



TROY RESOURCES LIMITED

ASX ANNOUNCEMENT

05 January 2022

COMPANY RECAPITALISATION

Troy Resources Limited (**ASX: TRY**) (**Troy** or the **Company**) is pleased to advise that it has entered into a series of agreements that will, if approved by shareholders, achieve a recapitalisation of the Company. The Company is engaging with the Australian Securities Exchange (**ASX**) to satisfy ASX's requirements to enable its shares to recommence trading on the ASX.

Through these proposed transactions, Troy would convert approximately A\$18.7 million of current debt to equity and raise new funds of approximately A\$7.2 million.

In addition, the Company is intending to offer all shareholders an opportunity to participate in a 1 for 1 rights issue at the same price as the placement.

Pursuant to these transactions, all new fully paid ordinary shares in the capital of the Company (**Shares**) to be issued have been priced at A\$0.022 per Share.

Troy considers that the recapitalisation transactions will improve the Company's financial status, including positioning the Company to seek to progress and undertake planning for the development of the Smarts Underground project at the wholly owned Karouni Gold Mine in Guyana, and provide sufficient working capital for the Company to seek to apply to ASX for the Company's shares to recommence trading.

As shareholders are aware, in the Smarts Underground, the Company has an advanced project located adjacent to the Karouni Mill with a current Ore Reserve of 1,082,000 tonnes @ 2.6 g/t Au for 89,400 ounces but with significant upside potential, and for which it has already received the majority of approvals required from the Guyanese authorities to proceed with development.

The Ore Reserves Statement is included below.

Ore Reserves	Classification	Tonnes	Grade	Ounces
Development (Upper and Lower)	Probable	193,000	2.5	15,400
Upper (Narrow) Stopes	Probable	160,000	3.9	19,900
Lower (Bulk) Stopes	Probable	729,000	2.3	54,100
Total	Probable	1,082,000	2.6	89,400



The funding requirement to undertake the first phase of the Smarts Underground development is approximately US\$7 million. This first phase of the Smarts Underground development is based on the pre-feasibility study announced to the ASX on 26 July 2021, which included a calculated total cost of US\$3.7 million to access the upper stopping blocks from the start of development mining, with construction of the portal and initial infrastructure to cost from US\$2 to 4 million (the actual amount the subject of ongoing studies). Troy advises that, with respect to the additional funding required to complete the first phase of the Smarts Underground development after completion of the recapitalisation transaction, Troy is currently in discussions with a number of parties which have expressed interest in providing such funds.

(Refer to ASX Announcement dated 26 July 2021 '*Maiden Smarts Underground Ore Reserve*').

Until such time as the Smarts Underground project is sufficiently advanced to warrant a final investment decision, the Karouni mill will remain on care and maintenance. During this time the Company will continue to progress with undertaking development planning, including detailed specifications, for the development of the Smarts Underground project, as well as continue with general exploration activities. Additionally, the Company remains in discussions with a number of companies that own gold deposits and/ or promising projects close to the Karouni mill for potential toll treating opportunities.

Shareholders should also be encouraged by the fact that Barrick Gold Corporation (**Barrick**), the world's second largest gold mining company, has farmed into various tenements at Karouni. Work by Barrick on these tenements has now commenced. Troy continues to be the non-operating partner in the Earn-In Agreement.

Should the rights issue raise sufficient funds or alternatively, additional funds are raised by way of placement, drilling programmes will re-commence at Gem Creek and other greenfields areas at the Karouni Gold Mine with the aim of finding an additional ore source to supplement the Smarts Underground.

The Company also remains open to any potential corporate transactions that the Directors consider would enhance shareholder value.

Recapitalisation Transactions

The recapitalisation will involve a series of transactions as set out below.

Debt to Equity Conversions

- Asian Investment Management Services Ltd (**AIMS**), Troy's largest creditor, which has an outstanding gold loan to Troy in the amount of 5,200 ounces, has agreed to convert approximately 50% of the outstanding amount, representing an aggregate amount of approximately A\$6.9 million, into approximately 313 million Shares subject to shareholder approval, among other conditions.

