of statements made to MOD by each MOD Director who MOD should take steps to ensure obtains independent advice as to their ability to join in any recommendation) that:
  - (i) the MOD Board intends to unanimously recommend the Scheme and EGM Resolutions to MOD Shareholders and recommend that MOD Shareholders

vote in favour of the Scheme at the Scheme Meeting and the EGM Resolutions at the EGM; and

- (ii) each MOD Director intends to vote, or cause to be voted, all MOD Shares in which he or she has a Relevant Interest in favour of the Scheme at the Scheme Meeting and the EGM Resolutions at the EGM,

in each case in the absence of:

- (iii) a Superior Proposal; or
  - (iv) the Independent Expert concluding in the Independent Expert's Report (or any update or variation to that report) that the Transaction is not in the best interests of MOD Shareholders; or
  - (v) in the case of the recommendation in clause 5.2(a)(i), a MOD Director making a determination in accordance with clause 5.5.
- (b) **(Independent Expert)** as soon as reasonably practicable after the date of this deed, appoint the Independent Expert, in accordance with RG 112, and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report (and any update to any such report);
  - (c) **(Copy of Independent Expert's Report)** promptly provide Sandfire with a copy of each draft of the Independent Expert's Report and the final report received from the Independent Expert (noting that any feedback on the Independent Expert's Report from Sandfire is to be limited to comments as to factual accuracy, including parts that include information relating to Sandfire);
  - (d) **(preparation of Scheme Booklet)**
    - (i) prepare the Scheme Booklet (other than the Sandfire Information and the Independent Expert's Report) in accordance with all applicable laws (including the Corporations Act and Corporations Regulations), RG 60 and the Listing Rules and, subject to clause 5.3(a), include the Sandfire Information in the Scheme Booklet; and
    - (ii) consult with Sandfire as to the content and presentation of the Scheme Booklet, including providing Sandfire with drafts of the Scheme Booklet and the factual information sections relating to Sandfire in the Independent Expert's Report, in a timely manner and, acting reasonably and in good faith, consider (and, where applicable, promptly provide to the Independent Expert in writing) all reasonable comments from Sandfire and its Representatives on those drafts when preparing revised drafts, provided that such comments are provided to MOD in a timely manner (however in relation to the Independent Expert's Report, MOD is only responsible to ensure that the Independent Expert considers comments relating exclusively to factual accuracy);
  - (e) **(lodgement of Regulator's Drafts)**
    - (i) no later than 14 days before the First Court Date, provide a near final draft of the Scheme Booklet (**Regulator's Draft**) to ASIC for its review for the purposes of section 411(2) of the Corporations Act, and provide a copy of the Regulator's Draft to Sandfire immediately thereafter; and

- (ii) keep Sandfire reasonably informed of any material issues raised by ASIC in relation to the Regulator's Draft and, where practical to do so, consult with Sandfire in good faith prior to taking any steps or actions to address any such material issues (provided that, where such issues relate to Sandfire Information, MOD must not take any steps to address them without Sandfire's prior written consent, not to be unreasonably withheld);
- (f) **(no objection statement)** apply to ASIC for a statement under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (g) **(First Court Hearing)** apply to the Court for orders under section 411(1) of the Corporations Act directing MOD to convene the Scheme Meeting;
- (h) **(due diligence and verification)** undertake appropriate due diligence and verification processes in relation to the MOD Information, and, once such processes have been completed, provide written confirmation to Sandfire of the completion of such processes;
- (i) **(approval and registration of Scheme Booklet)** if the Court directs MOD to convene the Scheme Meeting request that, in accordance with section 412(6) of the Corporations Act, ASIC register the Scheme Booklet;
- (j) **(Scheme Meeting)** as soon as reasonably practicable following registration of the Scheme Booklet by ASIC, despatch the Scheme Booklet to MOD Shareholders, and convene and hold the Scheme Meeting in accordance with the orders made by the Court at the First Court Hearing;
- (k) **(EGM)** if the Court directs MOD to convene the Scheme Meeting, convene the EGM to be held immediately before the Scheme Meeting and put the EGM Resolutions to MOD Shareholders at the EGM;
- (l) **(Director votes and participation)** use its reasonable endeavours to procure that each member of the MOD Board votes any MOD Shares in which they have a Relevant Interest in favour of the Scheme at the Scheme Meeting and participates in reasonable efforts to promote the Scheme, in the absence of:
  - (i) a Superior Proposal; or
  - (ii) the Independent Expert concluding in the Independent Expert's Report (or any update or variation to that report) that the Transaction is not in the best interests of MOD Shareholders;
- (m) **(supplementary disclosure)** if, after despatch of the Scheme Booklet, MOD becomes aware:
  - (i) that information included in the Scheme Booklet is or has become false, misleading or deceptive in any material respect (whether by omission or otherwise); or
  - (ii) of information that is required to be disclosed to MOD Shareholders under any applicable law or having regard to RG 60 but was not included in the Scheme Booklet,

promptly disclose such information to and consult with Sandfire in good faith as to the need for, and form of, any supplementary disclosure to MOD Shareholders, the need for, the timing of, and directions to be sought at, an additional application to the Court, and make any disclosure that it is ordered to make or considers

reasonably necessary in the circumstances, having regard to orders made by the Court, applicable laws and RG 60;

- (n) **(Conditions Precedent certificate)** at the Second Court Hearing, provide to the Court (through its counsel):
  - (i) a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions Precedent (other than the Condition Precedent in clause 3.1(a)) have been satisfied or waived in accordance with clause 3, a draft of which certificate must be provided to Sandfire by 5.00pm on the Business Day prior to the Second Court Date; and
  - (ii) any certificate provided to it by Sandfire pursuant to clause 5.3(g);
- (o) **(Second Court Hearing)** subject to the Conditions Precedent (other than the Condition Precedent in clause 3.1(a)) being satisfied or waived in accordance with clause 3, apply to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme;
- (p) **(Court Documents)** prepare the Court Documents, provide drafts of those documents to Sandfire in a timely manner and, acting reasonably and in good faith, take into account all reasonable comments from Sandfire and its Representatives on those drafts, provided that such comments are provided in a timely manner;
- (q) **(Sandfire representation at Court Hearings)** allow, and not oppose, any application by Sandfire for leave of the Court to be represented by counsel at the Court Hearings;
- (r) **(take out Court order and notify ASX)** as soon as reasonably possible after conclusion of the Second Court Hearing, take out an office copy of the orders made by the Court under section 411(4)(b) of the Corporations Act approving the Scheme and, promptly after receipt of the orders, tell ASX of the MOD's intention to lodge the Court order with ASIC the following day;
- (s) **(lodgement of Court order)** for the purposes of section 411(10) of the Corporations Act, lodge with ASIC an office copy of the orders made by the Court under section 411(4)(b) of the Corporations Act approving the Scheme before 5.00pm on the Business Day following the day on which it receives such office copy;
- (t) **(quotation of MOD Shares and ASX and LSE listing)** apply to ASX and LSE to have:
  - (i) trading in MOD Shares suspended from the close of trading on the Effective Date; and
  - (ii) MOD removed from the official list of ASX and LSE, and quotation of MOD Shares on the ASX and LSE is terminated, with effect on and from the close of trading on the Trading Day immediately following, or shortly after, the Implementation Date,

or, in each case, such other dates as the parties may agree, acting reasonably, following consultation with ASX and LSE and not do anything to cause any of these things to happen before the time specified in this clause 5.2(t);

- (u) **(information)** provide Sandfire with such information as Sandfire reasonably requests, including any copy of the Share Register (including any sub-register), and which is necessary for the purpose of soliciting votes in favour of the Scheme;
- (v) **(Scheme Consideration)** facilitate the provision of the Scheme Consideration to Scheme Shareholders;
- (w) **(compliance with laws)** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws, regulations and policy; and
- (x) **(implementation)** if the Scheme becomes Effective, do all things contemplated of it under the Scheme and all other things (if any) necessary for the MOD to do to lawfully give effect to the Scheme including:
  - (i) instructing the MOD Depositary to cancel the MOD Depositary Interests on or prior to the date that is two Business Days prior to the Record Date in accordance with the MOD Depositary Interest Deed and rematerialise the underlying MOD Shares deposited with the MOD Depositary Interest Custodian, so that the person registered as the holder of the MOD Depositary Interests immediately prior to the re-materialisation is then recorded in the Share Register as the holder of the underlying MOD Shares as at the Record Date (**Rematerialisation**);
  - (ii) determining the identity of each Scheme Shareholder and their entitlement to the Scheme Consideration as at the Record Date, including by taking up-to-date copies of the Share Register current as at the Record Date; and
  - (iii) executing proper instruments of transfer of and giving effect to and registering the transfer of the Scheme Shares to Sandfire on the Implementation Date.

### 5.3 Sandfire obligations

Sandfire must, acting at all times in good faith, take all steps reasonably necessary to implement the Scheme in accordance with the Timetable and otherwise as soon as practicable and on and subject to the terms of this deed. Without limiting the foregoing, Sandfire must (to the fullest extent applicable):

- (a) **(prepare Sandfire Information)**
  - (i) as soon as reasonably practicable after the date of this deed, prepare the Sandfire Information for inclusion in the Scheme Booklet in accordance with all applicable laws (including the Corporations Act and Corporations Regulations), RG 60 and the Listing Rules; and
  - (ii) provide MOD with drafts of the Sandfire Information in a timely manner and, acting reasonably and in good faith, take into account all reasonable comments from MOD and its Representatives on those drafts, provided that such comments are provided to Sandfire in a timely manner;
- (b) **(assistance with Scheme Booklet and Court Documents)** provide any assistance or information reasonably requested by MOD or its Representatives in connection with the preparation of the Scheme Booklet (including any supplementary disclosure to MOD Shareholders) or any Court Documents, including reviewing the drafts of the Scheme Booklet prepared by MOD and provide comments in a timely manner on those drafts in good faith;

- (c) **(Independent Expert's Report)** subject to the Independent Expert agreeing to reasonable confidentiality restrictions, provide any assistance or information reasonably requested by MOD or its Representatives, or by the Independent Expert, in connection with the preparation of the Independent Expert's Report (and any update or variation to any such report);
- (d) **(due diligence and verification)** undertake appropriate due diligence and verification processes in relation to the Sandfire Information, and, once those processes have been completed, provide written confirmation to MOD of the completion of such processes;
- (e) **(confirmation of Sandfire Information)** promptly after MOD requests that it does so, confirm in writing to MOD that:
  - (i) it consents to the inclusion of the Sandfire Information in the Scheme Booklet, in the form and context in which the Sandfire Information appears; and
  - (ii) the Sandfire Information in the Scheme Booklet is not misleading or deceptive in any material respect (whether by omission or otherwise), and the inclusion of such Sandfire Information, in that form and context, has been approved by the Chief Financial Officer and Company Secretary of Sandfire;
- (f) **(update Sandfire Information)** promptly advise MOD in writing if it becomes aware:
  - (i) of information which should have been but was not included in the Sandfire Information in the Scheme Booklet (including if known at the time), and promptly provide MOD with the omitted information; or
  - (ii) that the Sandfire Information in the Scheme Booklet is or has become misleading or deceptive in any material respect (whether by omission or otherwise), and promptly provide MOD with any information required to correct the misleading or deceptive statements;
- (g) **(Conditions Precedent certificate)** before Delivery Time, provide to MOD for provision to the Court at the Second Court Hearing a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions Precedent (other than the Condition Precedent in clause 3.1(a)) have been satisfied or waived in accordance with clause 3, a draft of which certificate must be provided to MOD by 5.00pm on the Business Day prior to the Second Court Date;
- (h) **(Scheme Consideration)** if the Scheme becomes Effective, provide the Scheme Consideration in the manner and in the amount contemplated by clause 4 of this deed, the terms of the Scheme and the Deed Poll;
- (i) **(share transfer)** if the Scheme becomes Effective, accept a transfer of the Scheme Shares as contemplated by clause 4.1(c) and execute instruments of transfer in respect of the Scheme Shares;
- (j) **(official quotation)** as soon as practicable apply to ASX for official quotation by ASX of the New Sandfire Shares to be issued pursuant to the Scheme and Deed Poll and promptly notify MOD in writing of the lodgment, progress and outcome of such application (and of any actual or anticipated modification of such outcome);
- (k) **(Deed Poll)** before 5.00pm on the Business Day prior to the First Court Date, on the date this deed is signed, enter into the Deed Poll and deliver it to MOD, and, if



the Scheme becomes Effective, fully comply with its obligations under the Deed Poll; and

- (l) **(compliance with laws)** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws, regulations and policy.

#### **5.4 JV Consolidation**

- (a) Subject to the terms and the conditions of the Sale and Demerger Agreement and the Sale and Demerger Agreement Side Letter, MOD irrevocably undertakes to exercise its option under the Sale and Demerger Agreement, after the Effective Date, so as to acquire 100% of Metal Tiger's interest in Metal Capital Exploration Limited (**JV Consolidation Option**), to be settled by:
  - (i) the issue of 22,322,222 new MOD Shares prior to the Record Date for the Scheme (**Option Consideration Shares**); and
  - (ii) the grant of the royalty to Metal Tiger in accordance with the terms of the Sale and Demerger Agreement.
- (b) MOD must use reasonable endeavours to obtain all necessary shareholder approvals required by the Corporations Act and the Listing Rules alongside the Scheme approvals, to proceed with the issue of the Option Consideration Shares including, without limitation approval in accordance with Listing Rule 10.1.
- (c) MOD and Sandfire acknowledge that following implementation and completion occurring under the Sale and Demerger Agreement (as amended), MOD will own the entire issued share capital of Metal Capital Exploration Limited.

#### **5.5 Form of Recommendation**

Clauses 3.1(n), 5.2(a), 8.1 and 8.2 are qualified to the extent that, due only to any change in fact or law (or application of any law or policy by any Government Agency) occurring after the date of this deed, after first obtaining written advice from independent Senior Counsel, a MOD Director reasonably determines that he or she should not provide or continue to maintain any recommendation because that MOD Director has an interest in the Scheme that renders it inappropriate for him or her to maintain any such recommendation.

#### **5.6 Appeal process**

- (a) If the Court refuses to make any orders directing MOD to convene the Scheme Meeting or approving the Scheme, MOD and Sandfire must:
  - (i) consult with each other in good faith as to whether to appeal the Court's decision; and
  - (ii) appeal the court decision, unless the parties agree otherwise or an independent senior counsel opines that, in his or her view, an appeal would have no reasonable prospect of success.

## 5.7 Scheme Booklet

- (a) If the parties are unable to agree on the form or content of a particular part of the Scheme Booklet, then:
  - (i) if the relevant part of the Scheme Booklet is Sandfire Information, MOD will make such amendments to that part of the Scheme Booklet as required by Sandfire (acting reasonably and in good faith); and
  - (ii) in any other case, MOD (acting reasonably and in good faith) will decide the form and content of that part of the Scheme Booklet.
- (b) The parties agree that the Scheme Booklet will contain a responsibility statement to the effect that:
  - (i) MOD is responsible for the MOD Information contained in the Scheme Booklet;
  - (ii) Sandfire is responsible for the Sandfire Information contained in the Scheme Booklet; and
  - (iii) the Independent Expert is responsible for the Independent Expert's Report, and none of MOD, Sandfire or their respective directors or officers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report or any other report or letter issued to MOD by a third party in connection with the Independent Expert's Report.
- (c) Each party must undertake appropriate verification processes for the information supplied by that party for the Scheme Booklet.

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## 6 Conduct of business and transitional matters

### 6.1 Conduct of MOD business

Subject to clause 6.3, from the date of this deed up to and including the Implementation Date, MOD must:

- (a) ensure that the business of the MOD Group is conducted:
  - (i) in the usual and ordinary course;
  - (ii) in a manner generally consistent with the manner in which such business has been conducted in the 12 months prior to the date of this deed;
  - (iii) in accordance with all applicable laws and contractual obligations in all material respects;
  - (iv) substantially in accordance with the Budget for the MOD Group in respect of the financial year ended 31 December 2019 which has been provided as part of the Disclosure Materials (the **Budget**);
- (b) use reasonable endeavours to preserve their relationship with joint venturers, customers, suppliers, investors, Government Agencies, licensors, licensees and others with whom the MOD Group has business dealings and to retain the services of the Relevant Employees of the MOD Group;

- (c) use reasonable endeavours to ensure that all assets are maintained in the normal course consistent with past practice;
- (d) use reasonable endeavours to comply in all material respects with all contracts which are material to the conduct of the MOD Group's business and which involves aggregate expenditure greater than US\$100,000, or has a committed term which is greater than 3 years (**Material Contract**) to which a member of the MOD Group is a party, and with laws, authorisations and licenses applicable to each member of the MOD Group;
- (e) not take or fail to take any action that constitutes a Prescribed Occurrence or that could reasonably be expected to result in a Prescribed Occurrence;
- (f) not increase the costs or expenses of the MOD Group by more than A\$250,000 or more (on a 6 monthly basis and pre-tax deduction basis) against the costs and expenses specified in the Budget; and
- (g) not take or fail to take any action that would, or would be likely to, prevent a Condition being satisfied or result in a Condition not being satisfied.

## 6.2 MOD prohibited actions

Subject to clause 6.3, from the date of this deed up to and including the Implementation Date, MOD must not, and must procure that the MOD Group does not:

- (a) declare, pay or distribute any dividend, bonus or other share of its profits or assets by way of dividend, capital reduction or otherwise;
- (b) in respect of any single transaction or series of related or similar transactions acquire or dispose of any interest in a business, real property, entity or undertaking, the value of which exceeds US\$200,000 in aggregate;
- (c) enter into any new agreement or arrangement with an Adviser pursuant to which any fee, cost or other form of compensation or remuneration is payable that is directly or indirectly as a result of, contingent on, or in connection with:
  - (i) Sandfire entering into this deed; or
  - (ii) Sandfire acquiring a Relevant Interest in the Scheme Shares; or
  - (iii) the Scheme or a transaction contemplated by this deed;
- (d) except as required by law or as provided in an existing contract in place at the date of this deed, make any material change to the terms of employment of (including increasing the remuneration or compensation of or accelerating the rights to benefits of any kind), or grant or pay any bonus, incentive, retention, severance or termination payment to, any director, officer, executive or senior manager of the MOD Group;
- (e) enter into a new employment contract with a potential employee of the MOD Group under which contract the total remuneration payable to that potential employee would exceed US\$100,000 in any 12 month period, other than to replace a role that becomes vacant after the date of this deed as a result of the resignation of an existing employee or in respect of a new employee who is employed in order to fill a role that is vacant as at the date of this deed;

- (f) enter into any enterprise bargaining agreement or any other form of collective agreement concerning the terms of employment of employees of the MOD Group;
- (g) incur any additional financial indebtedness, or guarantee or indemnify the obligations of any person other than a member of the MOD Group, other than in the usual and ordinary course of business and consistent with past practice;
- (h) enter into any new financing arrangement, agreement or otherwise provide financial accommodation (irrespective of what form that accommodation takes and/or purpose of such financing), or amend the term of any existing financing arrangement, agreement or instrument;
- (i) incur or enter into any new commitments involving the purchase and/or of plant and equipment of more than US\$100,000 in aggregate;
- (j) give or agree to give a financial benefit to a related party of MOD;
- (k) enter into a Material Contract, or terminate or amend the terms of a Material Contract;
- (l) implement or amend any share-based incentive plan or scheme;
- (m) alter in any material respect any accounting policy of any member of the MOD Group (other than to the extent required to comply with one or more accounting standards); and
- (n) agree to do any of the matters set out above.

### **6.3 MOD permitted actions**

- (a) Nothing in clause 6 restricts the ability of MOD to take any action which:
  - (i) is required or permitted by this deed or the Scheme, including any matter approved by unanimous written approval of the Transaction Implementation Committee;
  - (ii) is contemplated by the Budget;
  - (iii) has been Fairly Disclosed to Sandfire in the Disclosure Materials;
  - (iv) has been Fairly Disclosed by MOD in any announcement to or filing with ASX or in a document lodged by MOD with ASIC that is publicly available, in each case between 5 November 2015 and the Business Day prior to the date of this deed;
  - (v) has been consented to in writing by Sandfire;
  - (vi) is required by law, stock exchange rules or by order of a court or any applicable Government Agency;
  - (vii) involves the execution of any agreement on substantially the same terms as those draft agreements contained in section 9.01.01 of the Online Data Room;
  - (viii) involves the issue of MOD Shares to MOD Directors or members of management in lieu of short term cash incentives previously disclosed to the ASX;

- (ix) involves the payment of Transaction Costs; and
  - (x) is required to be done by any member of the MOD Group or its Representatives to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or material damage to property).
- (b) For the avoidance of doubt, nothing in this clause 6 restricts the ability of MOD to respond to a Competing Proposal in accordance with clause 9.

