

**Form 603**  
Corporations Act 2001  
Section 671B

## Notice of initial substantial holder

To Company Name/Scheme Kasbah Resources Limited (Kasbah)

ACN/ARSN 116 931 705

### 1. Details of substantial holder (1)

Name Kasbah Resources Limited

ACN/ARSN (if applicable) 116 931 705

The holder became a substantial holder on 23/12/16

### 2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares	138,133,684	138,133,684	19.9%

### 3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Kasbah Resources Limited	Deemed relevant interest under section 608(1)(c) of the Corporations Act arising from the restriction on the disposal of shares under voluntary escrow pursuant to the Placement Agreement between Kasbah and Pala Investments Limited (see <b>Annexure A</b> ).	138,133,684 fully paid ordinary shares

### 4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Kasbah Resources Limited	Citicorp Nominees Pty Limited	Pala Investments Limited	138,133,684 fully paid ordinary shares

### 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Kasbah Resources Limited	23 December 2016	N/A	N/A	138,133,684 fully paid ordinary shares

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:


Name and ACN/ARSN (if applicable)	Nature of association

**7. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
Kasbah Resources Limited	11 Moreau Mews, Applecross, WA 6153
Pala Investments Limited	12 Castle Street, Jersey JE2 3RT

**Signature**

print name	Wayne Bramwell	capacity	Director
sign here		date	23/12/16

**DIRECTIONS**

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

The following document is Annexure A referred to in Form 603: Notice of Initial Substantial Holder

A handwritten signature in blue ink, appearing to read 'Wayne Bramwell', is positioned above a horizontal line.

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**Wayne Bramwell**  
**Kasbah Resources Limited**  
**23 December 2016**

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## Placement Agreement

Pala Investments Limited

and

Kasbah Resources Limited

ACN 116 931 705

Subscription of shares in Kasbah Resources  
Limited by Pala Investments Limited

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**THIS AGREEMENT** is made on 18 December 2016

**BETWEEN:**

- (1) **PALA INVESTMENTS LIMITED** whose registered office is 12 Castle Street, Jersey JE2 3RT (the **Subscriber**); and
- (2) **KASBAH RESOURCES LIMITED** ACN 116 931 705 whose registered office is at 11 Moreau Mews, Applecross, Western Australia 6153, Australia (the **Company**).

**RECITALS:**

- (A) The Subscriber proposes to make a strategic investment in the Company, with the objective of the Subscriber supporting the Company through the following:
  - (1) facilitating team strength at the Board and management level of the Company;
  - (2) providing experience in the construction of projects undertaken by the Company and project management;
  - (3) facilitating project financing and engaging with optimal financing partners;
  - (4) assisting in strategic growth and acquisition or disposal opportunities; and
  - (5) supporting stakeholder and community relations with the Company.
- (B) The Company has agreed to issue the Subscription Shares to the Subscriber and the Subscriber has agreed to subscribe for the Subscription Shares and pay the Subscription Price to the Company, on the terms of this document.

**OPERATIVE PROVISIONS**

1. **INTERPRETATION**

1.1 **Definitions**

The following definitions apply in this document.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

**Authorisation** means the following and includes any renewal or amendment of them:

- (a) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and
- (b) in relation to anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

**Board** means the board of directors of the Company.

**Business Day** means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and

- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Australia and Zug, Switzerland.

**Claim** means any claim, action, proceeding or demand made against the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

**Completion** means the completion of the subscription for and allotment and issue of the Subscription Shares in accordance with this document, and **Complete** has a corresponding meaning.

**Completion Date** means the latest of:

- (a) 21 December 2016;
- (b) any other date agreed by the Company and the Subscriber.

**Conditions Precedent** means the conditions precedent set out in clause 3.1.

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

**Controller** has the same meaning as in the Corporations Act.

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

**Encumbrance** means:

- (a) a security interest that is subject to the *Personal Property Securities Act 2009*;
- (b) any other mortgage, charge, pledge or lien; or
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation or which gives a creditor priority over unsecured creditors in relation to any property.

**End Date** means 31 December 2016, or any later date agreed in writing by the Company and the Subscriber.

**Equity Security** has the meaning given to that term in the Listing Rules.

**Fully Diluted Capital** means the total number of Shares plus the number of Shares that would be issued on exercise or conversion of any Equity Securities (other than Shares) which are on issue (or which the Company has agreed or proposes to agree to issue).