Additionally, AIMS has agreed, subject to the satisfaction of a number of conditions, to effectively convert the balance of its loan of approximately A\$6.9 million¹ into equity by participating for its entitlement under the rights issue (described below) with the subscription price for the Shares set off against the outstanding balance of the gold loan into approximately 314 million Shares.

¹ Troy and AIMS have agreed to keep \$100 of the gold loan outstanding as a nominal amount so that, if required, the security for the gold loan could be transferred to any future financier(s) of Troy.



AIMS has also agreed to a standstill arrangement with the Company to not demand repayment of any debt outstanding and not exercise any of its enforcement rights in respect of existing defaults under the outstanding gold loan.

- ExploSERVICE Guyana Inc (**ExploSERVICE**), the largest creditor of Troy's Guyanese subsidiary, has agreed to convert approximately A\$4.6 million, approximately 40% of the amount owed, into approximately 209 million Shares, subject to shareholder approval.

In addition, ExploSERVICE has agreed that repayment of the balance of the amount owed, approximately A\$6.5 million, is deferred until 30 April 2023.

- CED Capital, which provided services to Troy in assisting with the recapitalisation, will be issued with an aggregate of 16.7 million Shares representing a debt owed of approximately A\$0.36 million, subject to shareholder approval.

Placement

Troy will conduct a two-tranche placement for the issue of approximately 217.5 million Shares to raise approximately A\$4.8 million (**Placement**), comprising:

- **Tranche 1:** approximately 42 million Shares to raise approximately A\$0.9 million using the Company's existing placement capacity under Listing Rule 7.1; and
- **Tranche 2:** approximately 175.5 million Shares to raise approximately A\$3.8 million, subject to shareholder approval.

The investors participating in the Placement are as follows:

- M&G plc (**M&G**), the Company's current largest shareholder, has agreed to subscribe for approximately 122 million Shares (approximately 15 million tranche one Shares and approximately 107 million tranche two Shares), raising approximately A\$2.7 million.
- Ruffer LLP (**Ruffer**), the Company's current second largest shareholder, has agreed to subscribe for approximately 68 million Shares (approximately 18 million tranche one Shares and approximately 50 million tranche two Shares), raising A\$1.5 million.
- RiverFort Global Opportunities PCC Ltd (**RiverFort**), has agreed to subscribe for approximately 23 million Shares (approximately 9 million tranche one Shares and approximately 14 million tranche two Shares), raising A\$0.5 million. This has been arranged by RiverFort Global Capital Ltd a London-headquartered investment services firm regulated by the Financial Conduct Authority.
- A sophisticated investor has also agreed to subscribe for approximately 4.5 million tranche two Shares, raising A\$100,000.

Convertible Note

- RiverFort has agreed to provide funding to Troy through a convertible note facility of up to A\$5.0 million, comprising of an initial issue of A\$2.0 million of convertible notes (**RiverFort Convertible Notes**) with the ability for the Company to drawdown an additional A\$3.0 million of RiverFort Convertible Notes. Key terms of the RiverFort Convertible Notes are described in Schedule 1.
- In connection with the issue of the RiverFort Convertible Notes, the Company has also agreed to issue options equal to 50% of the number of RiverFort Convertible Notes issued. The initial issue of A\$2.0 million of RiverFort Convertible Notes will result in the

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issue of 45,454,545 options with an exercise price of A\$0.0286 and an expiry date of 3 years from the date of issue.

Rights Issue

- Troy will undertake a renounceable non-underwritten rights issue on the basis of one (1) new Share for every one (1) Share held to allow all shareholders to participate in the capital raising at the same issue price (i.e. A\$0.022 per share) to raise a maximum of approximately A\$35 million². The rights issue will be conducted following completion of the Placement through a prospectus issued to shareholders.
- AIMS has agreed, subject to a number of conditions, to subscribe for approximately 314 million Shares to effectively convert the balance of its loan of approximately A\$6.9 million into Shares (as described above).
- M&G has agreed that it will subscribe for approximately 19 million Shares, raising approximately A\$0.4 million.

A summary of the key terms of the debt to equity agreements, placement agreements and the convertible note agreement is also set out in Schedule 1.