#### 6.4 Access

- (a) From the date of this deed until the Implementation Date, MOD must use reasonable endeavours to procure that Sandfire is provided with reasonable, non-disruptive access during normal business hours and on reasonable notice to information, premises and senior executives of any member of the MOD Group (both in Australia and Botswana), where Sandfire requests such access for the purposes of:

- (i) implementation of the Transaction; or
- (ii) obtaining an understanding, or furthering its understanding, of the MOD Group or its business or assets in order to allow Sandfire to develop, finalise and implement its plans for the MOD Group following implementation of the Transaction,

provided that compliance with any such request would not, in the reasonable opinion of MOD (acting in good faith), result in undue disruption to the MOD Group's business, and provided that:

- (iii) Sandfire has provided MOD with reasonable prior notice of the access it requires (including the identity of its representatives who are to exercise that right of access on behalf of Sandfire);
  - (iv) the access will not result any member of the MOD Group breaching any law or Government Agency requirement;
- (b) Nothing in this clause 6.4 shall require MOD to provide Sandfire with any information:
- (i) in breach of an obligation of confidentiality to any person; or
  - (ii) concerning consideration of the Scheme, the Transaction or any actual or potential Competing Proposal.
- (c) Sandfire and each of its representatives agrees to comply with MOD's reasonable requirements (including allowing oversight and participation by MOD representatives and, if required by MOD, entering into appropriate confidentiality undertakings).

#### 6.5 Change of Control Requirements

- (a) As soon as practicable after the date of this deed, the parties must:
- (i) seek to identify any change of control or similar provisions in any contracts to which a member of the MOD Group is party which may be triggered by the implementation of the Transaction (**Change of Control Requirements**); and

- (ii) use all reasonable endeavours to agree a proposed strategy to obtain any consents required in accordance with the terms of any identified Change of Control Requirements, and, if agreed between parties as part of the proposed strategy, to then use reasonable efforts to promptly seek those consents in accordance with the agreed strategy.
- (b) Subject to complying with clause 6.5(a)(ii), a failure by the MOD Group to obtain any change of control approval under MOD's head office lease dated 13 March 2017 or third party consent as part of the Change of Control Requirements (other than in respect of the approvals required under Condition Precedent 3.1(h)) will not constitute a breach of this deed by MOD and, together with any consequences that arise, will be disregarded when assessing the operation of any other provision of this deed.

## **6.6 Resignation of directors**

Subject to provision of the Scheme Consideration in accordance with clause 4.2, MOD must procure that, with effect on and from the Implementation Date:

- (a) those persons nominated by Sandfire are appointed to the MOD Board and the boards of other members of the MOD Group, provided that:
  - (i) such persons sign consents to act as a director of the relevant member(s) of the MOD Group;
  - (ii) such consents to act are provided to MOD before the Implementation Date; and
- (b) each of those MOD Directors and directors of other members of the MOD Group, as nominated by Sandfire, resign as a director of the relevant member(s) of the MOD Group.

## **6.7 Transaction Implementation Committee**

- (a) The parties must establish a Transaction Implementation Committee as soon as reasonably practical after the date of this deed and ensure it meets at least fortnightly (in person or by teleconference). The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by the parties to:
  - (i) implement the Scheme; and
  - (ii) subject to clause 6.7(b):
    - (A) ensure the smooth transition of the management of the business and affairs of the MOD Group to Sandfire following the implementation of the Scheme;
    - (B) ensure the continued development of the T3 Project in accordance with the Budget;
    - (C) ensure regional exploration is conducted in an efficient and methodical manner; and
    - (D) facilitate finalisation of structuring arrangements for the Transaction.

- (b) Subject to this deed and the statutory and fiduciary obligations of the MOD directors, MOD must take into account the views of the Transaction Implementation Committee but nothing in this clause 6.7(b) requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this deed constitutes the relationship of a partnership or a joint venture between the parties.

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## 7 Public announcements

- (a) Immediately after execution of this deed, each of MOD and Sandfire must release its respective Agreed Public Announcement.
- (b) Subject to clause 7(c), before making any public announcement in relation to the Transaction (whether through the ASX or otherwise), a party must provide the other party with a draft copy of the portion of such public announcement relating to the Transaction as soon as reasonably practicable before it is proposed that such public announcement is made, and must give the other party a reasonable opportunity to comment on the form and content of the portion of such draft announcement relating to the Transaction and must take into account all reasonable comments from that party and its Representatives on the draft.
- (c) A party will only be required to comply with clause 7(b) if and to the extent that compliance would not, in the reasonable opinion of that party, be likely to result in that party breaching its continuous disclosure or similar obligations including, without limitation, under the Market Abuse Regulation.

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## 8 Board support of Transaction

### 8.1 Confirmation of Recommendations and Voting Intentions

MOD represents and warrants to Sandfire that as at the date of this deed each MOD Director has confirmed (by way of a unanimous resolution of the MOD Board) that:

- (a) his or her recommendation in respect of the Scheme is that MOD Shareholders vote in favour of the Scheme at the Scheme Meeting (**Recommendation**); and
- (b) he or she intends to vote, or cause to be voted, all MOD Shares in which he or she has a Relevant Interest in favour of the Scheme at the Scheme Meeting in accordance with his or her Voting Confirmation (**Voting Intention**),

in each case in the absence of:

- (c) a Superior Proposal; or
- (d) the Independent Expert concluding in the Independent Expert's Report (or any update or variation to that report) that the Transaction is not in the best interests of MOD Shareholders; or
- (e) in the case of the Recommendation, him or her making a determination in accordance with clause 5.5.



## 8.2 Maintenance of Recommendations and Voting Intentions

- (a) MOD must use its reasonable endeavours to ensure that no MOD Director withdraws, changes or modifies a Recommendation or Voting Intention unless:
  - (i) a Superior Proposal is made; or
  - (ii) the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report) that the Transaction is not in the best interests of MOD Shareholders; or
  - (iii) in the case of the Recommendation, a MOD Director makes a determination in accordance with clause 5.5.
- (b) Subject to a MOD Director withdrawing or changing a Recommendation or Voting Intention following the occurrence of either of the events referred to in clause 8.2(a), MOD must ensure that:
  - (i) the Scheme Booklet includes statements to the effect that each MOD Director gives the Recommendation and has the Voting Intention; and
  - (ii) no public announcement is made by MOD, and no public statement is made by any MOD Director, which is inconsistent with any MOD Director giving the Recommendation and having the Voting Intention.

## 8.3 Sandfire acknowledgement

Sandfire acknowledges that, without derogating from a party's rights under clause 14 (*Termination*), if either of the events in clause 8.2(a) occur, then any MOD Director may change, withdraw or modify their Recommendation or Voting Intention.

## 8.4 Notification of change of Recommendations or Voting Intentions

During the Exclusivity Period, MOD must promptly notify Sandfire if it becomes aware that any MOD Director is likely or has determined to change, withdraw or modify their Recommendation or Voting Intention by no later than:

- (a) two Business Days before the date on which MOD believes that the withdrawal or revision might or will occur; and
- (b) if MOD does not become aware of the potential change, withdrawal or modification or its timing until after that time, the date on which MOD becomes aware of the determination to withdraw or revise the recommendation,

unless the MOD Board, acting in good faith, after having consulted with its financial and legal advisers, determines that it would, or would be likely to, involve a breach of its fiduciary or statutory duties to notify Sandfire.

## 8.5 Confirmation of EGM Recommendation on EGM Resolutions

MOD represents and warrants to Sandfire that as at the date of this deed each MOD Director has confirmed (by way of a unanimous resolution of the MOD Board) that:

- (a) his or her recommendation is that MOD Shareholders vote in favour of the EGM Resolutions at the EGM (**EGM Recommendation**); and

- (b) he or she intends to vote, or cause to be voted, all MOD Shares in which he or she has a Relevant Interest in favour of the EGM Resolutions at the EGM in accordance with his or her Voting Confirmation (**EGM Voting Intention**),

in respect of the EGM Recommendation, in the absence of the Independent Expert concluding in the Independent Expert's Report (or any update or variation to that report) that the transactions contemplated by clause 5.4 are not fair and not reasonable.

## 8.6 Maintenance of EGM Recommendations and EGM Voting Intentions

- (a) MOD must use its reasonable endeavours to ensure that no MOD Director withdraws, changes or modifies a EGM Recommendation unless the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report) that the transactions contemplated by clause 5.4 are not fair and not reasonable.
- (b) Subject to a MOD Director withdrawing or changing a EGM Recommendation following the occurrence of the event referred to in clause 8.6(a), MOD must ensure that no public announcement is made by MOD, and no public statement is made by any MOD Director, which is inconsistent with any MOD Director giving the EGM Recommendation and having the EGM Voting Intention.

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## 9 Exclusivity

### 9.1 Existing discussions

- (a) MOD represents and warrants to Sandfire that, as at the date of this deed, MOD Group:
  - (i) is not a party to any agreement or arrangement with a Third Party entered into for the purpose of facilitating a Competing Proposal other than any confidentiality agreements entered into prior to the date of this deed;
  - (ii) is not, directly or indirectly, participating in any discussions or negotiations with a Third Party that concern, or that could reasonably be expected to lead to, a Competing Proposal;
  - (iii) has ceased any discussions with any Third Party in relation to, a potential Competing Proposal; and
  - (iv) has ceased the provision of any due diligence access and the making available of any non-public information in relation to the MOD Group (**Non-Public Information**) to any Third Party, where the due diligence access and provision of Non-Public Information was for the purposes of, a potential Competing Proposal.

### 9.2 No-shop

During the Exclusivity Period, the MOD Group must not and must ensure that its Representatives do not:

- (a) solicit, invite, encourage or initiate any Competing Proposal;
- (b) directly or indirectly solicit, initiate, encourage or invite enquiries, discussions, negotiations or proposals in relation to, or which may reasonably be expected to lead to, a Competing Proposal; or

- (c) communicate to any person any intention to do any of the things referred to in clauses 9.2(a) or 9.2(b).

### **9.3 No-talk**

Subject to clause 9.8, during the Exclusivity Period, MOD Group and its Representatives must not (whether directly or indirectly):

- (a) respond to or facilitate any enquiries, proposals, negotiations or discussions with any Third Party;
- (b) enter into any letter of intent, memorandum of understanding or other agreement;
- (c) negotiate or enter into or participate in negotiations or discussions with any person (other than Sandfire); or
- (d) communicate any intention to do any of the things in clauses 9.3(a) to 9.3(c),

in relation to, or that may reasonably be expected to lead to, a Competing Proposal, even if:

- (e) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by MOD; or
- (f) that person has publicly announced the Competing Proposal.

### **9.4 No due diligence**

- (a) During the Exclusivity Period, MOD Group must not directly or indirectly:
  - (i) solicit, invite, initiate, encourage or (subject to clause 9.8) facilitate or permit, any person (other than Sandfire or its Representatives) to undertake due diligence investigations in respect of MOD, its Related Bodies Corporate, or any of their respective businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
  - (ii) subject to clause 9.8, make available to any person (other than Sandfire, its Representatives or a Government Agency) or permit any such person to receive, other than in the ordinary course of business or as required by law or the rules of any prescribed financial market, any non-public information relating to MOD's, its Related Bodies Corporate, or any of their respective businesses and operations with a view to obtaining, or which may reasonably be expected to lead to, a Competing Proposal.
- (b) MOD must not provide any non-public information to a Third Party (other than in the ordinary course of business, as required by law or the rules of any prescribed financial market), unless, in addition to complying with MOD's other obligations under this clause 9, the Third Party has previously entered into a confidentiality agreement which contains obligations on the recipient that are no less onerous than those in clause 15.

### **9.5 Notification obligations**

During the Exclusivity Period, MOD must disclose to Sandfire in writing and as soon as practicable and in any event within 2 Business Days, if it, or if it becomes aware that any of its Representatives:

- (a) receives any unsolicited approach with respect to any Competing Proposal:
  - (i) the fact that such an approach has been made;
  - (ii) subject to clause 9.8, all material details of the Competing Proposal (including consideration, timing, conditions, structure, break fee and financing and due diligence requirements); and
  - (iii) subject to clause 9.8, the identity of the person making the approach;
- (b) receives any request for information relating to MOD or any of its Related Bodies Corporate or any of their businesses or operations or any request for access to the books or records of MOD or any of its Related Bodies Corporate, which MOD has reasonable grounds to suspect may relate to a current or future Competing Proposal:
  - (i) the fact that such a request has been made;
  - (ii) subject to clause 9.8, all material details of the request; and
  - (iii) subject to clause 9.8, the identity of the person making the request and, so far as known to or suspected by MOD, the identity of any possible bidder or acquirer; or
- (c) provides any information relating to MOD or any of its Related Bodies Corporate or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Proposal:
  - (i) the fact that information has been provided;
  - (ii) a copy of the information provided (unless the information has already been provided to Sandfire); and
  - (iii) subject to clause 9.8, the identity of the person receiving the information and, so far as known to or suspected by MOD, the identity of any possible bidder or acquirer.
- (d) Nothing in this clause 9.5 prevents MOD from:
  - (i) providing information to its Representatives;
  - (ii) providing information to its auditors, advisers, joint venturers and suppliers acting in that capacity in the ordinary course of business;
  - (iii) providing information required to be provided by law, the ASX or LSE or any Government Agency; or
  - (iv) following prior consultation with Sandfire, making presentations to brokers, portfolio investors, proxy advisers, analysts and other third parties,

in each case, in the ordinary course of business and without the purpose of circumventing the restrictions in this clause 9 and 15.

## 9.6 Obligation of confidentiality

Sandfire acknowledges and agrees that information provided by MOD to Sandfire pursuant to clause 9.5 is strictly confidential.

## 9.7 Matching right

- (a) MOD must:
- (i) not enter into any legally binding agreement, arrangement or understanding to implement a Competing Proposal; and
  - (ii) use its reasonable endeavours to procure that none of the MOD Directors publicly recommends a Competing Proposal,
- unless:
- (iii) the Competing Proposal is a Superior Proposal;
  - (iv) MOD has provided Sandfire with the material terms and conditions of the Competing Proposal, including the identity of any person making the Competing Proposal, the consideration, conditions and proposed timing of the proposal;
  - (v) at the same time as or after the provision of all of the information referred to in clause 9.7(a)(iv) MOD has given Sandfire written notice under this clause 9.7(a)(v) that Sandfire has a specified period of no less than 4 Business Days after receipt of the notice to provide a counter proposal to the Competing Proposal (**Sandfire Proposal**); and
  - (vi) either Sandfire has not provided a Sandfire Proposal by the expiry of the period referred to in clause 9.7(a)(v) or the MOD Board, acting in good faith, after consulting with its financial and legal advisers, determines that the Sandfire Proposal would not be reasonably likely to provide a superior outcome for MOD Shareholders as a whole compared with the relevant Competing Proposal (having regard to matters including, but not limited to, consideration, conditionality, funding, certainty and timing).
- (b) Where Sandfire has made a Sandfire Proposal, this clause has repeating applications so that if any further Competing Proposal is made after Sandfire has made a Sandfire Proposal:
- (i) MOD must comply with clauses 9.7(a)(i) and 9.7(a)(ii) in respect of the new Competing Proposal unless clauses 9.7(a)(iii) to 9.6(a)(a)(vi) (inclusive), as modified by paragraph (ii) below, are each satisfied; and
  - (ii) the time period in clause 9.7(a)(vi) becomes 2 Business Days.

For the purposes of this clause, each successive material modification of any Competing Proposal will constitute a new Competing Proposal.

- (c) If the MOD Board determines, acting in good faith, that the Sandfire Proposal would provide a superior outcome for MOD Shareholders as a whole compared with the relevant Competing Proposal (having regard to matters including, but not limited to, consideration, conditionality, funding, certainty and timing), then MOD and Sandfire must use their best endeavours to agree any amendments to this deed and the contents of the Scheme Booklet which are reasonably necessary to reflect the Sandfire Proposal, and to enter into an appropriate amending deed to give effect to those amendments and to implement the Sandfire Proposal, in each case as soon as reasonably practicable.

## 9.8 Fiduciary exception

To the extent that clauses 9.2(a), 9.3, 9.4 and 9.5 expressly indicate that they are subject to this clause 9.8, those clauses do not apply if the MOD Board, acting in good faith, determines:

- (a) either:
  - (i) that there is a written Competing Proposal, there has been no contravention of this clause 9 in relation to the Competing Proposal and the Competing Proposal is a Superior Proposal; or
  - (ii) that the steps which the MOD Board proposes to take may reasonably be expected to lead to a Competing Proposal which will be a Superior Proposal and the steps proposed do not involve a contravention of any part of this clause 9 to which clause 9.8 does not apply; and
- (b) after receiving written legal advice from MOD's external legal advisers, that failing to respond to the Competing Proposal or failing to or refusing to take action may constitute a breach of its fiduciary or statutory duties.

## 9.9 MDCB exception

- (a) Notwithstanding any term of this deed to the contrary, neither of the following will constitute a breach of any term of this deed:
  - (i) MOD engaging with, and providing information to, Mineral Development Company of Botswana (Pty) Ltd (**MDCB**) or its representatives; or
  - (ii) MDCB (or its nominee) acquiring up to a 15 per cent interest in Tshukudu Metals Botswana (Pty) Ltd (**TMB**).
- (b) An acquisition by MDCB (or its nominee) of up to a 15 per cent interest in TMB on terms permitted under the Mining Act will not:
  - (i) constitute a Prescribed Occurrence or Material Adverse Change;
  - (ii) constitute a breach of the MOD Representations and Warranties;
  - (iii) cause the payment of the MOD Break Fee by MOD under clause 10.2; or
  - (iv) permit Sandfire to terminate this deed.
- (c) Sandfire shall have the right to be represented and make submissions on any proposed engagement by the MOD Group with the MDCB under clause 9.9(a).

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# 10 MOD Break Fee

## 10.1 Background

- (a) This clause 10 has been agreed to in circumstances where:
  - (i) MOD believes that it and its shareholders and/or investors will derive significant benefits from the implementation of the Transaction;

- (ii) Sandfire has incurred and will incur further significant costs in connection with the Transaction, which include significant external advisory and other out-of-pocket expenses and will include significant lost opportunity costs if the Transaction is not implemented;
  - (iii) Sandfire has requested that provision be made for the payment of the MOD Break Fee by MOD, and would not have entered into this deed had such provision not been made;
  - (iv) MOD believes that it is both necessary and appropriate to agree to pay the MOD Break Fee to secure Sandfire's entry into this deed; and
  - (v) MOD has received separate legal advice in relation to this deed and the operation of this clause 10.
- (b) The parties acknowledge and agree that the costs referred to in clause 10.1(a)(ii) are of such a nature that they cannot be precisely quantified, but that the MOD Break Fee is a genuine and reasonable pre-estimate of those costs.

## 10.2 Payment of MOD Break Fee

Subject to clauses 10.3, 10.5 and 10.6, MOD must pay Sandfire the MOD Break Fee (without set-off or withholding) within 10 Business Days after receipt of a written demand from Sandfire if any of the following events occur:

- (a) either:
  - (i) there is a breach or non-fulfilment of the Condition Precedent contained in clause 3.1(n) (*MOD Board recommendation*); or
  - (ii) Sandfire terminates this deed under clause 14.2(c) (*Termination where MOD Directors support a Competing Proposal*),
 other than where:
  - (iii) the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report), without regard to any Competing Proposal, that the Transaction is not in the best interests of MOD Shareholders;
  - (iv) a MOD Director determines pursuant only to clause 5.5 that he or she should not provide or continue to maintain any recommendation;
  - (v) MOD terminates this deed under clause 14.1(b) (*Termination for material breach other than Representations and Warranties*) or 14.3(c) (*Termination for material breach of Sandfire Representations and Warranties*);
- (b) at any time before the End Date, a Competing Proposal is disclosed to MOD or publicly announced by a Third Party, and, within 12 months thereafter, a Competing Proposal being an Alternative Control Transaction is entered into or completed involving the Third Party or any of its Associates;
- (c) there is a breach or non-fulfilment of the Condition Precedent in clause 3.1(k) (*Prescribed Occurrence*);



- (d) Sandfire terminates this deed under clause 14.1(b) (*Termination for material breach other than Representations and Warranties*) and the relevant material breach of this deed by MOD:
  - (i) constitutes a Material Adverse Change; or
  - (ii) is material in the context of the Scheme taken as a whole; or
- (e) Sandfire becomes entitled to terminate this deed under clause 14.2(b) (*Termination for breach of Exclusivity provisions*) or as a result of a breach or non-fulfilment of the Condition Precedent contained in clause 3.1(m) (*MOD Representations and Warranties*).