**Government Agency** means:

- (a) a government or government department or other body;
- (b) a governmental, semi-governmental or judicial person including a statutory corporation; or
- (c) a person (whether autonomous or not) who is charged with the administration of a law.

**Holding** means, in respect of a Subscriber Shareholder, the number of Shares beneficially held by that Subscriber Shareholder plus the number of Shares that would be issued on exercise or conversion of any Equity Security which is not a Share beneficially held by that Subscriber Shareholder.



**Insolvency Event** means, in respect of a person:

- (a) an administrator being appointed to the person;
- (b)
  - (i) a Controller or analogous person being appointed to the person or any of the person's property;
  - (ii) an application being made to a court for an order to appoint a Controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property; or
  - (iii) an appointment of the kind referred to in subparagraph (ii) being made (whether or not following a resolution or application);
- (c) the person who has the benefit of an Encumbrance or any agent on its behalf, appointing a Controller or taking possession of any of the person's property (including seizing the person's property within the meaning of section 123 of the PPSA) or otherwise enforcing or exercising any rights under the Encumbrance or Chapter 4 of the PPSA;
- (d) the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (e) an application being made to a court for an order for its winding up;
- (f) an order being made, or the person passing a resolution, for its winding up;
- (g) the person:
  - (i) suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or
  - (ii) being unable to pay its debts or otherwise insolvent;
- (h) the person taking any step toward entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors;
- (i) a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or
- (j) any analogous event under the laws of any applicable jurisdiction,

unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved by the Subscriber.

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

**Loss** means any loss, damage, cost, expense or liability incurred by the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

**Nominee Director** has the meaning given to that term in clause 6.1.

**Participation Exception** means:

- (a) an issue of Shares as a result of the exercise of options or other Equity Securities in the Company;

- (b) an issue of Shares or other Equity Securities in the Company to employees, officers, consultants or directors of the Company pursuant to a compensation or incentive scheme established before the date of this document for the benefit of employees, officers, directors or consultants of the Company; or
- (c) an issue of Shares under a dividend reinvestment plan or bonus share plan of the Company which does not exclude participation by the Subscriber.

**Proposed Equity Offer** has the meaning given to it in clause 8.4.

**Proceeds** means the total Subscription Price received by the Company for the Subscription Shares, less any costs incurred by the Company in connection with the Subscription (including the costs of the Subscriber in accordance with clause 14.2(b)).

**Prospectus** means a prospectus issued pursuant to section 708A(11) of the Corporations Act or as otherwise required under Chapter 6D of the Corporations Act.

**Pro-Rata Offer** means an offer made to all holders of Shares on a pro rata basis.

**Relevant Period** means each period referred to in clauses 6.1(a) and 6.1(b).

**Representatives** means any of a person's directors, officers, employees, financial advisers, attorneys, legal advisers, accountants, consultants or agents.

**Share** means an issued ordinary share in the capital of the Company.

**Subscriber Group** means the Subscriber and each of its wholly owned subsidiaries.

**Suspension Notice** has the meaning given to that term in clause 8.2(b)(i).

**Subscription Price** means, for each Subscription Share, \$0.027.

**Subscription Shares** means 138,133,684 fully paid Shares.

**Subscriber Shareholders** means:

- (a) the Subscriber, if it beneficially holds Shares; and
- (b) any member of the Subscriber Group who beneficially holds Shares.

**Warranties** means the warranties, undertakings and representations set out in Schedule 3 and **Warranty** has a corresponding meaning.

## 1.2 **Rules for interpreting this document**

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
  - (i) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
  - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;

- (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
  - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
  - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
  - (c) A word which suggests one gender includes the other genders.
  - (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
  - (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
  - (f) A reference to \$ or **dollars** is a reference to Australian dollars.
  - (g) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
  - (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
  - (i) The expressions **subsidiary**, **holding company** and **related body corporate** each have the same meaning as in the Corporations Act.

### 1.3 **Business Days**

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

## 2. **SUBSCRIPTION FOR SUBSCRIPTION SHARES**

### 2.1 **Issue and subscription**

The Subscriber agrees to subscribe for and pay the Subscription Price for the Subscription Shares, and the Company agrees to allot and issue the Subscription Shares to the Subscriber on the terms of this document.