Troy does not currently have sufficient placement capacity under ASX Listing Rule 7.1 to undertake each of the recapitalisation transactions. Accordingly, tranche two of the Placement, and the Shares to be issued to AIMS and Exploservice for the debt to equity conversions and the issue of the RiverFort Convertible Notes, are subject to shareholder approval which the Company will seek to obtain at the Company's Annual General Meeting (**AGM**) to be held in mid-late March 2022.

It is important to note that the transactions are part of an overall plan to recapitalise the Company and that the Shares to be issued pursuant to tranche two of the Placement, the debt to equity conversions and the issue of the RiverFort Convertible Notes will be conditional resolutions, in that the overall recapitalisation of the Company will only proceed if all resolutions are approved by Troy's shareholders.

Accordingly, obtaining the approval of shareholders is critical to the success of the recapitalisation. The recapitalisation and the ability for the Company's shares to recommence trading on ASX is also dependent upon the Company satisfying any reinstatement conditions imposed by ASX. ASX has provided indicative reinstatement conditions to the Company which are described in Schedule 2. However, discussions with ASX are ongoing and ASX has reserved its right to amend or withdraw any of the reinstatement conditions or withdraw the reinstatement conditions letter in its entirety in its absolute discretion.

Immediately following the Placement³, AIMS will be the Company's largest shareholder with approximately 19.9% of the Shares on issue. M&G's shareholding in Troy will increase to approximately 14.99% and Ruffer's shareholding will increase to approximately 8.6%.

Troy will then launch the rights issue with AIMS agreeing to participate in the rights issue as described above, potentially resulting in AIMS's shareholding in the Company increasing further, with the precise percentage of Shares held dependent upon the level of participation in the rights issue of other shareholders.

If shareholders approve all the recapitalisation transactions, upon completion of tranche two of the Placement, Troy will have converted approximately A\$11.8 million of existing debt to

² As noted above, AIMS has agreed to subscribe for its full entitlement, with the proceeds of approximately A\$6.9 million applied to debt reduction rather than as a cash receipt.

³ Completion of Tranche 1 and Tranche 2 of the Placement.

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equity (with an additional approximately A\$6.9 million to be converted following AIMS participation in the rights issue) and raised approximately A\$6.8 million in cash (before costs), which comprises A\$4.8 million as equity through the Placement and A\$2.0 million through the RiverFort Convertible Notes.

This will mean that upon completing the recapitalisation transactions⁴, Troy will have cash at its disposal of approximately A\$6.8 million (excluding the rights issue) and its remaining current net Group debt will be approximately A\$12.3 million. Of this A\$12.3 million amount, a net amount of approximately A\$3.9 million is owing to the Guyanese Government, calculated as royalties owing of approximately A\$9.4 million offset by a Value Added Tax (VAT) receivable of approximately A\$5.5 million. The VAT receivable relates to value added tax incurred by Troy's Guyanese subsidiary on the previous supply of goods and services which is now recoverable by Troy. Troy remains in constant communication with the Guyanese Government in relation to the receipt of the VAT receivable. The net amount of VAT recoverable from the relevant taxation authority is offset against the Group's debt position to arrive at the current net Group debt of A\$12.3 million.

Total non-current Group debt will become approximately A\$8.7 million (inclusive of the A\$2.0 million convertible loan). The Company has been engaging with its outstanding group creditors as part of this recapitalisation process and will continue to engage with these parties following the recapitalisation. This may include further debt to equity conversions or debt to equipment sale negotiations.

Indicative Capital Structure

The indicative capital structure of the Company following the recapitalisation transactions and the rights issue is as follows:

	Shares	Options	Performance Rights	Convertible Notes
Number of securities on issue	812,810,631	32,300,000	4,000,000	-
Tranche 1 Placement	42,096,485	-	-	-
Tranche 2 Placement	192,212,822	-	-	-
Debt to equity conversions	522,159,798	-	-	-
Convertible Note	-	45,454,545	-	2,000,000
Subtotal	1,569,279,736	77,754,545	4,000,000	2,000,000
Securities to be issued following completion of the rights issue (assuming only AIMS and M&G take up their entitlements and no shortfall shares are issued)	332,635,045	-	-	-
Total	1,901,914,781	77,754,545	4,000,000	2,000,000

⁴ The recapitalisation being the two tranche placements, the debt to equity conversions and the convertible notes issues but excluding the rights issue.