### **10.3 Payment conditions**

- (a) Notwithstanding the occurrence of any event referred to in clause 10.2, the MOD Break Fee will not be payable if the Scheme becomes Effective. The MOD Break Fee must be refunded to MOD within 10 Business Days after the Scheme becomes Effective if it was paid to Sandfire before that time.
- (b) MOD can only ever be liable to pay the MOD Break Fee once.

### **10.4 Nature of payment**

The MOD Break Fee is an amount to compensate Sandfire for the following costs and expenses:

- (a) external advisory costs (excluding success fees);
- (b) internal costs such as costs of management and directors' time, risk management costs and capital costs;
- (c) out-of-pocket expenses; and
- (d) opportunity costs incurred in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives which otherwise could have been developed or pursued.

### **10.5 Compliance with law**

This clause 10 imposes obligations on MOD only to the extent that the performance of those obligations:

- (a) does not constitute unacceptable circumstances as declared by the Takeovers Panel; and
- (b) is not otherwise unlawful or held to be unenforceable by a court.

If the MOD Break Fee is paid to Sandfire and clause 10.5(a) or 10.5(b) applies, Sandfire must refund the relevant part of the MOD Break Fee (if any) to MOD within 10 Business Days after receipt of a written demand from MOD.

### **10.6 Exclusive Remedy**

Notwithstanding any other provision of this deed:

- (a) the maximum aggregate liability of the MOD to Sandfire under or in connection with this deed, including in respect of any breach of the deed, will be the MOD Break Fee; and
- (b) a payment by the MOD in accordance with this clause 10, or a series of payments by MOD totalling in aggregate the MOD Break Fee whether made under this clause 10 or otherwise, represents the sole and absolute liability of the MOD under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by the MOD in connection with this deed.

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## 11 Representations and Warranties

### 11.1 Sandfire Representations and Warranties

Sandfire represents and warrants to MOD that:

- (a) (**validly existing**) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) (**power**) it has full corporate power and lawful authority to execute, deliver and perform this deed and the Deed Poll;
- (c) (**corporate action**) it has taken all necessary corporate action to authorise the entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed and the Deed Poll;
- (d) (**binding**) this deed is a valid and binding obligation on it, enforceable in accordance with the deed's terms;
- (e) (**performance**) the execution and performance by it of this deed does not and will not violate or breach any provision of:
  - (i) a law or treaty or a judgment, ruling, order or decree binding on it; or
  - (ii) its constitution;
- (f) (**regulatory approvals**) as far as it is aware, no regulatory approval is required to be obtained by it in order for it to execute, deliver and perform this deed, other than those approvals set out in clause 3.1(a).
- (g) (**capital structure**) the capital structure of Sandfire as at the date of this deed is:
  - (i) 159,356,206 Sandfire Shares; and
  - (ii) 894,647 performance rights in relation to Sandfire Shares,and there are no other Sandfire options, performance rights, shares, warrants, convertible notes, instruments or other securities (of offers or agreements to issue any of the foregoing) that may convert into Sandfire Shares;
- (h) (**Sandfire Information**) the Sandfire Information provided in accordance with this document and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with all applicable laws

(including the Corporations Act and Corporations Regulations), RG 60 and the Listing Rules;

- (i) **(New Sandfire Shares)** subject to clause 4.15(a), the New Sandfire Shares to be issued in accordance with clause 4 and in accordance with the terms of the Scheme and Deed Poll will be duly authorised and validly issued, fully paid and non-assessable, and free of all security interests and third party rights and will rank equally with all of the other shares in the capital of Sandfire then on issue;
- (j) **(reliance)** the Sandfire Information will be provided to MOD in good faith and on the understanding that MOD and each other MOD Indemnified Party will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the Corporations Act;
- (k) **(provision of information to Independent Expert)** all information provided by Sandfire to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
- (l) **(new information)** it will, as a continuing obligation, provide to MOD all further or new information which arises after the Scheme Booklet has been despatched to MOD Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Sandfire Information is not misleading or deceptive (including by way of omission);
- (m) **(Insolvency Event or regulatory action)** no Insolvency Event has occurred in relation to it or another member of the Sandfire Group;
- (n) **(continuous disclosure)** as at the date of this deed, Sandfire is not in breach of its continuous disclosure obligations under the Listing Rules and is not relying on the exclusion in Listing Rule 3.1A to withhold any information from disclosure (other than in relation to the Transaction);
- (o) **(FIRB)** Sandfire is not a 'foreign person' as defined in the *Foreign Acquisitions and Takeovers Act 1975* (Cth);
- (p) **(no approvals)** Sandfire does not require the approval of its shareholders or the approval or consent of any other person to enter into or perform any of its obligations under this deed;
- (q) **(financial statements)** Sandfire's financial statements as disclosed to the ASX have been prepared in accordance with the Accounting Standards on a basis consistent with past practice financial statements and, so far as Sandfire is aware, there has not been any event, change, effect or development which would require Sandfire to restate its financial statements as disclosed to the ASX; and
- (r) **(no judgments)** as at the date of this deed, there is no judgment, injunction, order or decree binding on any member of the Sandfire Group that has or would be likely to have the effect of prohibiting, materially restricting or materially impairing after the Effective Date any business of the Sandfire Group as it is presently being conducted.

## 11.2 Sandfire's indemnity

Sandfire agrees with MOD to indemnify MOD and each of the MOD Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that MOD or any of the other MOD Indemnified Parties

suffers, incurs or is liable for arising out of any breach of any of the Sandfire Representations and Warranties.

### 11.3 MOD Representations and Warranties

MOD represents and warrants to Sandfire that:

- (a) **(validly existing)** it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) **(power)** it has full corporate power and lawful authority to execute, deliver and perform this deed and the Scheme;
- (c) **(corporate action)** it has taken all necessary corporate action to authorise the entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed and the Scheme;
- (d) **(binding)** this deed is a valid and binding obligation on it, enforceable in accordance with the deed's terms;
- (e) **(performance)** the execution and performance by it of this deed does not and will not violate or breach any provision of:
  - (i) a law or treaty or a judgment, ruling, order or decree binding on it; or
  - (ii) its constitution;
- (f) **(regulatory approvals)** as far as it is aware, no regulatory approval is required to be obtained by it in order for it to execute, deliver and perform this deed, other than those approvals set out in clauses 3.1(a), 3.1(g) and 3.1(h) and so far as it is aware, as at the date of this deed, no regulatory action of any nature has been taken that would prevent or restrict its ability to fulfil its obligations under this deed;
- (g) **(capital structure)** as at the date of this deed and, subject to clause 4.13, also after that date, its capital structure is as set out in Schedule 2 and, other than as set out in Schedule 2:
  - (i) it has not issued any other MOD Shares or other securities, rights or instruments which are still outstanding and may convert into, or give the holder the right to be issued, MOD Shares or other securities, rights or instruments; and
  - (ii) it is not under any obligation to issue, and no person has any right to require or call for the issue of, any MOD Shares or other securities, rights or instruments issuable by MOD (whether such obligation or right is conditional or otherwise), other than the issue of MOD Shares to MOD Directors or members of management in lieu of short term cash incentives previously disclosed to the ASX;
- (h) **(MOD financial statements)** MOD's financial statements as disclosed to ASX have been prepared in accordance with Accounting Standards on a basis consistent with past practice financial statements and, as far as MOD is aware, there has not been any event, change, effect or development which would require MOD to restate its financial statements as disclosed to the ASX;
- (i) **(MOD Information)** the MOD Information provided in accordance with this deed and included in the Scheme Booklet as at the date of the Scheme Booklet will not

contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects in accordance with all applicable laws (including the Corporations Act and Corporations Regulations), RG 60 and the Listing Rules;

- (j) **(reliance)** the MOD Information contained in the Scheme Booklet will be included in good faith and on the understanding that Sandfire and each other Sandfire Indemnified Party will rely on that information for the purposes of considering and approving the Sandfire Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme;
- (k) **(provision of information to Independent Expert)** all information provided by MOD to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
- (l) **(new information)** it will, as a continuing obligation (but in respect of the Sandfire Information, only to the extent that Sandfire provides MOD with updates to the Sandfire Information), ensure that the Scheme Booklet is updated to include all further or new information which arises after the Scheme Booklet has been despatched to MOD Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Sandfire Information is not misleading or deceptive (including by way of omission);
- (m) **(compliance)** the MOD Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licenses, permits and franchises necessary for it to conduct its businesses as presently being conducted;
- (n) **(opinions)** any statement of opinion or belief contained in the Scheme Booklet (other than Sandfire Information contained in the Scheme Booklet) is honestly held and there are reasonable grounds for holding the opinion or belief;
- (o) **(continuous disclosure):**
  - (i) it is in compliance in all material respects with its continuous disclosure obligations under Listing Rule 3.1; and
  - (ii) following release of the Agreed Public Announcement, there will be no information which it is withholding from disclosure in reliance on Listing Rule 3.1A;
- (p) **(Insolvency Event or regulatory action)** no Insolvency Event has occurred in relation to it or another member of the MOD Group;
- (q) **(Disclosure Materials)** the Disclosure Materials were compiled and made available to Sandfire and its Representatives in good faith and MOD has not wilfully withheld from the Disclosure Materials any information of which MOD is aware which, if disclosed, might reasonably be expected to affect the decision of the Sandfire to enter into this deed or complete the Transaction;
- (r) **(judgments)** as at the date of this deed, there is no judgment, injunction, order or decree binding on any member of the MOD Group that has or would be likely to have the effect of prohibiting, materially restricting or materially impairing after the Effective Date any business of MOD Group as presently being conducted;

- (s) **(litigation)** so far as MOD is aware:
  - (i) there are no material actions, suits, arbitrations, legal or administrative proceedings pending against any member of the MOD Group; and
  - (ii) no member of the MOD Group is the subject of any material pending investigation by a Government Agency;
- (t) **(security interests and indebtedness)** other than any Security Interest identifiable from the public records or registers of the Personal Property Securities Register, there is no Security Interest over all or any member of the MOD Group's present or future assets or revenues and the MOD Group has no material indebtedness;
- (u) **(breach of law)** there is no material breach by MOD Group of any Australian or foreign law or regulation applicable to them or order of any Australian or foreign Government Agency having jurisdiction over them that has or could reasonably be expected to have a materially adverse effect on:
  - (i) the conduct of the business of the MOD Group;
  - (ii) the value of the MOD Group; or
  - (iii) the reputation of the MOD Group, including any implication in relation to its good standing with any Government Agency having jurisdiction over the conduct of business of the MOD Group;
- (v) **(change of control)** as at the date of this deed, and so far as the MOD Board and the senior management of the MOD Group are aware after making reasonable inquiries, there are no contracts material to the operations of the MOD Group which contain any change of control provisions that will be triggered by implementation of the Transaction (except as otherwise Fairly Disclosed in the Disclosure Materials);
- (w) **(employment)** the Disclosure Materials Fairly Disclose details of the period of service, remuneration package, applicable allowances, redundancy and/or termination entitlements and accrued leave (including long service leave, annual leave and personal leave) as at the date specified therein for each Relevant Employee;
- (x) **(Taxes and Duties)**
  - (i) At implementation of the Scheme, any Tax or Duty arising under any Tax Law payable:
    - (A) in respect of any transaction, income or assets of a member of the MOD Group for all periods up to the Implementation Date;
    - (B) in respect of any event, omission or instrument executed or performed prior to the Implementation Date; and
    - (C) in respect of payments made by a member of the MOD Group to another person that must be withheld from that payment prior to the Implementation Date,

have been so withheld (if applicable) and paid (or provided for) prior to the Implementation Date in accordance with the requirements of the relevant

Tax Law, other than in respect of the transfer of shares in Metal Capital Exploration Limited from Metal Tiger to MOD under clause 5.4.

- (ii) Each member of the MOD Group has complied with all material obligations imposed on them by any Tax Law or as requested by any Government Agency.
- (iii) MOD is not aware of any circumstances (including those outlined in Part 14 of MOD's prospectus in respect of its admission to the official list of the LSE) that will require stamp duty or stamp duty reserve tax to be paid under United Kingdom tax laws in respect of the implementation of the Transaction.
- (y) **(T3 Mining Tenements and Authorisations)** the T3 Mining Tenements and Authorisations for the development of the T3 Project are in force and effect and the MOD Group has complied in all material respects with the terms of the T3 Mining Tenements and Authorisations for the development of the T3 Project and as far as MOD is aware there are no violations of or non-compliance with applicable laws and MOD will continue to comply with applicable conditions of the T3 Mining Tenements, Authorisations for the development of the T3 Project and applicable laws upon and immediately following implementation of the Transaction;
- (z) **(Mining Tenements and Authorisations)** the Mining Tenements and Authorisations required for exploration of the Mining Tenements are in force and effect and the MOD Group has complied in all material respects with the terms of the Mining Tenements and Authorisations and as far as MOD is aware there are no violations of or non-compliance with applicable laws and MOD will continue to comply with applicable conditions of the Mining Tenements, Authorisations required for exploration and applicable laws upon and immediately following implementation of the Transaction;
- (aa) **(property rights)** as at the date of this deed, the MOD Group owns, or has the right to use, all of the assets and real property, free and clear of any Encumbrances that are material for the conduct of the business of the MOD Group, and will continue to do so upon and immediately following implementation of the Transaction;
- (bb) **(mineral resources and reserves)** the proven and probable ore reserves and mineral resources for the Mining Tenements as set out in the Disclosure Materials, were prepared in all material respects in accordance with sound mining, engineering, geosciences and other applicable industry standards and practices, and in accordance with applicable law;
- (cc) **(royalty)** other than Taxes and interests of Government Agencies, no person other than MOD or a MOD Group member has any interest in the Mining Tenements in Part A and Part B of schedule 4 or any of the mineral rights or the production or profits therefrom or any royalty in respect thereof or any right to acquire any such interest, other than Metal Tiger as set out in the Disclosure Materials;
- (dd) **(surface rights)** save in respect of the expected grant of the T3 Project mining lease, a MOD Group member has all surface rights, including fee simple estates, leases, easements, rights of way and permits or licences operations from landowners or Government Agencies permitting the use of land by MOD Group members and other interests that are required to exploit the development of the T3 Mining Tenements other than the access rights the subject of the draft agreement in section 9.01.09 of the Online Data Room;



- (ee) (**offtake**) no member of the MOD Group is party to any off-take agreement or streaming agreement with respect of production from any Mining Tenement and without limitation none of the MOD Group members is obligated under any prepayment contract or other prepayment arrangement to deliver mineral products at some future time without then receiving full payment therefor;
- (ff) (**corrupt practices litigation**) no member of the MOD Group, nor to the knowledge of MOD, any of their respective Associates or Representatives nor any Third Party with whom they are in joint venture has taken, directly or indirectly any action which would cause any member of the MOD Group or its affiliates to be in violation of the *Australian Crimes Act 1914* (Cth), as amended (and the applicable regulations thereunder), *United States Foreign Corrupt Practices Act of 1977*, as amended (and the applicable regulations thereunder), *Corruption and Economic Crime Act of 1994 (Botswana)*, *Corruption and Economic Crime Act of 2013 (Botswana)*, *Proceeds and Instruments of Crime of 2014 (Botswana)*, section 99 of the *Penal Code of 1964 (Botswana)* or any applicable law of similar effect of any other jurisdiction (collectively, the **Anti-Corruption Laws**). MOD has conducted its businesses in compliance with Anti-Corruption Laws and has instituted and maintains policies and procedures designed to ensure continued compliance; and
- (gg) (**material default**) as at the date of this deed, and so far as the MOD Board and the senior management of the MOD Group are aware after making reasonable inquiries, no material breach of any contracts material to the operations of the MOD Group subsists.

#### 11.4 MOD's indemnity

MOD agrees with Sandfire to indemnify Sandfire and each of the Sandfire Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Sandfire or any of the other Sandfire Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the MOD Representations and Warranties.

#### 11.5 Qualifications on MOD's Representations and Warranties

The MOD Representations and Warranties in clause 11.3 and the indemnity in clause 11.4 are each subject to matters that:

- (a) are expressly provided in this deed;
- (b) are Fairly Disclosed the Disclosure Materials;
- (c) are Fairly Disclosed in MOD's announcements to or filings with ASX, or a document lodged with ASIC that is publicly available, in each case between 5 November 2015 and the Business Day prior to the date of this deed;
- (d) would have been disclosed to Sandfire had Sandfire conducted searches of the following on the Business Day prior to the date of this deed:
  - (i) public records maintained by ASIC;
  - (ii) the register established under the *Personal Property Securities Act 2009* (Cth);
  - (iii) public records maintained by the registries of the High Court of Australia, Federal Court of Australia and the Supreme Courts of each state and territory in Australia;

- (e) result from the actions contemplated by clause 5.4; and
- (f) are within the actual knowledge of Sandfire as at the date of this deed.

### **11.6 Independence of Representations and Warranties**

Each Representation and Warranty:

- (a) is to be construed independently of all other Representations and Warranties; and
- (b) is not limited by any other Representation or Warranty.

### **11.7 Survival of indemnities**

Each indemnity in this deed relating to Representations and Warranties (including those in clauses 11.2 and 11.4):

- (a) is a continuing obligation; and
- (b) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed.

### **11.8 Timing of Representations and Warranties**

- (a) Each Representation and Warranty is given at the date of this deed and again on each subsequent day until Delivery Time, except that the MOD Representation and Warranty in clause 11.3(o)(ii) (*information withheld from continuous disclosure*) is only given at the date of this deed.
- (b) For the purposes of clause 11.8(a), a Representation and Warranty shall be read with any necessary adjustments to the tense used in the Representation and Warranty.

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## **12 Releases**

### **12.1 Release of MOD Indemnified Parties**

- (a) Subject to clause 12.1(b), Sandfire releases any and all rights that it may have, and agrees with MOD that it will not make any claim, against any MOD Indemnified Party as at the date of this deed and from time to time in connection with:
  - (i) any breach of any covenant, representation or warranty given by MOD under this deed;
  - (ii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
  - (iii) any failure to provide information,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where a MOD Indemnified Party has not acted in good faith or has engaged in wilful misconduct. To avoid doubt, nothing in this clause 12.1(a) limits the rights of Sandfire to demand payment of the MOD Break Fee under clause 10 or terminate this deed under clause 14.

- (b) The release in clause 12.1(a) is subject to any restriction imposed by law and will be read down to the extent that any such restriction applies.

## **12.2 Release of Sandfire Indemnified Parties**

- (a) Subject to clause 12.2(b), MOD releases any and all rights that it may have, and agrees with Sandfire that it will not make any claim, against any Sandfire Indemnified Party as at the date of this deed and from time to time in connection with:

- (i) any breach of any covenant, representation or warranty given by Sandfire under this deed;
- (ii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
- (iii) any failure to provide information,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where a Sandfire Indemnified Party has not acted in good faith or has engaged in wilful misconduct. Nothing in this clause 12.2.1(a) limits the rights of MOD to terminate this deed under clause 14.

- (b) The release in clause 12.2(a) is subject to any restriction imposed by law and will be read down to the extent that any such restriction applies.

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## **13 Deeds of indemnity, access and insurance**

- (a) Sandfire acknowledges that, notwithstanding any other provision of this deed, MOD may, prior to or on the Implementation Date, enter into arrangements to secure directors and officers run-off insurance for any and all directors and officers of each member of the MOD Group for up to a 7 year period from the Implementation Date in a form to be approved by Sandfire (acting reasonably) and that any actions to facilitate that insurance or in connection therewith (including paying any amounts to ensure such maintenance upfront) will not be Prescribed Occurrences or breach any provision of this deed provided insurance amount does not exceed \$140,000.
- (b) Subject to the Scheme becoming Effective and the Transaction completing, Sandfire undertakes in favour of MOD and each other person who is a MOD Indemnified Party that it will:
  - (i) for a period of 7 years from the Implementation Date, ensure that the constitutions of MOD and each other member of the MOD Group continue to contain such rules as are contained in those constitutions at the date of this deed that provide for each company to indemnify each of its previous directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the MOD Group;
  - (ii) procure that MOD and each member of the MOD Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time; and
  - (iii) MOD and each other member of the MOD Group maintains all insurance the subject of this clause and continues to pay all premiums and other costs of such insurance for the full period (of up to 7 years from the Implementation

Date) agreed or arranged on or prior to the Implementation Date and does not permit such insurance to be used for purposes contrary to such agreements or arrangements.

- (c) The provisions contained in this clause 13 are subject to any Corporations Act restriction and will be read down accordingly.

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## 14 Termination

### 14.1 Termination by either party

- (a) Either party may terminate this deed in accordance with clause 3.4.
- (b) Other than in respect of a breach of a Representation and Warranty (which are dealt with in clauses 3.1(m) (*MOD Representations and Warranties*) and 14.3), either party may terminate this deed, with immediate effect, at any time before Delivery Time by notice in writing to the other if the other party commits a material breach of this deed, provided that:
  - (i) it has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate this deed; and
  - (ii) the relevant circumstances have not been remedied within 10 Business Days from the time such notice is given (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date).

### 14.2 Termination by Sandfire

Sandfire may terminate this deed, with immediate effect, at any time before Delivery Time by notice in writing to MOD if:

- (a) if the EGM Resolutions are not approved by the requisite majority;
- (b) MOD materially breaches clause 9 (*Exclusivity*);
- (c) in any circumstances (including where clause 8.2(a) applies), a MOD Director recommends, endorses or supports any Competing Proposal;
- (d) in any circumstances, MOD voluntarily enters into any agreement or arrangement in relation to the implementation of any Competing Proposal;
- (e) a Competing Proposal is announced, made, or becomes open for acceptance and the Third Party announcing or making the Competing Proposal (either alone or together with its Associates) acquires a Relevant Interest in more than 50% of all MOD Shares and that Competing Proposal is (or has become) free from any defeating conditions; or
- (f) ASX refuses to grant, or informs one or both of MOD and Sandfire that ASX will refuse to grant, official quotation on the ASX of any or all of the New Sandfire Shares.

### 14.3 Termination by MOD

MOD may terminate this deed, with immediate effect, at any time before Delivery Time by notice in writing to Sandfire if:

- (a) all or a majority of the MOD Board publicly withdraw or adversely change their Recommendation provided that:
  - (i) any of the events referred to in clause 8.2(a)(i) (*Superior Proposal*) or clause 8.2(a)(ii) (*Independent Expert concludes that the Transaction is not in the best interest of MOD Shareholders*) has occurred; or
  - (ii) in a circumstance involving a Competing Proposal, MOD has complied with clause 9 (*Exclusivity*) to the extent applicable and in all material respects; or
- (b) ASX refuses to grant, or informs one or both of MOD and Sandfire that ASX will refuse to grant, official quotation on the ASX of any or all of the New Sandfire Shares;
- (c) at the time they were made, the Sandfire Representations and Warranties were not true and accurate in all material respects, provided that:
  - (i) MOD has given written notice to Sandfire setting out the relevant circumstances and stating an intention to terminate this deed or to allow the Scheme to lapse;
  - (ii) the relevant breach or circumstances have not been remedied for 10 Business Days from the time such notice is given (or any shorter period ending at 5.00pm ending on the Business Day before the Second Court Date); and
  - (iii) the aggregate loss to MOD and MOD Shareholders that would reasonably be expected to follow from the relevant breach of the Sandfire Representations and Warranties is material in the context of the Transaction taken as a whole.
- (d) Sandfire is removed from the official list of the ASX or ASX determines that will occur.

#### **14.4 Termination by written agreement**

This deed may be terminated by the written agreement of the parties, on such terms as the parties agree.

#### **14.5 Effect of termination**

If this deed is terminated in accordance with clause 3.4 or this clause 14, this deed will cease to have force and effect without any liability or obligation on the part of any party, except that:

- (a) this clause 14.5 and clauses 1 (*Defined terms and interpretation*), 10 (*MOD Break Fee*), 12 (*Releases*), 15 (*Confidentiality*), 16 (*Duty, costs and expenses*), 17 (*GST*) and 18.4 (*Obligations to outside parties*), and Schedule 1 (*Dictionary*), will survive termination; and
- (b) each party will retain any rights and remedies that accrued prior to termination, including any rights and remedies in respect of any past breach of this deed or (if applicable) in respect of the breach giving rise to termination.

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## 15 Confidentiality

### 15.1 Confidentiality

- (a) The terms of the Confidentiality Deed terminates, and ceases to be binding on the parties, on the date the last party executes this deed.
- (b) Each party acknowledges and agrees that:
  - (i) information, in whatever form, provided by either party to the other, or obtained by either party from the other, in the course of due diligence and proposing, negotiating or implementing the Transaction (including information provided before or after the date of this deed); and
  - (ii) all copies of information, agreements and those parts of the notes and other records referred to above,  
  
is strictly confidential (**Confidential Information**) and may not be disclosed to any third party (except as permitted by this deed); and
  - (iii) damages may be inadequate compensation for a breach of this clause 15 and, subject to the court's discretion, a party may restrain, by injunction or similar remedy, any conduct or threatened conduct which is or will be a breach of this clause 15.
- (c) For the avoidance of doubt, information that is known by a party before the date of this deed and that was not obtained on a confidential basis from another party in the course of proposing, negotiating or implementing the Transaction is not Confidential Information.
- (d) Confidential Information may only be used for the purposes of implementing the Transaction or disclosed by a party:
  - (i) to a Related Body Corporate or any Representative of that party (or of any Related Body Corporate) for the purpose of implementing the Transaction, provided that the disclosing party ensures that the recipient only uses it for the purposes of implementing the Transaction and otherwise complies with these terms of confidentiality; and
  - (ii) if disclosure is required by law, the rules of a stock exchange, or any requirement of a court or Government Agency, provided that the disclosing party must only disclose the minimum Confidential Information required to comply with the applicable law, rules or order.

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## 16 Duty, costs and expenses

### 16.1 Stamp duty

Sandfire:

- (a) must pay all stamp duties and any fines and penalties with respect to stamp duty in respect of each of this deed, the Deed Poll and the Scheme and the steps to be taken under this deed, the Deed Poll or the Scheme; and

- (b) indemnifies MOD against any liability arising from or in connection with any failure by it to comply with clause 16.1(a).

## 16.2 Costs and expenses

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this deed and the proposed, attempted or actual implementation of the Transaction.

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## 17 GST

- (a) In this clause 17, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that legislation.
- (b) If a party makes a supply under or in connection with this deed in respect of which GST is payable, the Scheme Consideration for the supply but for the application of this clause 17(b) (**GST exclusive consideration**) is increased by an amount (**Additional GST amount**) equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- (c) If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by the amount equal to any input tax credit the other party, or the representative member of the GST group of which the other party is a member, is entitled to with respect to the loss, cost or expense, and then increased in accordance with clause 17(b) if such amount is consideration for a taxable supply made under or in connection with this deed.
- (d) A party need not make a payment of the Additional GST amount until it receives a tax invoice or adjustment note (as appropriate) for the supply to which the payment relates.

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## 18 General

### 18.1 Notices

- (a) A notice, consent, approval, waiver or other communication sent by a party under this deed (**Notice**) must be:
  - (i) in writing;
  - (ii) sent by an authorised representative of the sender; and
  - (iii) marked for the attention of the person named below,and must be:
  - (iv) left at, or sent by commercial courier to, the address set out below; or
  - (v) sent by email to the address set out below.

#### **Sandfire**

Attention: Karl Simich, Chief Executive Officer  
Address: as above



Email: Karl.Simich@sandfire.com.au

with a copy (for information purposes only) to: Jmannolini@gtlaw.com.au;  
Ocarrick@gtlaw.com.au

**MOD**

Attention: Mark Clements, Executive Chairman

Address: as above

Email: mclements@modresources.com.au

with a copy (for information purposes only) to: Scott.Gibson@dlapiper.com;  
Hedley.Roost@dlapiper.com

- (b) Subject to clause 18.1(c), a Notice is taken to be received:
    - (i) if sent by delivery when it is delivered;
    - (ii) if sent by commercial courier, three days after dispatch; or
    - (iii) if sent by email:
      - (A) when the sender receives an automated message confirming delivery;  
or
      - (B) four hours after the time sent (as recorded on the device from which the email was sent), provided that the sender does not receive an automated message that the email has not been delivered,
- whichever happens first.
- (c) If a Notice is taken to be received under clause 18.1(b):
    - (i) before 9.00am on a Business Day, it will be taken to be received at 9.00am on that Business Day; or
    - (ii) after 5.00pm on a Business Day or on a non-Business Day, it will be taken to be received at 9.00am on the next Business Day.

**18.2 Governing law and jurisdiction**

- (a) This deed is governed by the laws of Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and courts competent to hear appeals from those courts.

**18.3 No representation or reliance**

Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.

#### **18.4 Obligations to outside parties**

- (a) Sandfire holds the benefit of clauses 11.4 (*MOD's indemnity for Representations and Warranties*) and 12.2 (*Release of Sandfire Indemnified Parties*) for itself and also as trustee or nominee for each Sandfire Indemnified Party.
- (b) MOD holds the benefit of clauses 11.2 (*Sandfire's indemnity for Representations and Warranties*), 12.1 (*Release of MOD Indemnified Parties*) and 13 (*Deeds of indemnity, access and insurance*) for itself and also as trustee or nominee for each MOD Indemnified Party.

#### **18.5 No merger**

The rights and obligations of the parties do not merge on the Scheme becoming Effective or completion of the Transaction.

#### **18.6 Waivers and consents**

- (a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed.
- (b) Any waiver or consent given by a party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.
- (d) Except where this deed expressly provides otherwise, where the consent of a party is required under this deed, such consent may be given or withheld in that party's absolute discretion.

#### **18.7 Variation**

This deed may only be varied by a document signed by or on behalf of each of the parties.

#### **18.8 Assignment**

A party may not assign, novate or otherwise transfer any of its rights or obligations under this deed without the prior written consent of the other parties.

#### **18.9 Further action**

Each party must do all things and execute all further documents necessary to give full effect to this deed.

#### **18.10 Entire agreement**

Other than the Confidentiality Deed, this deed supersedes all previous agreements, understandings, negotiations or deeds in respect of its subject matter and embodies the entire agreement between the parties.

### **18.11 Severability**

If the whole or any part of a provision of this deed is void, unenforceable or illegal in a jurisdiction, it is severed for that jurisdiction but only to the extent that it is void, unenforceable or illegal and provided that it will have full force and effect in any other jurisdiction. Where a provision (or any part thereof) is severed in a jurisdiction, the remainder of this deed will have full force and effect in that (and any other) jurisdiction.

This clause 18.11 does not apply to any severance that alters the basic nature of this deed or is contrary to public policy.

### **18.12 Counterparts**

This deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

**1      Dictionary**

**Accounting Standards means:**

- (a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and
- (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).

**Additional GST amount** has the meaning given in clause 17(d).

**Adviser** means any person who is engaged to provide professional advice of any type (including legal, accounting, consulting or financial advice) to MOD.

**Aggregate Cash Consideration** means the aggregate amount of the cash payable to Scheme Shareholders, who have validly Elected to receive Maximum Cash Consideration prior to any adjustment.

**Agreed Public Announcement** means an announcement of MOD or an announcement of Sandfire, as the context requires, each in a form agreed between Sandfire and MOD prior to execution of this deed, to be released by each of Sandfire and MOD pursuant to clauses 5.2(a) and 7(a).

**Alternative Control Transaction** means a Competing Proposal which when entered into or ultimately completed results in a person or two or more persons who are Associates directly or indirectly:

- (a) acquiring a Relevant Interest in or becoming the holder of more than 50% of the issued share capital of MOD;
- (b) acquiring, obtaining a right to acquire, or otherwise obtaining an economic interest in 50% or more by value of the business or property of the MOD Group;
- (c) acquiring control of MOD within the meaning of section 50AA of the Corporations Act, disregarding section 50AA(4) of that Act; or
- (d) merging with MOD or any of its controlled entities, whether by takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase or exchange, sale or purchase of assets or businesses, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for MOD or other synthetic merger or any other transaction or arrangement.

**Anti-Corruption Laws** has the meaning given in clause 11.3(ff).

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

**Associate** has the meaning given in section 12 of the Corporations Act as if section 12(1) of that Act included a reference to this deed and MOD was the designated body.

**ASX** means ASX Limited (ABN 98 008 624 691) or, where the context requires, the financial market operated by it known as the “Australian Securities Exchange”.

**Authorisation** means any licence, permit, lease, authorisation, concession, consent, certificate or approval issued or granted by a Government Agency.

**Bonus Issue** has the same meaning as defined in the Listing Rules.

**Botswana Competition Authority** means the Competition Authority of Botswana (acting in terms of the Competition Act [CAP 46:09] of Botswana, as amended from time to time).

**Budget** has the meaning given in clause 6.3(a).

**Business Day** has the meaning given in the Listing Rules.

**Cash Cap** means \$41,600,000.

**Cash Out Shareholder** means a Scheme Shareholder (not being an Ineligible Foreign Shareholder) who, based on their holding of Scheme Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a marketable parcel of New Sandfire Shares (assessed by reference to the last traded price of Sandfire shares on ASX on the trading day prior to the Record Date) as Scheme Consideration.

**Change of Control Requirements** has the meaning given in clause 6.5.

**Competing Proposal** means any inquiry, offer, proposal or expression of interest, transaction or arrangement (including by way of takeover bid or scheme of arrangement), other than the Transaction, under which, if entered into or ultimately completed substantially in accordance with its terms:

- (a) a person or two or more persons who are Associates (other than Sandfire or its Related Bodies Corporate) would directly or indirectly:
  - (i) acquire a Relevant Interest in or become the holder of more than 15% of the issued share capital of MOD;
  - (ii) acquire, obtain a right to acquire, or otherwise obtain an economic interest in 15% of the issued share capital of MOD;
  - (iii) acquire control of MOD or any member of the MOD Group which holds all or a substantial part or a material part of the business or assets of the MOD Group within the meaning of section 50AA of the Corporations Act (disregarding section 50AA(4));
  - (iv) acquire, become the holder of or have a right to acquire or an economic interest in all or a substantial part of the business, or any of the material assets, of the MOD Group; or
  - (v) otherwise acquire Control (within the meaning of section 50AA of the Corporations Act) of or merge with MOD or any other member of the MOD Group,

including by takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase or exchange, sale or purchase of assets or businesses, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for MOD or other synthetic merger or any other transaction or arrangement.

**Condition Precedent** means a condition set out in clause 3.1 and **Condition** has the same meaning.

**Confidentiality Deed** means the confidentiality deed between the parties in relation to the Transaction, dated 15 November 2018.

**Consultation Notice** has the meaning given in clause 3.4(a).

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

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

**Court** means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act as agreed in writing between Sandfire and MOD.

**Court Documents** means the documents required for the purposes of a Court Hearing, including (as applicable) originating process, affidavits, submissions and draft minutes of Court orders.

**Court Hearing** means the First Court Hearing or Second Court Hearing (as applicable), and **Court Hearings** means both of them.

**Deed Poll** means the deed poll to be entered into by Sandfire in respect of the provision of the Scheme Consideration, in the form of Attachment C or in such other form as is acceptable to MOD acting reasonably.

**Delivery Time** means, in relation to the Second Court Date, 2 hours before the commencement of the hearing or if the hearing is adjourned before Scheme Consideration of any substantive matters, the commencement of the adjourned hearing at which substantive matters are considered, of the court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act is due to commence.

**Disclosure Materials** means the information in relation to the MOD Group disclosed in writing by or on behalf of MOD to Sandfire and its Representatives prior to the date of this deed, including:

- (a) the documents and information contained in the Ansarada online data room (**Online Data Room**) to which Sandfire and its Representatives were given access prior to the date of this deed, the index of which has been initialled by the parties for identification; and
- (b) any written answers to requests for further information made by Sandfire and its Representatives as contained in the Online Data Room.

**Duty** means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act, in relation to the Scheme.

**Effective Date** means the date on which a Scheme becomes Effective.

**EGM** means the extraordinary general meeting to be convened by MOD at which MOD Shareholders will vote on the EGM Resolutions.

**EGM Recommendation** has the meaning given in clause 8.5.

**EGM Resolutions** means resolutions to be put to MOD Shareholders to approve (i) under section 611 item 7 of the Corporations Act, the acquisition by Metal Tiger of a Relevant Interest in the MOD Shares and (ii) under Listing Rule 10.1, the acquisition by MOD of a substantial asset from a substantial holder in MOD, as a result of clause 5.4.

**EGM Voting Intention** has the meaning given in clause 8.5.

**Election** has the meaning given in clause 4.3(a) and **Elect** has a corresponding meaning.

**Election Date** means the last date for receipt of an Election Form in order to make an Election or a Non Cash Out Election in accordance with the terms of the Scheme, being 5.00pm on Thursday, 19 September 2019 in the case of an Election and 5:00pm on the first Business Day after the Effective Date in the case of a Non Cash Out Election or, in each case, such other dates as MOD and Sandfire agree in writing.

**Election Form** means the election form(s) provided with the Scheme Booklet under which each Scheme Shareholder may make an Election to receive the Maximum Cash Consideration as referred to in clause 4.3(b)(v) in respect of all their Scheme Shares and under which a Cash Out Shareholder (other than a European Holder) can make a Non Cash Out Election to receive their Scheme Consideration in the form of New Sandfire Shares (as referred to in clause 4.8(b)).

**Encumbrance** means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

**End Date** means the date that is 6 months after the date of this deed or such later date as Sandfire and MOD agree in writing.

**European Holder** in respect of any particular MOD Shares or MOD Depositary Interests means a holder of such MOD Shares or MOD Depositary Interests who is resident in the European Economic Area, or is holding such MOD Shares or MOD Depositary Interests or any of them or any interest in any of them directly or indirectly on behalf of any person who is resident in, or has a registered address in, the European Economic Area.

**Exclusivity Period** means the period from the date of this deed to the earlier of:

- (a) the termination of this deed under clause 14;
- (b) the Implementation Date; and
- (c) the End Date.

**Fairly Disclosed**, in relation to a change, event, occurrence or matter, means disclosed in a manner reasonably likely to draw the importance of the change, event, occurrence or matter to the attention of a reasonably sophisticated buyer, reasonably experienced in a transaction of the nature contemplated by this deed and the minerals extraction business.

**Feasibility Study** means the feasibility study report in the Disclosure Materials in respect of the T3 Project dated 17 May 2019.

**First Court Date** means the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act directing MOD to convene the Scheme Meeting is heard (or if the application is adjourned before consideration of any



substantive matters, the first day on which the adjourned application is heard and substantive matters are considered) with such hearing being the **First Court Hearing**.

**Government Agency** means any foreign (including Botswanan) or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign (including Botswanan) or Australian (including ASIC and the Takeovers Panel). It also includes ASX and LSE and any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions.

**GST exclusive consideration** has the meaning given in clause 17(b).

**Headcount Test** means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of MOD Shareholders present and voting, either in person or by proxy.

**Implementation Date** means the fifth Business Day after the Record Date or such other day as the parties agree in writing.

**Incentive Plan** means a plan operated by any member or members of the MOD Group (including a one-off grant of shares, rights to shares, options or performance rights) which is intended to incentivise the performance of employees, consultants or officers of any member of the MOD Group or to align the interests of any of those persons with the MOD Group or any member of the MOD Group whether by cash payment, the issue of shares, issue of rights to acquire shares, issue of options, issue of performance rights, facilitating the acquisition of shares or otherwise.

**Independent Expert** means the independent expert to be appointed by MOD to prepare the Independent Expert's Report in accordance with clause 5.2(b).

**Independent Expert's Report** means the report in respect of the Scheme and the EGM Resolutions to be prepared and issued by the Independent Expert for inclusion in the Scheme Booklet and the notice of meeting containing the EGM Resolutions.

**Ineligible Foreign Shareholder** means a Scheme Shareholder whose address as shown in the Share Register (as at the Record Date) or the MOD Depository Interest Register (as at the time of Rematerialisation or, if Rematerialisation does not occur prior thereto, as at the Record Date) is in a place which Sandfire reasonably determines is a place that it is unlawful or unduly onerous to issue that Scheme Shareholder or MOD Depository Interest Holder with New Sandfire Shares when the Scheme becomes Effective (provided that a Scheme Shareholder or MOD Depository Interest Holder whose address shown in the Share Register or the MOD Depository Interest Register is within Australia and its external territories, New Zealand, the United Kingdom, Hong Kong or Singapore will not be an Ineligible Foreign Shareholder).