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**Indicative Use of Funds**

The indicative use of funds of the Company following the recapitalisation transactions and the rights issue for the period to 1 January 2022 to 31 December 2022 is set out in the following table:

Use of funds	Recapitalisation		Recapitalisation and Rights Issue ⁵	
	A\$ (million)	%	A\$ (million)	%
Karouni mill care and maintenance costs	0.7	11%	1.1	11%
Karouni exploration	0.5	7%	0.7	7%
Karouni mine site expenditure	1.3	19%	1.8	19%
Guyana corporate expenses	1.0	14%	1.4	14%
Perth corporate expenses	1.1	17%	1.6	16%
Smarts Underground development expenditure ⁶	0.5	7%	0.5	5%
Guyana and corporate insurances	0.8	11%	0.8	8%
Working capital	0.9	13%	1.9	19%
Total	6.8	100%	9.8	100%

Indicative Timetable

An indicative timetable for the recapitalisation setting out key dates is set out below.

Event	Indicative Date
Issue Tranche 1 Placement Shares	Early January 2022
Lodge 2021 Annual Report with ASX ⁷	Mid February 2022
Dispatch Notice of Meeting for AGM	Late February 2022
Annual General Meeting	Late March 2022
Issue Tranche 2 Placement Shares	April / May 2022
Issue RiverFort Convertible Notes	April / May 2022

⁵ For the purposes of this table, it is assumed that shareholders (other than AIMS) subscribe for their entitlements under the Rights Issue resulting in the Company receiving an additional A\$4 million. It may well be the case that more funds are received through the rights issue; however, it is considered prudent for present purposes to assume this lesser amount. In the event that less than A\$4 million is raised from the Rights Issue, the Company may pursue alternate sources of funding to progress and complete the first phase of the Smart's Underground development. The funding mechanism could take the form of a placement to institutional or strategic investors, or potentially the assumption of additional debt.

⁶ Costs associated with the development of Smarts Underground including pursuing funding to develop the Smarts Underground and further technical work such as mine design and planning.

⁷ The Company notes that the audit of its subsidiary in Guyana has been delayed, primarily as a result of the reduction of Troy's activities in Guyana with some key staff members no longer available. To address this matter, on 18 December 2021, Troy's Finance and Administration Manager flew to Guyana where he will stay until such time as the requirements of the Company's auditor, PricewaterhouseCoopers (PwC), have been met. PwC has advised that they consider that 11 February 2022 is the earliest date the Company will be able to lodge its 2021 Annual Report with ASX.

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Lodge Rights Issue Prospectus	April / May 2022
Record Date for Rights Issue	April / May 2022
Dispatch Prospectus and Rights Issue Opens	April / May 2022
Rights Issue Closes	April / May 2022
Issue Rights Issue Shares (including the final portion of the AIMS debt conversion)	April / May 2022

Note: The above timetable is indicative only and remains subject to change at the Company's discretion, subject to compliance with applicable laws, the ASX Listing Rules and ongoing discussions with ASX regarding reinstatement of the Company's shares to trading.

Troy was advised on the recapitalisation by Azure Capital. CED Capital, a London-headquartered equity capital markets firm, assisted with equity raising activities. Legal advice was provided by Thomson Geer.

Mr Peter Stern, Non-Executive Chairman of Troy, said today:

"With ore from the Hicks 4 pit running out somewhat earlier than anticipated, and certainly before ore from the Smarts Underground had been upgraded to Ore Reserve status, Troy found itself in a precarious financial position, with Troy having to carefully manage its cash reserves to service its debts whilst there was no cashflow from production.

"The transactions the subject of this announcement will go a long way to restoring Troy's financial status, including positioning the Company to recommence both evaluation of the Smarts Underground and general exploration efforts.

"I urge shareholders to support the recapitalisation proposal by voting in favour of the enabling resolutions when they receive the Notice of Meeting.

"Whilst the various share issues are unavoidably dilutionary, I can assure shareholders that this proposal is far more attractive than alternate transactions that were considered.

"The recapitalisation will allow us to get on with the various tasks at hand – progressing plans for the development of the Smarts Underground Project and, if the rights issue raises sufficient funds, continuing to explore our highly underexplored but highly prospective ground position.