**Insolvency Event** means, in relation to a person:

- (a) **(insolvency official)** the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days;

- (b) (**arrangements**) the entry by the person into a compromise or arrangement with its creditors generally;
- (c) (**winding up**) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (d) (**suspends payments**) the person suspends or threatens to suspend payment of its debts as and when they become due;
- (e) (**ceasing business**) the person ceases or threatens to cease to carry on business;
- (f) (**insolvency**) the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (g) (**deregistration**) the person being deregistered as a company or otherwise dissolved;
- (h) (**deed of company arrangement**) the person executing a deed of company arrangement;
- (i) (**person as trustee or partner**) the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:
  - (i) a breach of trust or obligation as partner by the person;
  - (ii) the person acting outside the scope of its powers as trustee or partner;
  - (iii) a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability;
  - (iv) the assets of the trust or partnership being insufficient to discharge the liability; or
- (j) (**analogous events**) anything analogous to those set out in any of paragraphs (a) to (g) inclusive occurs in relation to the person under the laws of a foreign jurisdiction,

and a person shall be Insolvent if any event specified in paragraphs (a) to (j) inclusive occurs in respect of that person.

**JV Consolidation Option** has the meaning given in clause 5.4(a).

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

**LSE** means the Main Board of the London Stock Exchange.

**Market Abuse Regulation** means Market Abuse Regulation (Regulation 596/2014).

**Material Adverse Change** means:

- (a) a change, event, circumstance, occurrence or matter that occurs in or relates to Botswana that is announced, is disclosed or otherwise becomes known to Sandfire or the MOD Board (whether it becomes public or not) after the date of this deed which (whether individually or when aggregated with all such events, circumstances, occurrences or matters) has had or is reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the MOD Group taken as a whole;
- (b) a change, event, circumstance, occurrence or matter that occurs, is announced, is disclosed or otherwise becomes known to Sandfire or the MOD Board (whether it becomes public or not) after the date of this deed which (whether individually or when aggregated with all such changes, events, circumstances, occurrences or matters) has had or is reasonably likely to have:
  - (i) the effect of diminution in the value of the consolidated net assets of the MOD Group, taken as a whole, by at least A\$5 million against MOD's accounts of 31 December 2018;
  - (ii) an impact on the T3 Project due to fiscal regime change, access, land ownership, permitting or Authorisations such that the construction start date on the T3 Project is reasonably expected to be delayed to a date after 1 July 2020;
  - (iii) a downgrade to the key physical or economic outputs of the Feasibility Study of 10% or more; or
  - (iv) an impact on the T3 Project such that the mining lease for the T3 Project will not be granted or only granted subject to conditions which are likely to preclude development of the T3 Project substantially as described in the Feasibility Study,

and:

- (c) in each case other than changes, events, circumstances, occurrences or matters:
  - (i) expressly required or permitted by this deed or the Scheme or the transactions contemplated by either;
  - (ii) Fairly Disclosed to Sandfire in the Disclosure Materials;
  - (iii) Fairly Disclosed by MOD in any announcement to or filing with ASX or in a document lodged by MOD with ASIC that is publicly available, in each case between 5 November 2015 and the Business Day prior to the date of this deed;
  - (iv) approved by written consent of Sandfire;
  - (v) arising from changes in the securities market in general;
  - (vi) arising from any changes to commodity prices and commodity market conditions;

- (vii) arising from changes in exchange rates applicable to MOD;
- (viii) comprising or arising from anything contemplated by clause 13;
- (ix) arising from the payment of Transaction Costs; or
- (x) arising from the proposed amendments to the transfer pricing regime in Botswana gazetted prior to the date of this deed.

**Material Contract** has the meaning given in clause 6.1(d).

**Maximum Cash Consideration** means the cash consideration per Scheme Share determined in accordance with clause 4.5.

**Metal Tiger** means Metal Tiger Plc (UK company number 04196004) of 107 Cheapside, London EC2V 6DN, United Kingdom.

**Mining Act** means the Mines and Minerals Act, CAP 66:01 of the Laws of Botswana.

**Mining Tenements** means:

- (d) the tenements outlined in Schedule 4; and
- (e) any other exploration or mining licence(s) which may be granted in lieu of or relate to the same ground as the tenement referred in paragraph (a).

**Minister for Mines** means the Minister of Minerals, Energy and Water Resources in the Government of Botswana (or his substitute or replacement or delegate from time to time).

**MOD Board** means the board of directors of MOD.

**MOD Break Fee** means \$1,660,000 (exclusive of GST).

**MOD Depository** means Computershare Investor Services PLC.

**MOD Depository Interest** means dematerialised depository interests issued by the MOD Depository in respect of underlying MOD Shares.

**MOD Depository Interest Custodian** means Computershare Investor Services PLC or a subsidiary or third party appointed by Computershare Investor Services PLC to provide custody services.

**MOD Depository Interest Deed** means the deed poll executed by the MOD Depository in favour of the MOD Depository Interest Holders from time to time.

**MOD Depository Interest Holder** means a holder of MOD Depository Interests from time to time.

**MOD Depository Interest Register** means the register of MOD Depository Interest Holders maintained by the MOD Depository.

**MOD Director** means a director of MOD.

**MOD Employee Incentive Plan** means the MOD Employee Incentive Plan as approved by MOD Shareholders on 30 May 2018.

**MOD Group** means, collectively, MOD and each of its Related Bodies Corporate.

**MOD Indemnified Party** means a director, officer, employee or adviser of a member of the MOD Group.

**MOD Information** means all the information in a Scheme Booklet other than the Sandfire Information and the Independent Expert's Report.

**MOD Optionholder** means a holder of MOD Options.

**MOD Options** or **Options** means options over MOD Shares.

**MOD Performance Right** means a right granted by MOD to acquire by way of issue a Share and for the avoidance of doubt, does not include an Option.

**MOD Representations and Warranties** means the representations and warranties set out in clause 11.3.

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

**MOD Shareholder** means a holder of one or more MOD Shares as shown in the Share Register.

**New Sandfire Share** means a Sandfire Share to be issued under the Scheme.

**Non Cash out Election** has the meaning given in clause 4.8(b).

**Non-Electing Cash Out Shareholder** means a Cash Out Shareholder who does not elect, or (being, or being considered by Sandfire to be, or to be holding MOD Shares or MOD Depositary Interests or any of them or any interest in any of them directly or indirectly on behalf of, or to be making a Non Cash Out Election directly or indirectly on behalf of, a European Holder) is not entitled to elect under clause 4.8(b), to receive their Scheme Consideration in the form of New Sandfire Shares.

**Notice** has the meaning given in clause 18.1(a).

**Option Consideration Shares** has the meaning given in clause 5.4(a).

**Permitted Dividend** has the meaning given in clause 4.15(a).

**Prescribed Occurrence** means the occurrence of any of the following:

- (a) MOD converting all or any of its shares into a larger or smaller number of shares;
- (b) any member of the MOD Group resolving to reduce its share capital in any way or reclassifying, or redeeming any of its shares;
- (c) any member of the MOD Group:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the MOD Group issuing shares, or granting a performance right or an option over its shares, or agreeing to make such an issue or grant such a performance right or an option (other than the issue of shares upon exercise of MOD Options or performance rights or to capitalise intra-group loans);

- (e) any member of the MOD Group issuing or agreeing to issue securities convertible into shares;
- (f) any member of the MOD Group making, determining as payable or declaring any distribution (whether by way of dividend, capital reduction or otherwise and whether cash or in specie);
- (g) any member of the MOD Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (h) any member of the MOD Group ceasing, or threatening to cease, the whole or a material part of its business;
- (i) any member of the MOD Group creating, granting or agreeing to any Encumbrance over any of the assets of any member of the MOD Group, other than a lien which arises by operation of law, legislation or arises in the ordinary course of the MOD Group's business;
- (j) any member of the MOD Group resolving that it be wound up or the making of an application or order for the insolvent winding up or dissolution of a member of the MOD Group other than where the application or order (as the case may be) is set aside within 14 days;
- (k) a liquidator or provisional liquidator of a member of the MOD Group being appointed;
- (l) a court making an order for the winding up of a member of the MOD Group;
- (m) an administrator of a member of the MOD Group being appointed under the Corporations Act;
- (n) any member of the MOD Group is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act unless that company has, or has access to, committed financial support from a parent entity such that it is able to pay its debts;
- (o) a member of the MOD Group making any change to its constitution;
- (p) any member of the MOD Group executing a deed of company arrangement;
- (q) a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of a member of the MOD Group;
- (r) any member of the MOD Group (**Relevant Member**) being deregistered as a company, or otherwise dissolved, other than where the criteria in section 601AA(2) of the Corporations Act are satisfied in relation to the Relevant Member (whether or not the Corporations Act applies to the deregistration or dissolution);
- (s) any member of the MOD Group making or agreeing to make, any loan or advance, or entering into any financing arrangement, agreement or instrument with a person other than a member of the MOD Group, or amending the terms of any existing financing arrangement, agreement or instrument with a person other than a member of the MOD Group, in each case other than in the ordinary course of business or pursuant to its credit facilities in existence as at the date of this deed;

- (t) any member of the MOD Group entering into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, future contracts, future commitments, commodity derivatives or options);
- (u) any member of the MOD Group makes any material change to its accounting policies, other than to the extent required by law or applicable accounting standards;
- (v) any member of the MOD Group waives, forgives, settles or compromises claims that it has against any other person between the date of this deed and the Implementation Date with an aggregate value in excess of US\$100,000;
- (w) MOD is delisted or is subject to suspension from quotation for five or more Trading Days, other than due to, or as a result of, any action taken by any member of the MOD Group; or
- (x) any member of the MOD Group authorises, procures or commits or agrees to do any of the matters set out above,

but does not include any occurrence:

- (y) expressly required or permitted by this deed or the Scheme or the transactions contemplated by either;
- (z) Fairly Disclosed to Sandfire in the Disclosure Materials;
- (aa) Fairly Disclosed by MOD in an announcement to or filing with ASX, or in a document lodged by MOD with ASIC that is publicly available, in each case between 5 November 2015 and the Business Day prior to the date of this deed;
- (bb) involving the issue of MOD Shares to MOD Directors or members of management in lieu of short term cash incentives previously disclosed to the ASX; or
- (cc) consented to in writing by Sandfire.

**Recommendation** has the meaning given in clause 8.1(a).

**Record Date** means 5.00pm on the fifth Business Day after the Effective Date of the Scheme.

**Regulator's Draft** has the meaning given in clause 5.2(e)(i).

**Regulatory Matter** has the meaning given in clause 3.2(d)(iii)(A).

**Related Body Corporate** has the meaning given in section 50 of the Corporations Act.

**Relevant Employee** means any executive or employee of the MOD Group whose annual base salary exceeds US\$100,000 per annum.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Relevant MOD Shareholder** has the meaning given in clause 4.3(a).

**Relevant Non Cash Out MOD Shareholder** has the meaning given in clause 4.8(b).

**Rematerialisation** has the meaning given in clause 5.2(x)(i).



**Representation and Warranty** means a Sandfire Representation and Warranty or MOD Representation and Warranty.

**Representative** means, in respect of a party, an employee, agent, officer, director, adviser or financier of that party (or of a Related Body Corporate of that party), and, in the case of advisers, includes employees, officers and agents of the adviser.

**RG 60** means Regulatory Guide 60 issued by ASIC and any Regulatory Guide issued by ASIC that replaces that Guide.

**RG 112** means Regulatory Guide 112 issued by ASIC and any Regulatory Guide issued by ASIC that replaces that Guide.

**Rights Issue** has the same meaning as defined in the Corporations Act.

**Sale and Demerger Agreement** means the sale and demerger agreement entered into between MOD, Metal Tiger, Metal Capital Limited, Tshukudu Metals Botswana (Pty) Ltd, Tshukudu Exploration (Proprietary) Limited and Metal Capital Exploration Limited dated 18 July 2018.

**Sale and Demerger Agreement Side Letter** means the sale and demerger agreement side letter entered into between MOD and Metal Tiger dated on or around the date of this deed providing for the amendment to the form of consideration payable upon exercise of the JV Consolidation Option.

**Sandfire Group** means, collectively, Sandfire and each of its Related Bodies Corporate.

**Sandfire Indemnified Party** means a director, officer, employee or adviser of a member of the Sandfire Group.

**Sandfire Information** means information regarding the Sandfire Group provided by or on behalf of Sandfire to MOD or its Representatives in writing for inclusion in a Scheme Booklet.

**Sandfire Nominee** has the meaning given in clause 2(c).

**Sandfire Representations and Warranties** means the representations and warranties by Sandfire set out in clause 11.1.

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

**Scheme** means a members' scheme of arrangement under Part 5.1 of the Corporations Act between MOD and the Scheme Shareholders, in the form of Attachment B, or in such other form as the parties agree in writing, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

**Scheme Booklet** means the explanatory statement in respect of the Scheme and the EGM Resolution to be prepared by MOD complying with section 412 of the Corporations Act, the Corporations Act in respect of the EGM Resolution, and in accordance with clause 5.2(d), and to be despatched to MOD Shareholders in accordance with clause 5.2(j), which will contain (among other things) the Independent Expert's Report (or a concise version of that report), a notice of meeting in respect of the Scheme Meeting and EGM Meeting and proxy forms.

**Scheme Consideration** means the consideration payable to Scheme Shareholders under the Scheme, being comprised of the Scrip Consideration and the Maximum Cash Consideration.

**Scheme Meeting** means the meeting of MOD Shareholders ordered by the Court to be convened at the First Court Hearing.

**Scheme Shareholder** means a MOD Shareholder (other than any member of Sandfire Group) as at the Record Date.

**Scheme Share** means a MOD Share held by a MOD Shareholder as at the Record Date.

**Scrip Consideration** means 0.0664 New Sandfire Shares for each Scheme Share held by a Scheme Shareholder who does not validly Elect to receive the Maximum Cash Consideration.

**Second Court Date** means the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme is heard (or if the application is adjourned before consideration of any substantive matters, the first day on which the adjourned application is heard and substantive matters are considered), with such hearing being the **Second Court Hearing**.

**Security Interest** has the meaning given in section 12 of the *Personal Property Securities Act 2009* (Cth).

**Sensitive Confidential Information** has the meaning given in clause 3.2(e).

**Share Register** means the register of MOD Shareholders maintained in accordance with the Corporations Act.

**Share Splitting** means the conversion of a parcel of MOD Shares, which would otherwise have been voted as a single parcel, into two or more parcels of MOD Shares for voting (and possibly other) purposes where the conversion may, but need not, result from a change of legal or beneficial ownership of the MOD Shares. Examples of Share Splitting include transfer of some MOD Shares from a holding in a single name into joint names and the declaration of a trust over some MOD Shares in a holding not previously held on trust.

**Subsidiary** has the meaning given to that term in Division 6 of Part 1.2 of the Corporations Act.

**Superior Proposal** means a bona fide, written Competing Proposal received after the date of this deed which in the determination of the MOD Board acting reasonably, in order to satisfy its fiduciary or statutory duties (after having received written advice from their external legal and financial advisers), having undertaken a comparison of value of between the Competing Proposal and the Scrip Consideration based upon the 30 day VWAP of Sandfire Shares (and if applicable, the potential acquirer's 30 day VWAP, provided its securities are listed on a recognised exchange) prior to receipt of the Competing Proposal:

- (a) is capable of being completed in accordance with its terms, taking into account all financial, regulatory and other aspects of the proposal, including the ability of the proposing party to consummate the transactions contemplated by the Competing Proposal;
- (b) is not subject to any conditions relating to the conduct of the due diligence or to the provision of finance to the acquirer, or which are substantially more onerous than the Conditions Precedent, other than conditions pertaining to due diligence investigations which are merely confirmatory and can reasonably be completed in an efficient and timely manner, and regulatory conditions required by law that raise no significant policy or issues and are reasonably likely to be satisfied; and

- (c) would, if completed substantially in accordance with its terms, be reasonably likely to result in a transaction more favourable to MOD Shareholders than the Transaction, taking into account all of the terms and conditions of the Competing Proposal, including consideration, conditionality, funding, certainty and timing.

**T3 Mining Tenements** means:

- (a) the tenements outlined in Part A of Schedule 4; and
- (b) any other exploration or mining licence(s) which may be granted in lieu of or relate to the same ground as the tenement referred in paragraph (a).

**T3 Project** means the area covered by the T3 copper-silver deposit in the Kalahari Copper Belt, Botswana, being the area of the T3 Mining Tenements as at the date of this agreement and where the reference to T3 Mining Tenements includes any application for a mineral title, and any extension, renewal, variation, conversion, amalgamation, replacement or substitution of a mineral title, which is granted in respect of the whole or part of the area of a T3 Mining Tenement on the application or authority of the holder of a T3 Mining Tenement.

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Tax** means any tax, levy, charge, impost, fee, deduction, goods and services tax (including GST), compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty.

**Tax Laws** means any law relating to either Tax or Duty as the context requires.

**Terminating Party** has the meaning given in clause 3.4.

**Termination Event** has the meaning given in clause 3.4.

**Termination Notice** has the meaning given in clause 3.4.

**TERP** means Theoretical Ex-Rights Price.

**Third Party** means a person other than Sandfire and its Associates.

**Timetable** means the indicative timetable for the implementation of the Transaction set out in Attachment A.

**Trading Day** has the meaning given in the Listing Rules.

**Transaction** means the acquisition of MOD by Sandfire by means of the Scheme.

**Transaction Costs** means legal, counsel, expert and court fees and fees payable to Government Agencies incurred by the MOD Group in connection with the transactions contemplated by this deed not exceeding \$645,000.

**Transaction Implementation Committee** means a committee to be made up of three Sandfire representatives and three MOD representatives, being at the date of this deed:

- (a) Julian Hanna – Managing Director;
- (b) Stef Weber – Chief Financial Officer;

- (c) Steve McGhee – Technical Director;
- (d) Richard Beazley – Chief Operating Officer;
- (e) Matthew Fitzgerald – Chief Financial Officer;
- (f) Bruce Hooper – Chief Business Development Officer; and

such other persons as the parties may agree from time to time.

**Voting Confirmation** means the voting intention statement dated on around the date of this deed between Sandfire and each member of the MOD Board.

**Voting Intention** has the meaning given in clause 8.1(b).

**VWAP** means volume weighted average price.

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## 2 Interpretation

In this deed, the following rules of interpretation apply unless the contrary intention appears.

- (a) Headings and notes are for convenience only and do not affect the interpretation of this deed.
- (b) The singular includes the plural and vice versa.
- (c) Words that are gender neutral or gender specific include each gender.
- (d) Where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (e) The words “include”, “including”, “such as”, “to avoid doubt” and other expressions with similar meanings are not words of limitation and do not limit what else might be included.
- (f) A person who becomes entitled to do a thing will continue to be regarded as entitled to do the thing after the person has done the thing.
- (g) A reference to:
  - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate or entity (as that term is defined in section 64A of the Corporations Act);
  - (ii) a thing (including a chose in action or other right) includes a part of that thing;
  - (iii) a party includes its successors and permitted assigns;
  - (iv) a document includes all amendments or supplements to that document;
  - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or a party, schedule or attachment to, this deed (as applicable);
  - (vi) this deed includes all schedules and attachments to it;

- (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law or rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
- (viii) an agreement (other than this deed) includes an undertaking or legally enforceable arrangement or understanding (whether or not in writing);
- (ix) Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia and a reference to US\$, USD or US dollars is a reference to the lawful currency of the United States of America;
- (h) An agreement on the part of two or more persons binds and benefits them jointly and severally.
- (i) When the day on which something must be done is not a Business Day, that thing must be done on the following Business Day.
- (j) In determining the time of day, where relevant to this deed, the time of day is:
  - (i) for the purposes of giving or receiving Notice, the time of day where the party receiving Notice is located; or
  - (ii) for any other purpose under this deed, the time of day in the place where the party required to perform an obligation is located.
- (k) No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this deed or any part of it.

## Schedule 2 MOD capital structure

Class of shares, performance rights or options	Number of shares, performance rights or options
<b>Securities quoted on ASX and LSE</b>	
Ordinary shares	303,737,076
<b>MOD Options not quoted on ASX and LSE</b>	
MOD Options exercisable with a nil exercise price on or before 16 November 2021	40,673,566
MOD Options exercisable at \$0.457 on or before 30 January 2023, vesting 12 months from the date of issue and subject to a restriction period to 30 January 2022	3,015,000
MOD Options exercisable at \$0.707 on or before 30 January 2023, vesting 24 months from the date of issue and subject to a restriction period to 30 January 2022	3,015,000
MOD Options exercisable at \$0.907 on or before 30 January 2023, vesting 36 months from the date of issue and subject to a restriction period to 30 January 2022	3,015,000
MOD Options exercisable at \$0.522 and expiring 12 April 2023, vesting 36 months from the date of issue and subject to a restriction period to 12 April 2022	5,030,000
MOD Options exercisable at \$0.435 on or before 29 May 2023, vesting 36 months from the date of grant and subject to a restriction period until 29 May 2022	3,630,000
<b>MOD Performance Rights not quoted on ASX and LSE</b>	
MOD Performance Rights expiring 21 February 2022, Tranche 1 vesting on a market capitalisation of \$120 million and Tranche 2 vesting on a market capitalisation of \$180 million (each for 30 consecutive calendar days)	3,050,000

## Schedule 3 MOD option consideration

Class of MOD Options	Number of MOD Options	MOD Option Consideration
MOD Options exercisable at \$0.457 on or before 30 January 2023, vesting 12 months from the date of issue and subject to a restriction period to 30 January 2022	3,015,000	\$0.0722 per option
MOD Options exercisable at \$0.707 on or before 30 January 2023, vesting 24 months from the date of issue and subject to a restriction period to 30 January 2022	3,015,000	\$0.0348 per option
MOD Options exercisable at \$0.907 on or before 30 January 2023, vesting 36 months from the date of issue and subject to a restriction period to 30 January 2022	3,015,000	\$0.0207 per option
MOD Options exercisable at \$0.522 and expiring 12 April 2023, vesting 36 months from the date of issue and subject to a restriction period to 12 April 2022	5,030,000	\$0.0624 per option
MOD Options exercisable at \$0.435 on or before 29 May 2023, vesting 36 months from the date of grant and subject to a restriction period until 29 May 2022	3,630,000	\$0.0829 per option



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## Schedule 4 Mining Tenements

### Part A – T3 Tenements

Licence No.	Holder	Expiry
PL190/2008 *	Tshukudu Metals Botswana (Pty) Ltd <b>(includes 25km<sup>2</sup> T3 Project)</b>	30 September 2020

\* PL 190/2008 includes the 25km<sup>2</sup> T3 Project and the T3 Underground Project. The area outside of the T3 Project and T3 Underground Project is held on trust on behalf of Tshukudu Exploration (Pty) Ltd.

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### Part B – Other Botswana Tenements

Licence No.	Holder	Expiry
PL074/2017	Tshukudu Exploration (Pty) Ltd	31 March 2020
PL093/2018	Tshukudu Exploration (Pty) Ltd	30 September 2021
PL099/2017	Tshukudu Exploration (Pty) Ltd	30 September 2020
PL102/2005	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL103/2005	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL104/2005	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL126/2013	Tshukudu Exploration (Pty) Ltd	30 September 2020
PL127/2013	Tshukudu Exploration (Pty) Ltd	30 September 2020
PL186/2008	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL187/2008	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL188/2008	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL189/2008	Tshukudu Exploration (Pty) Ltd	30 September 2020

Licence No.	Holder	Expiry
PL189/2017	Tshukudu Exploration (Pty) Ltd	30 September 2020
PL191/2008	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL192/2008	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL231/2016	Tshukudu Exploration (Pty) Ltd	30 September 2019
PL060/2012	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL061/2012	Tshukudu Exploration (Pty) Ltd	31 December 2020
PL190/2008	Tshukudu Metals Botswana (Pty) Ltd	30 September 2020
PL686/2009	MOD Resources Botswana (Pty) Ltd	31 December 2020
PL034/2010	MOD Resources Botswana (Pty) Ltd	31 March 2020
PL035/2010	MOD Resources Botswana (Pty) Ltd	31 March 2020
PL036/2010	MOD Resources Botswana (Pty) Ltd	31 March 2020
PL141/2012	MOD Resources Botswana (Pty) Ltd	31 March 2020
PL204/2014	MOD Resources Botswana (Pty) Ltd	31 March 2020
PL211/2017	MOD Resources Botswana (Pty) Ltd	31 December 2020
PL280/2014	MOD Resources Botswana (Pty) Ltd	31 March 2020
PL065/2018	MOD Resources Botswana (Pty) Ltd	30 September 2021
PL334/2018	MOD Resources Botswana (Pty) Ltd	30 September 2021
PL335/2018	MOD Resources Botswana (Pty) Ltd	30 September 2021
PL336/2018	MOD Resources Botswana (Pty) Ltd	30 September 2021

**Notes:**

- (i) Tshukudu Exploration (Pty) Ltd – JV licences (MOD 70% / Metal Tiger 30%)
- (ii) MOD Resources Botswana (Pty) Ltd (MOD 100%)

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**Part C – Sams Creek Tenements**

Licence No.	Holder	Expiry
EP40338	Sams Creek Gold Limited (MOD 80%)	26 March 2021
EP54454	Sams Creek Gold Limited (MOD 100%)	25 September 2022

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## Execution page

### Executed as a deed.

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Signed, sealed and delivered by **Sandfire Resources NL** in accordance with section 127 of the *Corporations Act 2001* (Cth) by:

---

Signature of director

---

Signature of director/secretary

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Name of director (print)

---

Name of director/secretary (print)

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Signed, sealed and delivered by **MOD Resources Limited** in accordance with section 127 of the *Corporations Act 2001* (Cth) by:

---

Signature of director

---

Signature of director/secretary

---

Name of director (print)

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Name of director/secretary (print)

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## Attachment A Timetable

Event	Target Date
Release of Agreed Public Announcement	25 June 2019
Regulator's Draft provided to ASIC	30 July 2019
First Court Hearing	20 August 2019
Printing and despatch of Scheme Booklet	26 August 2019
Scheme Meeting	1 October 2019
Second Court Hearing	8 October 2019
Effective Date	9 October 2019
Record Date	16 October 2019
Implementation Date	23 October 2019

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**Attachment B    Scheme**

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**Attachment C    Deed Poll**



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## ANNEXURE 3 – SCHEME

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# Scheme of Arrangement

MOD Resources Limited

Each person who holds one or more Scheme Shares

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Date:

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## Parties

This scheme of arrangement is made under section 411 of the Corporations Act between:

- 1 **MOD Resources Limited** (ACN 003 103 544) of First Floor, 1304 Hay St West Perth, WA 6005 (**MOD**)
  - 2 Each person who holds one or more Scheme Shares (**Scheme Shareholders**)
- 

## Background

- A MOD is a public company limited by shares and is admitted to the official list of ASX and LSE.
- B Sandfire Resources NL (ACN 105 154 185) (**Sandfire**) is a public company limited by shares and is admitted to the official list of ASX.
- C On 24 June 2019, Sandfire and MOD entered into the Implementation Deed pursuant to which, amongst other things, MOD has agreed to propose this Scheme to the Scheme Shareholders, and each of MOD and Sandfire have agreed to take certain steps to give effect to this Scheme.
- D If this Scheme becomes Effective, then:
  - (i) in consideration for the transfer of each Scheme Share to Sandfire, Sandfire will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll;
  - (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Sandfire; and
  - (iii) MOD will enter the name of Sandfire in the Share Register in respect of all the Scheme Shares transferred to Sandfire in accordance with the terms of this Scheme.
- E Sandfire has entered into the Deed Poll for the purposes of covenanting in favour of Scheme Shareholders to perform all actions attributed to Sandfire under this Scheme, including to provide or procure the provision of the Scheme Consideration in accordance with the terms of this Scheme.

### The parties agree

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## 1 Defined terms and interpretation

### 1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;

- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

## 1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this document.

---

## 2 Sandfire Nominee

- (a) Sandfire may nominate any wholly-owned Subsidiary of Sandfire (**Sandfire Nominee**) to acquire the Scheme Shares under the Scheme by giving written notice to MOD on or before the date that is 5 Business Days before the First Court Date.
- (b) If Sandfire nominates the Sandfire Nominee to acquire the Scheme Shares under the Scheme, then:
  - (i) references in this Scheme to Sandfire acquiring the Scheme Shares are to be read as references to the Sandfire Nominee doing so;
  - (ii) other references in this Scheme to Sandfire are to be read as references to Sandfire or the Sandfire Nominee;
  - (iii) the parties must procure that the Scheme Shares transferred under the Scheme are transferred to the Sandfire Nominee, rather than the Sandfire;
  - (iv) Sandfire must procure that the Sandfire Nominee complies with the relevant obligations of Sandfire under this Scheme; and
  - (v) any such nomination will not relieve Sandfire of its obligations under this Scheme, including the obligation to pay (or procure the payment by the Sandfire Nominee of) or issue the Scheme Consideration (as applicable) in accordance with the terms of the Scheme, provided that Sandfire will not be in breach of this Scheme for failing to perform an obligation of Sandfire if that obligation is fully discharged by the Sandfire Nominee (other than in respect of the obligation to issue the Scrip Consideration).

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## 3 Conditions

### 3.1 Conditions to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following:

- (a) as at the Delivery Time, each of the conditions set out in clause 3.1 of the Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(a) of the Implementation Deed) have been satisfied or waived in accordance with the terms of the Implementation Deed;
- (b) as at the Delivery Time, neither the Implementation Deed nor the Deed Poll have been terminated in accordance with their terms;

- (c) the Court approves this Scheme under section 411(4)(b) of the Corporations Act either unconditionally or with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to MOD and Sandfire in accordance with clause 9.12;
- (d) subject to clause 9.12, such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to MOD and Sandfire have been satisfied or waived; and
- (e) the coming into effect of the Scheme Order, on or before the End Date.

### **3.2 Certificate**

- (a) MOD and Sandfire will provide to the Court on the Second Court Date certificates signed by Sandfire and MOD (or such other evidence as the Court requests) confirming (in respect of matters within their knowledge) whether or not:
  - (i) the conditions referred to in clause 3.1 of the Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(a) of the Implementation Deed) have been satisfied or waived in accordance with the terms of the Implementation Deed; and
  - (ii) the condition in clause 3.1(b) of this Scheme has been satisfied,
 in each case as at the Delivery Time.
- (b) The certificates referred to in clause 3.2(a) constitute conclusive evidence that:
  - (i) the Conditions (other than the condition relating to the approval of the Court set out in clause 3.1(b) of the Implementation Deed) are satisfied, waived, or taken to be waived, in accordance with the Implementation Deed; and
  - (ii) the condition in clause 3.1(b) of this Scheme has been satisfied,
 in each case as at the Delivery Time.

### **3.3 Termination**

Without limiting any rights under the Implementation Deed, if one or both of the Implementation Deed or the Deed Poll is terminated in accordance with their respective terms before the Scheme becomes Effective, MOD is released from any further obligation to take steps to implement the Scheme and any liability with respect to the Scheme.

---

## **4 The Scheme**

- (a) Subject to clause 3.1, this Scheme takes effect for all purposes on the Effective Date.
- (b) Without limiting any rights under the Implementation Deed, this Scheme will lapse and be of no further force or effect if:
  - (i) the Effective Date has not occurred on or before the End Date; or
  - (ii) one or both of the Implementation Deed or Deed Poll is terminated in accordance with its terms,

unless MOD and Sandfire agree otherwise.

---

## 5 Implementation of the Scheme

### 5.1 Lodgement of Scheme Order with ASIC

If the conditions in clauses 3.1(a) to 3.1(d) (inclusive) are satisfied, MOD must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Scheme Order approving this Scheme as soon as possible after, and in any event by 5.00pm on the first Business Day following the day on which it receives such office copy (or such other Business Day as MOD and Sandfire agree).

### 5.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated in clause 6, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, must be transferred to Sandfire, without the need for any further act by any Scheme Shareholder (other than acts performed by MOD or its officers as agent and attorney of the Scheme Shareholders under clause 9.1 or otherwise), by:
  - (i) MOD delivering to Sandfire a duly completed Share Transfer, executed on behalf of the Scheme Shareholders by MOD, for registration;
  - (ii) Sandfire executing that Share Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to MOD for registration; and
- (b) immediately after receipt of the Share Transfer in accordance with clause 5.2(a)(ii), but subject to the stamping of the Scheme Transfer (if required), MOD must enter, or procure the entry of, the name of Sandfire in the Share Register in respect of the Scheme Shares transferred to Sandfire in accordance with the Scheme.

---

## 6 Scheme Consideration

### 6.1 Entitlement to Scheme Consideration

- (a) Subject to this Scheme becoming Effective, on the Implementation Date, in consideration for the transfer to Sandfire of the Scheme Shares held by each Scheme Shareholder under the terms of this Scheme each Scheme Shareholder will be entitled to receive and Sandfire will provide to each Scheme Shareholder (subject to clauses 6.6, 6.8, 6.9 and 6.10) the Scheme Consideration for each Scheme Share held by that Scheme Shareholder on the Record Date in accordance with this clause 6, subject to any applicable adjustment under either or both of clauses 6.1(b) or 6.1(c), provided that, if the Rematerialisation has not occurred as at the Record Date, the MOD Depositary may direct that Scheme Consideration attributable to the Scheme Shares held by the MOD Depositary or the MOD Depositary Interest Custodian be paid directly to MOD Depositary Interest Holders instead of the MOD Depositary or the MOD Depositary Interest Custodian.
- (b) If, after the date of the Implementation Deed, Sandfire converts all or any of its shares into a larger or smaller number of shares but the New Sandfire Shares are not issued in time to be consolidated or split by that conversion (as applicable), then the calculation of the number of New Sandfire Shares under clause 6.1(a)



shall be adjusted so that the number of New Sandfire Shares to be received by each Scheme Shareholder (or the nominee as applicable under clause 6.8) reflects the number they would have received if the New Sandfire Shares had been consolidated or split by that conversion.

- (c) If, after the date of the Implementation Deed, Sandfire makes a Bonus Issue to holders of Sandfire Shares but the New Sandfire Shares are not issued in time to participate in that Bonus Issue, then the number of New Sandfire Shares calculated under clause 6.1(a) for each Scheme Shareholder (or the nominee as applicable under clause 6.8) shall be increased by the number of additional Sandfire Shares which the relevant Scheme Shareholder (or the nominee as applicable under clause 6.8) would have received under the Bonus Issue if the New Sandfire Shares had carried an entitlement to participate in the Bonus Issue.
- (d) If, after the date of the Implementation Deed and before the New Sandfire Shares are issued, Sandfire undertakes a Rights Issue and issues Sandfire Shares at a discount to the market price of its shares on ASX on the Trading Day prior to the announcement of the relevant Rights Issue, then the number of New Sandfire Shares calculated in order to determine the number of New Sandfire Shares for the purposes of calculating the Scrip Consideration shall be increased in accordance with the following formula:

$$A = B / (1 + C)$$

where:

A = the adjusted number of New Sandfire Shares

B = the original number of New Sandfire Shares

C = the percentage difference between Sandfire's Theoretical Ex-Rights Price (**TERP**) and Sandfire's share price on the Trading Day prior to the announcement of the relevant Rights Issue calculated as follows:

$$(\text{TERP} / H) - 1$$

where:

H is the Sandfire last close share price on the Trading Day prior to the announcement of the relevant Rights Issue

$$\text{TERP} = (D + E) / (F + G)$$

where:

D = is the market capitalisation of Sandfire prior to the announcement of the relevant Rights Issue to be calculated as the last closing price on the Trading Day prior to the announcement multiplied by the number of ordinary Sandfire Shares outstanding on the Trading Day prior to the announcement

E = the total dollar amount of the Rights Issue

F = the number of ordinary Sandfire Shares outstanding on the Trading Day prior to the announcement

G = is the total number of Sandfire Shares to be issued pursuant to the Rights Issue

## 6.2 Scheme Consideration

The Scheme Consideration in respect of each Scheme Share is either:

- (a) the Scrip Consideration; or
- (b) the Maximum Cash Consideration.

## 6.3 Election mechanism

- (a) MOD must ensure that the Scheme Booklet sent to MOD Shareholders permits Scheme Shareholders (other than European Holders or Ineligible Foreign Shareholders) (**Relevant MOD Shareholder**) to make an election (**Election**) to receive the Maximum Cash Consideration for all their Scheme Shares by completing an Election Form, such Election being subject to the terms of the Scheme.
- (b) The Election Form shall provide that:
  - (i) subject to clause 6.3(b)(vi) a Relevant MOD Shareholder may make only one Election in relation to a particular holding and a Relevant Non Cash Out MOD Shareholder may make only one Non Cash Out Election in relation to a particular holding;
  - (ii) subject to clause 6.3(b)(vi), any Election by a Relevant MOD Shareholder will apply to all of the MOD Shares that Relevant MOD Shareholder holds as at the Record Date and any Non Cash Out Election by a Relevant Non Cash Out MOD Shareholder will apply to all of the MOD Shares that Relevant Non Cash Out MOD Shareholder holds as at the Record Date;
  - (iii) an Election or Non Cash Out Election may be made by a Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder, as applicable, by:
    - (A) completing the Election Form in accordance with the instructions specified on the Election Form or set out in the Scheme Booklet; and
    - (B) returning the completed Election Form in accordance with the instructions on it so that it is received by MOD no later than the Election Date,or by taking equivalent actions in electronic form if permitted by MOD's constitution and the Court at the First Court Hearing;
  - (iv) once made, an Election or Non Cash Out Election by a Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder, as applicable, may be varied before the Election Date (provided that any variation that purports to make an Election or Non Cash Out Election invalid will not be effective);
  - (v) if a valid Election is not made by a Relevant MOD Shareholder prior to the Election Date in respect of all of the MOD Shares held by that Relevant MOD Shareholder as at the Record Date, then that Relevant MOD Shareholder will receive the Scrip Consideration in respect of all of their MOD Shares and if a valid Non Cash Out Election is not made by a Relevant Non Cash Out MOD Shareholder prior to the Election Date in respect of all of the MOD Shares held by that MOD Shareholder as at the Record Date,

then that Relevant Non Cash Out MOD Shareholder will receive payment in accordance with clause 6.8 in respect of all of their MOD Shares;

- (vi) a Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder as applicable, that holds one or more parcels of MOD Shares as trustee or nominee for, or otherwise on account of, another person, may, in a manner to be agreed between the parties (acting reasonably), make separate Elections or Non Cash Out Elections in relation to each of those parcels of MOD Shares (and, for the purpose of calculating the Scheme Consideration to which the Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder is entitled each such parcel of MOD Shares will be treated as though it were held by a separate Relevant MOD Shareholder or Relevant Non Cash Out MOD Shareholder);
- (vii) the Relevant MOD Shareholder and Relevant Non Cash Out MOD Shareholder warrants and undertakes that it is not a European Holder, is not holding the MOD Shares or any of them or any interest in any of them directly or indirectly on behalf of a European Holder and is not making any Election or Non Cash Out Election directly or indirectly on behalf of a European Holder, and

must otherwise be in a form agreed between MOD and Sandfire.

- (c) MOD must ensure that, to the extent reasonably practicable, the Relevant MOD Shareholders or Relevant Non Cash Out MOD Shareholder, as applicable, who have acquired MOD Shares after the date of the despatch of the Scheme Booklet can receive an Election Form on request to MOD.
- (d) In order to facilitate the provision of the Scheme Consideration, MOD must provide, or procure the provision, to Sandfire or a nominee of Sandfire, of:
  - (i) a weekly update of the Elections and Non Cash Out Elections that have been received;
  - (ii) details of the final Elections and Non Cash Out Elections made by each Relevant MOD Shareholder, within one Business Day after the Record Date (and, for these purposes, an Election made by the MOD Depositary in respect of any parcel of MOD Shares shall be deemed after Rematerialisation to be an Election made by the MOD Shareholder holding such parcel of MOD Shares including for determining whether such MOD Shareholder is a Relevant MOD Shareholder and whether such Election is a valid Election); and
  - (iii) a complete copy of the Share Register (which must include the name, registered address and registered holding of each Scheme Shareholder) as at the Record Date, within three Business Days after the Record Date,

and such other information as Sandfire may reasonably require, upon the written request of Sandfire, to provide the Scheme Consideration in accordance with the terms of this Scheme.

#### **6.4 Scrip Consideration**

- (a) If a Scheme Shareholder has not made a valid Election to receive the Maximum Cash Consideration as referred to in clause 6.3(b)(v), that Scheme Shareholder will receive for each Scheme Share held by that Scheme Shareholder at the Record Date, the Scrip Consideration.

- (b) European Holders may not make an Election and will receive for each Scheme Share held by that Scheme Shareholder at the Record Date, the Scrip Consideration. Sandfire will be under no obligation under this Scheme or Deed Poll to pay any Maximum Cash Consideration to any European Holder who has made or purported to make an Election or to any person purporting to be a Relevant MOD Shareholder who Sandfire considers to be, or to be holding MOD Shares or MOD Depositary Interests or any of them or any interest in any of them directly or indirectly on behalf of, or to be making an Election directly or indirectly on behalf of, a European Holder.