"Achieving this outcome would not have been possible without the wonderful support of key stakeholders, namely AIMS, Exploservice, M&G and Ruffer, each of whom worked closely with us to achieve a win-win outcome.

"The Board extends a very big thank-you to them, and a very warm welcome to RiverFort as both a shareholder and lender.

"The Board also wishes to acknowledge the tireless efforts of Azure, CED Capital and Thomson Geer, and the patience and tolerance of all shareholders and other stakeholders as we worked our way through and, hopefully, out of this very difficult situation."

This announcement has been authorised for release by the Board.

ENDS

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For further information please contact:

Richard Beazley – Interim CEO and Managing Director

T: +61 8 9481 1277

E: troy@troyres.com.au

Peter Stern - Non-Executive Chairman

T: +61 8 9481 1277

E: troy@troyres.com.au

Rebecca Broughton - CFO and Company Secretary

T: +61 8 9481 1277

E: troy@troyres.com.au

COMPETENT PERSONS SIGN OFF – ORE RESERVES

The information contained in this report referring to Smarts Underground is extracted from the announcement entitled “Maiden Smarts Underground Ore Reserve” released on 26 July 2021 which is available to view on www.troyres.com.au or the ASX website under the company code TRY.

The information in this release relating to the Smarts Underground Ore Reserves is based on information resulting from Pre-Feasibility-level Ore Reserve works carried out by Auralia Mining Consulting Pty Ltd. Mr Anthony Keers completed the Ore Reserve estimate. Mr Anthony Keers is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify him as a Competent Person as defined in accordance with the 2012 Edition of the Australasian Joint Ore Reserves Committee (JORC). Mr Keers consents to the inclusion in the document of the information in the form and context in which it appears.

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SCHEDULE 1

SUMMARY OF AGREEMENTS

Subscription Agreements for Placement – M&G, Ruffer & Other Investor

The below table summarises the key terms of the subscription agreements with M&G, Ruffer and a sophisticated investor for their participation in the Placement.

Tranche 1 Placement	
Investor and Amount	<p>M&G: 14,900,577 Shares at an issue price of \$0.022 per Share to raise \$327,812.69</p> <p>Ruffer: 18,105,000 Shares at an issue price of \$0.022 per Share to raise \$398,309.99</p>
Tranche 2 Placement	
Investor and Amount	<p>M&G: 107,226,912 Shares at an issue price of \$0.022 per Share to raise \$2,358,992.07</p> <p>Ruffer: 50,076,819 Shares at an issue price of \$0.022 per Share to raise \$1,101,690.01</p> <p>Other Investor: 4,545,455 Shares at an issue price of \$0.022 per Share to raise \$100,000.00</p>
Conditions Precedent	<p>Issue of the tranche two Placement Shares is subject to:</p> <ul style="list-style-type: none"> • Shareholder approval of the tranche two Placement Shares; and • lodgement of the Company's 2021 Annual Report with ASX.
End Date	<p>The conditions precedent for M&G and Ruffer must be satisfied by 31 March 2022, otherwise either party may terminate the agreement.</p> <p>The conditions precedent for the Other Investor must be satisfied six months from the date of the agreement, otherwise either party may terminate the agreement.</p>
Completion	5 business days after satisfaction of the conditions precedent.
M&G participation in rights issue	M&G undertakes to participate in the rights issue and apply for a minimum of 18,781,602 Shares to raise \$413,195.24

Subscription Agreement for Placement – RiverFort

The below table summarises the key terms of the subscription agreement with RiverFort for its participation in the Placement.