## 6.5 Election to receive Maximum Cash Consideration

- (a) If a Scheme Shareholder has validly made an Election to receive the Maximum Cash Consideration, that Scheme Shareholder will be entitled to receive for each Scheme Share held by that Scheme Shareholder at the Record Date:

- (i) if the Aggregate Cash Consideration is less than the Cash Cap, \$0.45 per Scheme Share; or

- (ii) if the Aggregate Cash Consideration is greater than the Cash Cap:

- (A) an amount of cash per Scheme Share calculated as follows:

$$A \div B$$

Where:

A = the Cash Cap;

B = the total number of Scheme Shares held at the Record Date by all Scheme Shareholders who validly elect Maximum Cash Consideration; and

- (B) a number of New Sandfire Shares calculated as follows:

$$(\$0.45 - X) \div B$$

Where:

X = the amount of cash per Scheme Share provided under clause 6.5(a)(ii)(A); and

$$B = \$0.45 \div 0.0664$$

## 6.6 Ineligible Foreign Shareholders

Sandfire will be under no obligation under the Scheme or Deed Poll to issue, and will not issue, any New Sandfire Shares to any Ineligible Foreign Shareholder, and instead, unless Sandfire and MOD otherwise agree, Sandfire must procure that the New Sandfire Shares that each Ineligible Foreign Shareholder would otherwise be entitled to receive as Scheme Consideration (which shall include any fraction of a New Sandfire Share arising from the calculation and disregarding the operation of clause 6.9) are dealt with in accordance with clause 6.8.

## 6.7 Cash Out Shareholders

- (a) Sandfire will be under no obligation under the Scheme or Deed Poll to issue, and will not issue, any New Sandfire Shares to any Cash Out Shareholder, and instead,

unless Sandfire and MOD otherwise agree, Sandfire must procure that the New Sandfire Shares that each Cash Out Shareholder would otherwise be entitled to receive as Scheme Consideration (which shall include any fraction of a New Sandfire Share arising from the calculation and disregarding the operation of clause 6.9) are dealt with in accordance with clause 6.8, provided that Cash Out Shareholders (other than European Holders) who, on implementation of the Scheme, would be entitled to receive at least one whole New Sandfire Share as Scheme Consideration, may (if they have given the warranty referred to in clause 6.3(b)(vii) and are otherwise permitted to do so by applicable law) (**Relevant Non Cash Out MOD Shareholders**) elect to receive their Scheme Consideration in the form of New Sandfire Shares (**Non Cash Out Election**) by completing the Election Form.

- (b) Sandfire will be under no obligation under the Scheme or Deed Poll to issue any New Sandfire Shares to any Cash Out Shareholder who is a European Holder and has made or purported to make a Non Cash Out Election or who Sandfire considers to be or to be holding MOD Shares or MOD Depositary Interests or any of them or any interest in any of them directly or indirectly on behalf of, or to be making a Non Cash Out Election directly or indirectly on behalf of, a European Holder.
- (c) MOD may, with the prior written consent of Sandfire, settle any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any Non Cash Out Election under this clause 6.7, and any such decision will be conclusive and binding on MOD, Sandfire and the relevant MOD Shareholder.

## 6.8 Sale Facility

- (a) Sandfire must appoint a nominee acceptable to MOD (acting reasonably) at least two weeks prior to the Scheme Meeting (and if required by ASIC, such nominee is to be approved by ASIC), and on the Implementation Date issue to that nominee, the New Sandfire Shares to which an Ineligible Foreign Shareholder or Non-Electing Cash Out Shareholder would otherwise be entitled under the Scheme and Deed Poll (which in each case shall include any fraction of a New Sandfire Share arising from the calculation and disregarding the operation of clause 6.9).
- (b) Where New Sandfire Shares are issued to a nominee pursuant to clause 6.8(a), Sandfire will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the nominee:
  - (i) sells on ASX or another prescribed financial market all of the New Sandfire Shares issued to the nominee in accordance with clause 6.8(a) in such manner, at such price and on such other terms as the nominee determines in good faith; and
  - (ii) remits to Sandfire the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).
- (c) Where New Sandfire Shares are issued to a nominee pursuant to clause 6.8(a), promptly after the last remittance in accordance with clause 6.8(b)(ii), Sandfire will pay in Australian dollars to each Ineligible Foreign Shareholder and Non-Electing Cash Out Shareholder the proportion of the net proceeds of sale received by Sandfire pursuant to clause 6.8(b)(ii) to which that Ineligible Foreign Shareholder or Non-Electing Cash Out Shareholder is entitled, in full satisfaction of their right to the Scheme Consideration.

- (d) Sandfire will pay the relevant proportion of the net proceeds of sale to each Ineligible Foreign Shareholder by either:
  - (i) dispatching or procuring the dispatch, to that Ineligible Foreign Shareholder by prepaid post to that Ineligible Foreign Shareholder's registered address as set out in the MOD Register (at the Record Date), a cheque in the name of that Ineligible Foreign Shareholder; or
  - (ii) making a deposit in an account with any ADI (as defined by the *Banking Act 1959* (Cth)) in Australia notified by that Ineligible Foreign Shareholder to Sandfire (or the MOD Share Registry) and recorded in or for the purposes of the MOD Register at the Record Date.
- (e) For the purposes of this clause 6.8, each Ineligible Foreign Shareholder and Non-Electing Cash Out Shareholder appoints Sandfire as its agent to receive on its behalf any financial services guide or other notices (including any updates to those documents) that the nominee is required to provide to Ineligible Foreign Shareholders or Non-Electing Cash Out Shareholders under the Corporations Act.

## 6.9 Fractional entitlements

- (a) Any fractional entitlement of a Scheme Shareholder (other than an Ineligible Foreign Shareholder or a Non-Electing Cash Out Shareholder) to a part of a New Sandfire Share, following calculation of the aggregate New Sandfire Shares to be issued to that Scheme Shareholder, will be rounded up or down to the nearest whole number of New Sandfire Shares.
- (b) The fractional entitlements of Ineligible Foreign Shareholders and Non-Electing Cash Out Shareholders will be dealt with in accordance with clause 6.8(a).

## 6.10 Share splitting

If Sandfire is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares that results in rounding in accordance with clause 6.9) have, before the Record Date, been party to Share Splitting or division in an attempt to obtain unfair advantage by reference to such rounding, then Sandfire may give notice to those Scheme Shareholders:

- (a) setting out their names and registered addresses as shown in the MOD Register;
- (b) stating that opinion; and
- (c) attributing the Scheme Shares held by all of them to one of them as specifically identified in the notice,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the Scheme and Deed Poll, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the Scheme and Deed Poll, be taken to hold no Scheme Shares. Sandfire, in complying with the other provisions of the Scheme and Deed Poll relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme and Deed Poll.

## **6.11 Provision of Scheme Consideration – Cash component of Maximum Cash Consideration**

- (a) Sandfire must, by no later than two Business Days before the Implementation Date, deposit in cleared funds an amount equal to the Aggregate Cash Consideration in an Australian dollar denominated trust account operated by MOD or its registry as trustee of the Scheme Shareholders who validly Elect to receive the Maximum Cash Consideration, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Sandfire's account.
- (b) Subject to Sandfire having complied with clause 6.11(a), MOD must, on the Implementation Date and from the trust account referred to in clause 6.11(a), pay or procure the payment to each Scheme Shareholder who has Elected to receive the Maximum Cash Consideration, the cash component of the Maximum Cash Consideration attributable to that Scheme Shareholder, based on the number of Scheme Shares held by that Scheme Shareholder as at the Record Date.
- (c) MOD's obligation under clause 6.11(b) will be satisfied by MOD:
  - (i) where a Scheme Shareholder has, before the Record Date, made an election in accordance with the requirements of the MOD Share Registry to receive dividend payments from MOD by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount of Australian currency by electronic means in accordance with that election; or
  - (ii) otherwise, dispatching, or procuring the dispatch of, a cheque in Australian currency to the Scheme Shareholder by prepaid post to their address shown in the Share Register as at the Record Date, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 6.13), for the relevant amount.

## **6.12 Provision of Scheme Consideration – allotment and issue of New Sandfire Shares**

- (a) Subject to clauses 6.6, 6.8, 6.9 and 6.10, Sandfire covenants in favour of MOD (in its own right and separately as trustee and nominee for each of the Scheme Shareholders) that Sandfire will:
  - (i) on the Implementation Date, allot and issue to the Scheme Shareholders the New Sandfire Shares that comprise the Scheme Consideration on terms such that each New Sandfire Share will rank equally in all respects with each existing Sandfire Share, provided that, if the Rematerialisation has not occurred as at the Record Date, the MOD Depository may direct that New Sandfire Shares attributable to the Scheme Shares held by the MOD Depository or the MOD Depository Interest Custodian be issued directly to MOD Depository Interest Holders instead of the MOD Depository or the MOD Depository Interest Custodian;
  - (ii) apply to ASX for the official quotation of the New Sandfire Shares that comprise the Scheme Consideration on the ASX; and
  - (iii) no later than three Business Days after the Implementation Date, send or procure the dispatch to each Scheme Shareholder (other than Ineligible Foreign Shareholders and Non-Electing Cash Out Shareholders), to their address recorded in the MOD Register on the Record Date, a holding



statement confirmation notice for the New Sandfire Shares issued to that Scheme Shareholder.

- (b) Sandfire covenants in favour of MOD (in its own right and separately as trustee and nominee for each of the Scheme Shareholders) that:
  - (i) the New Sandfire Shares to be issued under the Scheme and Deed Poll will be duly and validly authorised and will, on and from their issue, rank equally in all respects with all existing Sandfire Shares;
  - (ii) the New Sandfire Shares issued as Scheme Consideration will be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Sandfire Shares on and after the Implementation Date;
  - (iii) on issue, each such New Sandfire Share will be validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest or third-party rights; and
  - (iv) it will use its best endeavours to ensure that the New Sandfire Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the first Business Day after the Implementation Date, on an ordinary (T+2) settlement basis.

### 6.13 Joint holders

In the case of Scheme Shares held in joint names:

- (a) the New Sandfire Shares to be issued under this Scheme will be issued to and registered in the names of the joint holders;
- (b) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders and will be forwarded to the registered address recorded on the MOD Register on the Record Date; and
- (c) any other document required to be sent under this Scheme will be forwarded to the registered address recorded in the MOD Register.

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## 7 Dealings in MOD Shares

### 7.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in MOD Shares or other alterations to the MOD Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the MOD Register as the holder of the relevant MOD Shares on or before the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Record Date at the place where the MOD Register is kept,



and MOD must not accept for registration, nor recognise for any purpose (except a transfer to Sandfire pursuant to this Scheme and any subsequent transfer by Sandfire or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

## 7.2 Register

- (a) MOD must register all registrable transmission applications or transfers of the Scheme Shares in accordance with clause 7.1(b) on or before the Record Date.
- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and MOD shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, MOD must maintain the MOD Register in accordance with the provisions of this clause 7.2 until the Scheme Consideration has been paid or issued to the Scheme Shareholders. The MOD Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for MOD Shares (other than statements of holding in favour of Sandfire) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from the Record Date, each entry on the MOD Register (other than entries on the MOD Register in respect of Sandfire) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the MOD Shares relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event within two Business Days after the Record Date, MOD will ensure that details of the names, registered addresses and holdings of MOD Shares for each Scheme Shareholder as shown in the MOD Register as at the Record Date are available to Sandfire in the form Sandfire reasonably requires.

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## 8 Quotation of MOD Shares

- (a) MOD will apply to ASX to suspend trading of MOD Shares on the ASX with effect from the close of trading on the Effective Date or, such other date as the parties may agree, acting reasonably, following consultation with ASX and not do anything to cause the suspension of trading of MOD Shares to happen before the time specified in this clause 8(a).
- (b) MOD will apply to LSE to suspend trading of MOD Shares on the LSE with effect from the commencement of trading on the Effective Date or, such other date as the parties may agree, acting reasonably, following consultation with LSE and not do anything to cause the suspension of trading of MOD Shares to happen before the time specified in this clause 8(b).
- (c) With effect on and from the close of trading on the Trading Day immediately following, or shortly after, the Implementation Date, MOD will apply:
  - (i) for termination of the official quotation of MOD Shares on the ASX; and
  - (ii) to have itself removed from the official list of the ASX,

or, in each case, such other dates as the parties may agree, acting reasonably, following consultation with ASX and not do anything to cause any of these things to happen before the time specified in this clause 8(c).

- (d) With effect on and from the commencement of trading on the Trading Day immediately following, or shortly after, the Implementation Date, MOD will apply:
  - (i) for termination of the official quotation of MOD Shares on the LSE; and
  - (ii) to have itself removed from the official list of the LSE,

or, in each case, such other dates as the parties may agree, acting reasonably, following consultation with LSE and not do anything to cause any of these things to happen before the time specified in this clause 8(d).

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## 9 General Scheme provisions

### 9.1 Appointment of agent and attorney

- (a) On this Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints MOD as its agent and attorney for the purposes of:
  - (i) in the case of Scheme Shares in a CHES holding:
    - (A) causing a message to be transmitted to ASPL in accordance with the ASX Settlement Rules to transfer the Scheme Shares held by the Scheme Shareholder from the CHES subregister of MOD to the issuer sponsored subregister operated by MOD or the MOD Share Registry at any time after Sandfire has paid or procured the payment of the Scheme Consideration which is due under this Scheme to Scheme Shareholders; and
    - (B) completing and signing on behalf of Scheme Shareholders any required form of transfer of Scheme Shares;
  - (ii) in the case of Scheme Shares registered in the issuer sponsored subregister operated by MOD or the MOD Share Registry, completing and signing on behalf of Scheme Shareholders any required form of transfer;
  - (iii) in all cases, executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including, without limitation, the execution of the Scheme Transfer and the giving of the Scheme Shareholder's consent under clause 9.3; and
  - (iv) enforcing the Deed Poll against Sandfire,and MOD accepts such appointment.
- (b) MOD, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 9.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

## 9.2 Enforcement of Deed Poll

MOD undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Sandfire on behalf of and as agent and attorney for the Scheme Shareholders.

## 9.3 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably consents to MOD and Sandfire doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme.

## 9.4 Scheme Shareholders' agreements

Under this Scheme, each Scheme Shareholder:

- (a) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Sandfire in accordance with the terms of this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (c) acknowledges that this Scheme binds MOD and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) without the need for any further act by the Scheme Shareholder; and
- (d) agrees to become a holder of New Sandfire Shares and to have its name entered in the Sandfire share register, and accepts the New Sandfire Shares issued to it under the Scheme on the terms and conditions of the Sandfire constitution, without the need for any further act by the Scheme Shareholder.

## 9.5 Warranty by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to Sandfire that:
  - (i) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Sandfire, be fully paid and free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
  - (ii) they have full power and capacity to sell and to transfer their Scheme Shares, and all rights and entitlements attaching to those Scheme Shares, to Sandfire; and
  - (iii) as at the Record Date, it has no existing right to be issued any other Scheme Shares or any other form of MOD securities.
- (b) MOD undertakes that it will provide such warranty to Sandfire as agent and attorney of each Scheme Shareholder.

## 9.6 Title to Scheme Shares

- (a) Immediately upon provision of the Scheme Consideration in accordance with clauses 6.11 and 6.12, Sandfire will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by MOD of Sandfire in the MOD Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Sandfire will, at the time of transfer of them to Sandfire, vest in Sandfire free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

## 9.7 Appointment of sole proxy

Immediately upon provision of the Scheme Consideration in accordance with clauses 6.11 and 6.12, and until MOD registers Sandfire as the holder of all Scheme Shares in the MOD Register, each Scheme Shareholder:

- (a) is deemed to have appointed Sandfire as attorney and agent (and directed Sandfire in each such capacity) to appoint any director, officer, secretary or agent nominated by Sandfire as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;
- (b) acknowledges that no Scheme Shareholder may itself attend or vote at any of those meeting or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 9.7(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Sandfire reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers conferred in clause 9.7(a), Sandfire and any director, officer, secretary or agent nominated by Sandfire under that clause may act in the best interests of Sandfire as the intended registered holder of the Scheme Shares.

## 9.8 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to MOD, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at MOD's registered office or at the MOD Share Registry as the case may be.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an MOD Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

## 9.9 Inconsistencies

This Scheme binds MOD and all MOD Shareholders, and to the extent of any inconsistency, overrides the MOD constitution.

### **9.10 No liability when acting in good faith**

None of MOD nor any director, officer, secretary or employee of MOD will be liable for anything done or omitted to be done in good faith in the performance of this Scheme.

### **9.11 Further assurance**

- (a) MOD will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme.
- (b) Sandfire will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme and the Deed Poll.

### **9.12 Alterations and conditions**

- (a) If the Court proposes to approve this Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act, MOD may, by its counsel on behalf of all persons concerned (including the Scheme Shareholders) consent to only such of those conditions or alterations to this Scheme to which Sandfire and MOD have consented, such consent not to be unreasonably withheld or delayed.
- (b) Each Scheme Shareholder agrees to any such alterations or conditions which counsel for MOD has consented to.

### **9.13 Stamp duty and costs**

- (a) Sandfire will pay all stamp duty on the transfer by Scheme Shareholders of the Scheme Shares to Sandfire;
- (b) Sandfire will bear and be responsible for its own costs arising out of the negotiation, preparation and execution of this Scheme; and
- (c) Sandfire will indemnify each Scheme Shareholder against any liability arising from the failure to comply with clause 9.13(a).

### **9.14 Governing Law**

- (a) This Scheme is governed by and will be construed according to the laws of Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts.

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## **Schedule 1 Dictionary**

### **1.1 Defined terms**

In this Scheme, except where the context otherwise requires:

**Aggregate Cash Consideration** means the aggregate amount of the cash payable to Scheme Shareholders, who have validly Elected to receive Maximum Cash Consideration prior to any adjustment.

**ASPL** means ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX** means ASX Limited (ABN 98 008 624 691) or, where the context requires, the financial market operated by it known as the “Australian Securities Exchange”.

**ASX Settlement Rules** means the ASX Settlement Operating Rules.

**Bonus Issue** has the same meaning as defined in the Listing Rules.

**Business Day** means a day that is not a Saturday, Sunday or a public holiday in Perth, Western Australia.

**Cash Cap** means \$41,600,000.

**Cash Out Shareholder** means a Scheme Shareholder (not being an Ineligible Foreign Shareholder) who, based on their holding of Scheme Shares on the date of the Record Date, would, on implementation of the Scheme, be entitled to receive less than a marketable parcel of New Sandfire Shares (assessed by reference to the last traded price of Sandfire shares on ASX on the last trading day prior to the date of the Record Date) as Scheme Consideration.

**CHES** means the Clearing House Electronic Subregister System operated by ASPL and ASX Clear Pty Limited.

**Conditions** means the conditions set out in clause 3.1 of the Implementation Deed and **Condition** means any one of them.

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

**Court** means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act as Sandfire and MOD may agree in writing.

**Deed Poll** means the deed poll executed by Sandfire in respect of the provisions of the Scheme Consideration and under which Sandfire covenants in favour of the Scheme Shareholders to perform all actions attributed to Sandfire under this Scheme.

**Delivery Time** means, in relation to the Second Court Date, 2 hours before the commencement of the hearing or if the hearing is adjourned before Scheme Consideration of any substantive matters, the commencement of the adjourned hearing at which substantive matters are considered, of the court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act is due to commence.

**Effective** means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

**Effective Date** means the date on which this Scheme becomes Effective.

**Election** has the meaning given in clause 6.3(a) and **Elect** has a corresponding meaning.

**Election Date** means the last date for receipt of an Election Form in order to make an Election or a Non Cash Out Election in accordance with the terms of the Scheme, being 5.00pm on Thursday, 19 September 2019 in the case of an Election and 5:00pm on the

first Business Day after the Effective Date in the case of a Non Cash Out Election or, in each case, such other dates as MOD and Sandfire agree in writing.

**Election Form** means the election form(s) provided with the Scheme Booklet under which each Scheme Shareholder may make an Election to receive the Maximum Cash Consideration as referred to in clause 6.3(b)(v) in respect of all their Scheme Shares and under which a Relevant Non Cash Out MOD Shareholder can make a Non Cash Out Election to receive their Scheme Consideration in the form of New Sandfire Shares (as referred to in clause 6.7(a)).

**End Date** means the date that is 6 months after the date of the Implementation Deed or such later date as Sandfire and MOD agree in writing.

**European Holder** in respect of any particular MOD Shares or MOD Depositary Interests means a holder of such MOD Shares or MOD Depositary Interests who is resident in the European Economic Area, or is holding such MOD Shares or MOD Depositary Interests or any of them or any interest in any of them directly or indirectly on behalf of any person who is resident in, or has a registered address in, the European Economic Area.

**First Court Date** means the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act directing MOD to convene the Scheme Meeting is heard (or if the application is adjourned before consideration of any substantive matters, the first day on which the adjourned application is heard and substantive matters are considered) with such hearing being the **First Court Hearing**.

**GST Law** has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Implementation Date** means the fifth Business Day after the Record Date or such other day as the parties agree in writing.

**Implementation Deed** means the scheme implementation deed dated 24 June 2019 between Sandfire and MOD, as amended or varied from time to time.

**Ineligible Foreign Shareholder** means a Scheme Shareholder whose address as shown in the Share Register (as at the Record Date) or the MOD Depositary Interest Register (as at the time of Rematerialisation or, if Rematerialisation does not occur prior thereto, as at the Record Date) is in a place which Sandfire reasonably determines is a place that it is unlawful or unduly onerous to issue that Scheme Shareholder or MOD Depositary Interest Holder with New Sandfire Shares when the Scheme becomes Effective (provided that a Scheme Shareholder or MOD Depositary Interest Holder whose address shown in the Share Register or MOD Depositary Interest Register is within Australia and its external territories, New Zealand, the United Kingdom, Hong Kong or Singapore will not be an Ineligible Foreign Shareholder).

**Listing Rules** means the official listing rules of ASX as amended from time to time.

**LSE** means the Main Board of the London Stock Exchange.

**Maximum Cash Consideration** means the cash consideration per Scheme Share determined in accordance with clause 6.5.

**MOD Depositary** means Computershare Investor Services PLC.

**MOD Depositary Interest** means dematerialised depositary interests issued by the MOD Depositary in respect of underlying MOD Shares.



**MOD Depository Interest Custodian** means Computershare Investor Services PLC or a subsidiary or third party appointed by Computershare Investor Services PLC to provide custody services.

**MOD Depository Interest Holder** means a holder of MOD Depository Interests from time to time.

**MOD Depository Interest Register** means the register of MOD Depository Interest Holders maintained by the MOD Depository.

**MOD Register** means the register of members of MOD maintained by or on behalf of MOD in accordance with section 168(1) of the Corporations Act.

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

**MOD Shareholder** means a holder of one or more MOD Shares as shown in the Share Register.

**MOD Share Registry** means Computershare Investor Services Pty Ltd in respect of MOD Shares quoted on the ASX and Computershare Investor Services PLC in respect of MOD Shares quoted on LSE.

**New Sandfire Share** means a Sandfire Share to be issued under the Scheme.

**Non Cash Out Election** has the meaning given in clause 6.7(a).

**Non-Electing Cash Out Shareholder** means a Cash Out Shareholder who does not elect, or (being, or being considered by Sandfire to be, or to be holding MOD Shares or MOD Depository Interests or any of them or any interest in any of them directly or indirectly on behalf of, or to be making a Non Cash Out Election directly or indirectly on behalf of, a European Holder) is not entitled to elect under clause 6.7(a), to receive their Scheme Consideration in the form of New Sandfire Shares.

**Record Date** means 5.00pm on the fifth Business Day after the Effective Date of the Scheme.

**Related Body Corporate** has the meaning given in section 50 of the Corporations Act.

**Relevant MOD Shareholder** has the meaning given in clause 6.3(a).

**Relevant Non Cash Out MOD Shareholder** has the meaning given in clause 6.7(a).

**Rematerialisation** has the meaning given in the scheme implementation deed entered into between Sandfire and MOD.

**Rights Issue** has the same meaning as defined in the Corporations Act.

**Sandfire** means Sandfire Resources Limited (ACN 105 154 185) of Level 2, 10 Kings Park Rd, West Perth, WA 6005.

**Sandfire Group** means, collectively, Sandfire and each of its Related Bodies Corporate.

**Sandfire Share** means an issued fully paid ordinary share in the capital of Sandfire.

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between MOD and Scheme Shareholders in respect of all Scheme Shares as set out in



this document together with, subject to clause 9.12, any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

**Scheme Booklet** means the disclosure document which accompanies and includes the notice of Scheme Meeting.

**Scheme Consideration** means the consideration payable to Scheme Shareholders under the Scheme, being comprised of the Scrip Consideration and the Maximum Cash Consideration.

**Scheme Meeting** means the meeting of MOD Shareholders ordered by the Court to be convened at the First Court Hearing.

**Scheme Order** means the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable and subject to clause 9.12, section 411(6) of the Corporations Act) in relation to this Scheme.

**Scheme Share** means a MOD Share held by a MOD Shareholder as at the Record Date.

**Scheme Shareholder** means a MOD Shareholder (other than any member of Sandfire Group) as at the Record Date.

**Scheme Transfer** means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

**Scrip Consideration** means 0.0664 New Sandfire Shares for each Scheme Share held by a Scheme Shareholder who does not validly Elect to receive the Maximum Cash Consideration.

**Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

**Share Register** means the register of MOD Shareholders maintained in accordance with the Corporations Act.

**Share Splitting** means the conversion of a parcel of MOD Shares, which would otherwise have been voted as a single parcel, into two or more parcels of MOD Shares for voting (and possibly other) purposes where the conversion may, but need not, result from a change of legal or beneficial ownership of the MOD Shares. Examples of Share Splitting include transfer of some MOD Shares from a holding in a single name into joint names and the declaration of a trust over some MOD Shares in a holding not previously held on trust.

**Subsidiary** has the meaning given to that term in Division 6 of Part 1.2 of the Corporations Act.

**Trading Day** has the meaning given in the Listing Rules.

## 1.2 Interpretation

In this Scheme, except where the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Scheme;

- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
  - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation, trust or other body corporate;
  - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
  - (iii) a party includes its agents, successors and permitted assigns;
  - (iv) a document includes all amendments or supplements to that document;
  - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this Scheme;
  - (vi) this Scheme includes all schedules and attachments to it;
  - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
  - (viii) a statute includes any regulation, ordinance, by-law or other subordinate legislation made under it;
  - (ix) an agreement other than this Scheme includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
  - (x) a monetary amount is in Australian dollars;
- (g) an agreement on the part of two or more persons binds them jointly and each of them severally;
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (i) a reference to time is to Perth, Australia time; and
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Scheme or any part of it.

**ANNEXURE 4 – DEED POLL**

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## Deed poll

Sandfire Resources NL

In favour of each person registered as a holder of fully paid ordinary shares in MOD Resources Limited as at the Record Date

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Date: 13 AUGUST 2019

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## Parties

**Sandfire Resources NL** ACN 105 154 185 of Level 2, 10 Kings Park Rd, West Perth, WA 6005 (**Sandfire**)

in favour of:

each person registered as a holder of fully paid ordinary shares in MOD Resources Limited (**MOD**) as at the Record Date (**Scheme Shareholders**).

---

## 1 Background

- A On 25 June 2019, Sandfire and MOD entered into a scheme implementation deed with respect to the Scheme and associated matters (**Implementation Deed**) under which Sandfire:
- (i) is to pay or procure the provision of the Scheme Consideration to each Scheme Shareholder and acquire all of the Scheme Shares held by Scheme Shareholders under the Scheme; and
  - (ii) has agreed to enter into this deed poll.
- B Sandfire is entering into this deed poll to covenant in favour of the Scheme Shareholders that they will procure and perform all actions attributed to them under the Scheme.

### The parties agree

---

## 2 Defined terms and interpretation

### 2.1 Defined terms

In this deed poll, unless otherwise defined, capitalised words and phrases have the same meaning as given to them in the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between MOD and Scheme Shareholders in respect of all Scheme Shares (**Scheme**).

### 2.2 Interpretation

In this deed poll, headings are for convenience only and do not affect its interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) a reference to any document (including the Scheme) is to that document as varied, novated, ratified or replaced; and

a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this deed poll and a reference to this deed poll includes any annexure and schedule.

### 2.3 Nature of deed poll

Sandfire acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholder is not party to it; and
- (b) each Scheme Shareholder irrevocably appoints MOD and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against Sandfire on behalf of that Scheme Shareholder.

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### 3 Sandfire Nominee

- (a) Sandfire may nominate any wholly-owned Subsidiary of Sandfire (**Sandfire Nominee**) to acquire the Scheme Shares under the Scheme by giving written notice to MOD on or before the date that is 5 Business Days before the First Court Date.
- (b) If Sandfire nominates the Sandfire Nominee to acquire the Scheme Shares under the Scheme, then:
  - (i) references in this deed poll to Sandfire acquiring the Scheme Shares under the Scheme are to be read as references to the Sandfire Nominee doing so;
  - (ii) other references in this deed poll to Sandfire are to be read as references to Sandfire or the Sandfire Nominee;
  - (iii) Sandfire must procure that the Sandfire Nominee complies with the relevant obligations of Sandfire under this deed poll; and
  - (iv) any such nomination will not relieve Sandfire of its obligations under this deed poll, including the obligation to pay (or procure the payment by the Sandfire Nominee of) or issue the Scheme Consideration (as applicable) in accordance with the terms of the Scheme, provided that Sandfire will not be in breach of this deed poll for failing to perform an obligation of Sandfire if that obligation is fully discharged by the Sandfire Nominee.

---

### 4 Condition precedent and termination

#### 4.1 Condition precedent to obligations of the Scheme

The obligations of Sandfire under this deed poll are subject to the Scheme becoming Effective.

#### 4.2 Termination

The obligations of Sandfire under this deed poll will automatically terminate, and the terms of this deed poll will be of no force or effect, if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the End Date,

unless Sandfire and MOD agree otherwise in writing.

#### 4.3 Consequences of termination

If this deed poll is terminated under clause 4.2, in addition and without prejudice to any other rights, powers or remedies available to the Scheme Shareholders:

- (a) Sandfire is released from its obligations to further perform this deed poll, except those obligations under clause 8.1; and
- (b) each Scheme Shareholder retains the rights, powers and remedies it has against Sandfire in respect of any breach of this deed poll which occurs before it is terminated.

---

## 5 Scheme obligations

Subject to clause 4, Sandfire undertakes in favour of each Scheme Shareholder to:

- (a) provide, or procure the provision of, the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and
- (b) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,

subject to and in accordance with the provisions of the Scheme and the Implementation Deed.

---

## 6 Warranties

Sandfire represents and warrants in favour of each Scheme Shareholder that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitutions of Sandfire or any term or provision of any agreement, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or by which it is bound.

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## 7 Continuing obligations

This deed poll is irrevocable and, subject to clause 4, remains in full force and effect until:

- (a) Sandfire has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 4.2.



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## 8 General

### 8.1 Stamp duty and costs

- (a) Sandfire unconditionally and irrevocably guarantees to pay all stamp duty (if any) and any related fines and penalties payable in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll.
- (b) Sandfire will bear and be responsible for its own costs arising out of the negotiation, preparation and execution of this deed poll.
- (c) Sandfire will indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 8.1(a).

### 8.2 Governing law and jurisdiction

- (a) This deed poll is governed by the laws in force in Western Australia.
- (b) Sandfire irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts competent to determine appeals from those courts in respect of any proceedings arising out of or in connection with this deed poll. Sandfire irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

### 8.3 Notices

- (a) A notice, consent, approval, waiver or other communication sent by a party under this deed (**Notice**) must be:
  - (i) in writing;
  - (ii) sent by an authorised representative of the sender; and
  - (iii) marked for the attention of the person named below,  
and must be:
    - (iv) left at, or sent by commercial courier to, the address set out below; or
    - (v) sent by email to the address set out below.

Attention: Karl Simich, Chief Executive Officer

Address: as above

Email: Karl.Simich@sandfire.com.au

with a copy (for information purposes only) to: Jmannolini@gtlaw.com.au;  
Ocarrick@gtlaw.com.au

- (b) Subject to clause 8.3(c), a Notice is taken to be received:
  - (i) if sent by delivery when it is delivered;
  - (ii) if sent by commercial courier, three days after dispatch; or

- (iii) if sent by email:
  - (A) when the sender receives an automated message confirming delivery;  
or
  - (B) four hours after the time sent (as recorded on the device from which the email was sent), provided that the sender does not receive an automated message that the email has not been delivered,

whichever happens first.

- (c) If a Notice is taken to be received under clause 8.3(b):
  - (i) before 9.00am on a Business Day, it will be taken to be received at 9.00am on that Business Day; or
  - (ii) after 5.00pm on a Business Day or on a non-Business Day, it will be taken to be received at 9.00am on the next Business Day.

#### **8.4 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

#### **8.5 Variation**

A provision of this deed poll or any right created under it may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by MOD in writing; or
- (b) if on or after the First Court Date, the variation is agreed to by MOD in writing and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Sandfire must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

#### **8.6 Cumulative rights**

The rights, powers and remedies of Sandfire and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

#### **8.7 Assignment**

- (a) The rights created by this deed poll are personal to Sandfire and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Sandfire.
- (b) Any purported dealing in contravention of clause 8.7(a) is invalid.

#### **8.8 Further action**

Sandfire must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

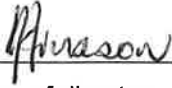
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## Execution page

**Executed as a deed poll.**

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Executed by **Sandfire Resources NL** (ACN 105 154 185) in accordance with the provisions of section 127(1) of the *Corporations Act*



Signature of director

MAREE ARNASON

Name of director (print)



Signature of director/secretary

MATTHEW FITZGIBBON

Name of director/secretary (print)

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**ANNEXURE 5 – NOTICE OF SCHEME MEETING**

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**MOD RESOURCES LIMITED  
ACN 003 103 544**

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**NOTICE OF SCHEME MEETING  
AND  
EXPLANATORY MEMORANDUM**

**A General Meeting of MOD Resources Limited will be held at 1304  
Hay Street, West Perth, WA 6005 on 1 October 2019 at 11:00am  
(WST)**

*This Notice should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by  
telephone on +61 8 9322 8233.***

**Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.**

**MOD RESOURCES LIMITED**  
**ACN 003 103 544**

## **NOTICE OF GENERAL MEETING**

By an order of the Supreme Court of Western Australia (**Court**) made on 20 August 2019 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of the holders of ordinary shares in MOD Resources Limited ACN 003 103 544 (**MOD** and **MOD Shareholders**, respectively) will be held at 1304 Hay Street, West Perth, WA 6005 on 1 October 2019 at 11:00am (WST) (**Scheme Meeting**).

The Court has also directed that Scott Douglas Gibson act as chairman of the Scheme Meeting or failing him Michael Peter Bowen, and has directed the chairman to report the results of the Scheme Meeting to the Court.

The Directors have determined, pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the persons eligible to vote on the Scheme Meeting are those who are registered as shareholders of MOD on 29 September 2019 at 5:00pm (WST).

### **Purpose of Meeting**

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a scheme of arrangement proposed to be made between MOD and MOD Shareholders (**Scheme**).

To enable you to make an informed voting decision, important information on the Scheme is set out in the booklet accompanying this Notice (**Scheme Booklet**). The Scheme Booklet and Explanatory Memorandum to this Notice and Proxy Form both form part of this Notice. Terms and abbreviations used in this Notice and in the Scheme Booklet are defined in the Scheme Booklet.

### **AGENDA**

#### **1. RESOLUTION 1 - APPROVAL OF THE SCHEME**

To consider and, if thought fit, to pass with or without amendment, the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

*"That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between MOD and the holders of its ordinary shares as contained in and more particularly described in the Scheme Booklet of which the Notice forms part, is approved, and the Directors of MOD are authorised to agree to such alterations or conditions as are thought fit by the Court, and subject to approval by the Court, to implement the Scheme with any such alterations or conditions."*

Dated: 19 August 2019

By order of the Board



**Mark Clements**

Company Secretary

**EXPLANATORY MEMORANDUM**

**1. INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of MOD Shareholders in connection with the business to be conducted at the Scheme Meeting to be held at 1304 Hay Street, West Perth, WA 6005 on 1 October 2019 at 11:00am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to MOD Shareholders in deciding whether or not to pass the resolution set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

**2. REQUIRED VOTING MAJORITY**

In order for the Scheme to become effective, the resolution set out in the Notice must be passed at a meeting by:

- (a) unless the Court orders otherwise, a majority of the number of MOD Shareholders present and voting (whether in person or by proxy, attorney or, in the case of corporate shareholders, a corporate representative) at the meeting; and
- (b) at least 75% of the votes cast on the resolution.

The Court has the discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority in number of MOD Shareholders (other than excluded shareholders) present and voting at the Scheme Meeting.

Voting at the Scheme Meeting will be by poll rather than by a show of hands.

**3. COURT APPROVAL**

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without alteration or conditions) is subject to approval of the Court. If the resolution proposed at the Scheme Meeting is approved by the requisite majority, and the relevant conditions of the Scheme (other than approval by the Court) are satisfied, or waived, by the time required under the Scheme, MOD intends to apply to the Court for the necessary orders to give effect to the Scheme.

**4. ENTITLEMENT TO VOTE**

The MOD board has determined, and the Court has ordered, that a person's entitlement to vote at the Scheme Meeting will be the entitlement of that person as set out in the MOD share register as at 5:00pm (WST) on 29 September 2019. A MOD Shareholder who is an excluded shareholder will not be entitled to vote at the Scheme Meeting.

**5. HOW TO VOTE**

MOD Shareholders entitled to vote at the Scheme Meeting can vote:

- (a) by attending the Scheme Meeting and voting in person; or

- (b) by appointing an attorney to attend the Scheme Meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the Scheme Meeting and vote on its behalf; or
- (c) by appointing a proxy to attend the Scheme Meeting and vote on their behalf, using the Proxy Form accompanying this Notice.

A personalised Proxy Form accompanies this Notice. The Proxy Form contains full details of how to appoint persons and how to sign and lodge the voting form.

To be valid, Proxy Forms or electronic voting instructions must be received by 11:00am (WST) on 29 September 2019.

### **Voting in Person**

MOD Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Scheme Meeting to allow for registration for the Scheme Meeting. Please bring your meeting registration forms with you to facilitate admission to the Scheme Meeting. The meeting registration form for the Scheme Meeting is the Proxy Form included with the Scheme Booklet of which this Notice forms part.

### **Voting by attorney or corporate representative**

MOD Shareholders who have appointed an attorney or corporate representative to attend and vote at the Scheme Meeting should ensure that their attorney or corporate representative arrives at the venue 30 minutes prior to the time designated for the Scheme Meeting to allow for registration for the Scheme Meeting. A person attending as an attorney should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to MOD. A person attending as a representative of a corporate shareholder must present satisfactory evidence of his or her appointment to attend on behalf of that shareholder unless previously lodged with MOD's share registrar.

### **Voting by proxy**

A MOD Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on the resolution to be put to the Scheme Meeting and also to speak at the Scheme Meeting. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the MOD Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a MOD Shareholder.

If a proxy is not directed how to vote any item of business, the proxy may vote or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on the poll, and the MOD Shares the subject of the proxy appointment will not be counted in computing the required majority.

MOD Shareholders who return their Proxy Form with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Scheme Meeting, the chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the company secretary of MOD or any director of MOD which do not contain a direction will be used to support the resolution to approve the Scheme.



You must return the Proxy Form to MOD by either posting it in the reply paid envelope provided (only for use in Australia) or by sending, delivering or faxing it as follows:

- (a) Online at:  
[www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions provided
- (b) Mail to:  
Computershare Investor Services Pty Limited, GPO Box 1282, Melbourne Victoria 3001, Australia
- (c) Fax to:  
1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)
- (d) Mobile voting:  
Scan the QR Code on your Proxy form and follow the prompts
- (e) Custodian voting:  
For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions

The Proxy Form must be received by MOD by no later than 11:00am (WST) on 29 September 2019. Proxy Forms received after this time will be invalid.

The Proxy Form must be signed by the MOD Shareholder or the MOD Shareholder's attorney. If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received at the same time as the Proxy Form, unless you have already provided a certified copy of the power of attorney to MOD. Proxies given by corporations must be executed in accordance with the Corporations Act.

If you complete and return a Proxy Form, you may still attend the Scheme Meeting in person, revoke the proxy and vote at the Scheme Meeting.

## Corporate Directory

### Directors

Mr Mark Clements - Executive Chairman  
Mr Julian Hanna - Managing Director  
Mr Steve McGhee - Technical Director  
Mr Simon Lee AO - Non-Executive Director  
Ms Bronwyn Barnes - Non-Executive Director  
Mr Michael McNeilly - Non-Executive Director

### Company Secretary

Mark Clements

### Registered and Corporate Office

MOD Resources Limited  
Level 1, 1304 Hay Street  
Perth WA 6000  
Tel +61 8 9322 8233  
Fax +61 8 9322 8077

### Financial Advisers

Sternship Advisers  
1202 Hay Street  
West Perth WA 6005  
Tel +61 414 536 101

BMO Capital Markets Limited  
Melbourne Office  
Level 33, 140 William Street  
Melbourne Victoria 3000  
Australia

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### Stock Exchange Listing

ASX Code: **MOD**  
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