Tranche 1 Placement	
Amount	9,090,909 Shares at an issue price of \$0.022 per Share to raise \$200,000.00
Conditions Precedent	<p>Issue of the tranche one Placement Shares is subject to:</p> <ul style="list-style-type: none"> • evidence of the agreements entered into with M&G, Ruffer, CED Capital and Exploservice with respect to the implementation of the restructure of the Company;

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	<ul style="list-style-type: none"> • receipt of a term sheet which summarises the terms of the AIMS debt to equity conversion agreement; • the execution of the Funding Agreement (summarised below) and the transactions contemplated by the Funding Agreement being valid and binding on the Company; and • the transactions contemplated by the option deed relating to the issue of the options to RiverFort in connection with the issue of the RiverFort Convertible Notes being valid and binding on the Company.
Completion	5 business days after satisfaction of the tranche one conditions precedent.
Tranche 2 Placement	
Amount	13,636,364 Shares at an issue price of \$0.022 per Share to raise \$300,000.00
Conditions Precedent	<p>Issue of the tranche two Placement Shares is subject to:</p> <ul style="list-style-type: none"> • completion of tranche one of the Placement; • Shareholder approval of the tranche two Placement Shares; • lodgement of the Company's 2021 Annual Report with ASX; • closing of the restructure of the debts and liabilities; • completion of tranche one and tranche two of the Placement; • the Company confirming in writing that following tranche two of the Placement and receipt of funds for the convertible notes, the Company believes it will satisfy the outstanding conditions imposed by ASX for re-admission; and • evidence of the AIMS security document being varied to reduced the secured debt to \$100.
Completion	5 business days after satisfaction of the tranche two conditions precedent.
End Date	The conditions precedent must be satisfied by 15 April 2022, otherwise either party may terminate the agreement.

Debt to Equity Conversion – AIMS

The below table summarises the key terms of the agreements with AIMS for the issue of Shares as part of the debt to equity conversion arrangements.

Debt to Equity Conversion	
Debt to equity conversion	Issue of 312,790,000 Shares at a deemed issue price of \$0.022 per Share set off against \$6,881,380.00 owed under the AIMS gold loan.
Conditions Precedent to Debt to Equity Conversion	<p>Issue of the Shares is subject to:</p> <ul style="list-style-type: none"> • completion of the tranche one Placement Shares; • Shareholder approval of the tranche two Placement Shares and the Shares to be issued to AIMS; • completion of the tranche two Placement Shares occurring immediately prior to completion of AIMS subscription; • the issue of the Shares to AIMS not being unlawful or contrary to any law or the requirements of any government agency; • no prescribed event occurring prior to completion; and



	<ul style="list-style-type: none"> lodgement of the Company's 2021 Annual Report with ASX.
End Date	The conditions precedent must be satisfied by 30 April 2022, otherwise either party may terminate the agreement.
Completion	5 business days after satisfaction of the conditions precedent. With effect from completion occurring, the security associated with the AIMS gold loan is released other than in respect of \$100.
AIMS participation in Entitlement Offer	<p>AIMS undertakes to participate in the rights issue and apply for a minimum of 313,853,443 Shares with the subscription amount being set off against \$6,904,775.75 owed under the AIMS gold loan, with only \$100 outstanding under the AIMS gold loan following the issue of these Shares.</p> <p>AIMS's participation in the rights issue is subject to:</p> <ul style="list-style-type: none"> completion of the AIMS debt to equity conversion (described above) occurring; no prescribed event has occurred prior to subscription under the rights issue; the participation in the rights issue is not unlawful or contrary to any law or the requirements of any government agency; the Company has issued and lodged a prospectus for the rights issue; any necessary Shareholder or other approvals have been obtained in relation to the rights issue; and the Company obtaining ASIC approval for the appointment of a nominee for the purposes of section 615 of the Corporations Act.
Standstill arrangements	<p>AIMS has agreed to a standstill arrangement with the Company to not demand repayment of any debt outstanding and not exercise any of its enforcement rights in respect of existing defaults under the outstanding gold loan. The standstill period extends to the earlier of (i) 3 months after completion of the AIMS debt to equity conversion, (ii) termination of the agreement or (iii) if a trigger event occurs which is:</p> <ul style="list-style-type: none"> if the Company breaches the agreement; an insolvency event occurs in relation to the Company; or RiverFort demands repayment or enforces its rights in relation to the RiverFort Convertible Notes. <p>A trigger event entitles AIMS to demand immediate repayment of the gold loan and exercise its enforcement rights.</p>

Debt to Equity Conversion – Exploservice and CED Capital

The below table summarises the key terms of the agreements with Exploservice and CED Capital for the issue of Shares as part of the debt to equity conversation arrangements.

Debt to Equity Conversion	
Debt holder and Amount	<p>Exploservice: Issue of 209,369,798 Shares at a deemed issue price of \$0.022 per Share set off against \$4,606,135.56 owed to Exploservice for the provision of drilling and blasting services in Guyana.</p> <p>CED Capital: 16,727,273 Shares at a deemed issue price of \$0.022 per Share as a fee for services.</p>

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Conditions Precedent	Issue of the Shares is subject to: <ul style="list-style-type: none"> Shareholder approval of the tranche two Placement Shares; and lodgement of the Company's 2021 Annual Report with ASX.
End Date	The conditions precedent must be satisfied six months from the date of the agreement, otherwise either party may terminate the agreement.
Completion	5 business days after satisfaction of the conditions precedent.

Funding Agreement - RiverFort

The following table is a summary of the key terms of the funding agreement and the convertible notes issued to RiverFort.

Investor and Amount	RiverFort: Subscription for up to 5,000,000 convertible notes with a face value of \$1.10 per convertible note.
Drawdowns	First Drawdown: \$2,000,000 for the issue of 2,000,000 convertible notes. Further Drawdown: Up to \$3,000,000 for the issue of 3,000,000 convertible notes.
Conditions Precedent	RiverFort's obligations to subscribe for the convertible notes is conditional a number of conditions precedent, including: <ul style="list-style-type: none"> the Company delivering certain resolutions and certificates to RiverFort; the conditions precedent to RiverFort 's subscription for tranche two Placement shares being satisfied; the Company complying with its obligations and representations and warranties under the funding agreement; no event of default or potential event of default occurring as a consequence of the contemplated transaction; and at the issue of the first convertible notes, no material adverse effect has occurred. <p>The Company obligations in relation to the issue of the convertible notes is conditional a number of conditions precedent, including:</p> <ul style="list-style-type: none"> the Company obtaining shareholder approval for the issue of the convertible notes and options to RiverFort; and RiverFort complying with its obligations and representations and warranties under the funding agreement.
Completion	First Drawdown: 10 business days after completion of the tranche two Placement. Further Drawdown: Any further drawdowns of the convertible note facility occur at a date that is mutually agreed by the parties.
Convertible Note Key Terms and Conditions	
Number	Initially 2,000,000 and subsequently up to 5,000,000 convertible notes.
Face value	\$1.10 per convertible note.

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Maturity Date	Each drawdown matures on the date that is 18 months from the date of issue.
Interest	Nil
Security	Nil
Conversion right	Each convertible note is convertible into one Share. Convertible notes are convertible at the election of RiverFort at any time prior to the Maturity Date of the convertible notes.
Floor Price	A\$0.007 per Share.
Closing Price	Closing Price means: <ul style="list-style-type: none"> • \$0.022 per Share with respect to the first drawdown; and • the Company's average of the 20 day Average VWAP⁸ immediately preceding the further drawdown date with respect to a further drawdown.
Fixed Conversion Price	130% of the Closing Price, subject to adjustments made in accordance with the funding agreement. However, the Fixed Conversion Price will not be lower than the Floor Price.
Conversion Price	The Conversion Price for each convertible note is the lower of: <ul style="list-style-type: none"> • the Fixed Conversion Price; and • 93% of the average of any 2 daily VWAPs of the Company's Shares as elected by RiverFort during the 15 trading days prior to the issue of the conversion notice, but with the Conversion Price being no less than the Floor Price.
Early redemption	At any time prior to the Maturity Date whilst the Company's Shares are trading below the Fixed Conversion Price for five consecutive trading days, the Company may elect to redeem all or part of the outstanding amount of the convertible notes.
Events of default	An Event of Default includes, but is not limited to: <ul style="list-style-type: none"> • the Company failing to repay the outstanding convertible notes on the relevant Maturity Date; • the Company breaching or failing to comply in full with any of its material obligations under any funding agreement which is not remedied within 10 business days; • an insolvency event occurs in relation to the Company; • a material adverse effect occurs in relation to the Company; • the Company failing to comply with the Listing Rules; and • the Company requests suspension of trading, cessation of quotation or removal of the Company from the ASX Official List, except for a suspension required by the Company to manage its continuous disclosure obligations; and • the Company's shares are suspended for more than 20 consecutive trading days in any 12 month period.

⁸ Average VWAP means, in relation to a specified period of trading days, the non-weighted simple average of each of the daily VWAPs for the specified period.

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	Upon an Event of Default occurs RiverFort has a range of remedies including declaring all outstanding amounts immediately due and payable.
Options	<p>The Company will issue to RiverFort such number of options equal to 50% of the number of convertible securities issued on each of the relevant drawdown dates, with each option having an exercise price equal to 130% of the Closing Price and expiring 3 years after the date of issue.</p> <p>The first drawdown of \$2.0 million will result in the issue of 45,454,545 options to RiverFort with an exercise price of \$0.0286 and expiring 3 years from the date of issue.</p>
Use of Funds	<p>Pursuant to the subscription agreement with RiverFort, the Company agrees that any funds made to the Company pursuant to the funding agreement will:</p> <ul style="list-style-type: none">• be placed into a newly opened and separate bank account of the Company; and• will not be used by the Company until the first full day of trading post the Company's re-admission to ASX.

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SCHEDULE 2

ASX INDICATIVE REINSTATEMENT CONDITIONS

ASX has provided the Company with the following indicative conditions for reinstatement of the Company's shares to trading and official quotation on ASX. However, discussions with ASX for reinstatement of the Company's to trading are ongoing and ASX has reserved its right to amend or withdraw any of the reinstatement conditions or withdraw the reinstatement conditions letter in its entirety in its absolute discretion.

1. The Company's shareholders approving all the resolutions required to give effect to the two tranche placements, the convertible notes issue and the debt to equity conversions (**Recapitalisation**) at a general meeting of shareholders.
2. The Company disclosing the proposed use of funds in conjunction with the Recapitalisation.
3. The Company confirming that, at the time of reinstatement, it will be funded for at least two quarters.
4. The Company releasing a full form prospectus in order to permit secondary sales of the securities to be issued in conjunction with the Recapitalisation, and any prior issues of securities made during the period of the Company's suspension.
5. Completion of the Recapitalisation, including closure of the prospectus.
6. Confirmation in a form acceptable to ASX that the Company has received cleared funds for the complete amount of the issue price of every security issued pursuant to the Recapitalisation.
7. The Company demonstrating compliance with ASX Listing Rule 12.1 to the satisfaction of ASX.
8. The Company demonstrating compliance with ASX Listing Rule 12.2 to the satisfaction of ASX, including:
 - a. Providing a 'working capital statement' similar to that required by ASX Listing Rule 1.3.3(b) to the effect that following completion of the Recapitalisation, the Company will have sufficient working capital at the time of its reinstatement to carry out its objectives (being the objectives detailed in the proposed use of funds referred to in condition 2 above).
 - b. Satisfying the 'working capital test' of at least \$1.5 million, similar to that required by ASX Listing Rule 1.3.3(c).
9. Lodgement of all outstanding Appendices 2A and 3B with ASX for any new issues of securities.
10. Payment of all ASX fees, including listing fees, applicable and outstanding (if any).



11. Lodgement of all outstanding periodic or quarterly reports required to be lodged under Chapters 4 and 5 of the ASX Listing Rules (if any).
12. Provision of the following documents, in a form suitable for release to the market:
 - a. A statement confirming completion of the Recapitalisation.
 - b. A statement outlining the Company's capital structure following the shareholder meeting on a post-issue basis.
 - c. A consolidated activities report setting out the proposed business strategy of the Company (including an update on the status of the Company's assets and the current activities with respect thereto).
 - d. The Company's pro forma statement of financial position based on actual funds raised under the Recapitalisation.
 - e. The Company proposed use of funds based on actual funds raised under the Recapitalisation.
 - f. A statement confirming that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of its proposed use of funds.
 - g. Provision of any other information required or requested by ASX including (but without limiting the generality of the foregoing) in relation to any issues that may arise from ASX's review of the prospectus, the Company's notice of meeting or any outstanding periodic or quarterly reports lodged subsequent to the ASX reinstatement conditions letter.
 - h. A statement confirming TRY is in compliance with the ASX Listing Rules, and in particular, ASX Listing Rule 3.1.

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