### 2.2 **Application of Proceeds**

The Company agrees to apply the Proceeds for working capital purposes and other corporate purposes in accordance with a budget that is to be agreed by the parties.

## 3. **CONDITIONS PRECEDENT**

### 3.1 **Conditions Precedent**

Completion is conditional on:

- (a) if the Subscriber has provided the Company with a written nomination of its initial Nominee Director to be appointed to the Board at Completion pursuant to clause 6.1 together with a written consent to act as a director of the Company from the person so nominated by the Subscriber, the Company convening a meeting of the Board for the purpose of appointing the initial Nominee Director as a casual or additional director of the Board conditional on and with effect on and from Completion;
- (b) if the Subscriber has provided the Company with a written nomination of an interim chief executive officer on terms and conditions satisfactory to the Company and the Subscriber (both acting reasonably), the Company convening a meeting of the Board for the purpose of appointing the nominated interim chief executive officer conditional on and with effect on and from Completion;
- (c) Ian McCubbing, Rod Marston and Giles Robins resign as directors of the Company with effect on or before Completion;
- (d) Gabrielle Moeller be appointed as chairperson of the Board, with effect on or before Completion;
- (e) as at 8:00am (AWST) on the Completion Date, the Company not being affected by an Insolvency Event; and
- (f) as at 8:00am (AWST) on the Completion Date, there being no Warranty is not correct in a material respect, or is misleading in a material respect.

### 3.2 **Waiver of Conditions Precedent**

A Condition Precedent in clause 3.1 may only be waived by the Subscriber giving written notice to the Company.

### 3.3 **Obligations to satisfy Conditions Precedent**

The parties must use reasonable endeavours to ensure that the Conditions Precedent in clause 3.1 are satisfied promptly on or before the End Date. The parties must keep each other informed of any circumstances which may result in any Condition Precedent not being satisfied in accordance with its terms.

### 3.4 **Result of non-satisfaction of Conditions Precedent**

If the Conditions Precedent in clause 3.1 are not satisfied or waived under clause 3.2 on or before the End Date, then all rights and obligations under this document terminate on that date other than:

- (a) under clauses 1 (**Interpretation**), 10 (**Confidentiality**), 11 (**Announcements**), 12 (**Notices**), 13 (**Amendment and Assignment**) and 14 (**General**); and
- (b) rights that accrue before that date.

## 4. **COMPLETION**

### 4.1 **Time and place of Completion**

Completion will take place at 11:30am on the Completion Date at the Perth office of DLA Piper or at any other date, time or place agreed by the Company and the Subscriber.

#### 4.2 **Subscriber's obligations at Completion**

At Completion, the Subscriber will:

- (a) deliver to the Company an application for the Subscription Shares duly completed and executed by the Subscriber, in the form set out in Schedule 1 or in any other form the Company agrees to accept;
- (b) pay the Subscription Price to the Company in immediately available funds by bank transfer to the bank account nominated by the Company (such transfer to be confirmed by evidence of the Subscriber's bank of transfer), or in any other form that the Company may agree to accept as payment; and
- (c) give to the Company a signed consent by the Nominee Director to act as a director of the Company.

#### 4.3 **Company's obligations at Completion**

At Completion, the Company will:

- (a) allot and issue the Subscription Shares to the Subscriber or its custodian;
- (b) register the Subscriber or its custodian as the holder of the Subscription Shares; and
- (c) where the Subscriber has duly exercised its right under clause 6.1 to nominate the initial Nominee Director in accordance with clause 3.1(a), the Company must provide the Nominee Director with a deed of access, indemnity and insurance on terms satisfactory between the Company and the Nominee Director.

#### 4.4 **Company's obligations following Completion**

On or as soon as practicable after Completion, the Company must:

- (a) apply to ASX and use its best endeavours to obtain official quotation of the Subscription Shares by ASX; and
- (b) deliver to the Subscriber a holding statement showing the Subscriber as the holder of the Subscription Shares.

#### 4.5 **Completion simultaneous**

In respect of Completion:

- (a) the obligations of the parties under this document are interdependent; and
- (b) all actions required to be performed will be taken to have occurred simultaneously on Completion.

#### 4.6 **Share moratorium**

The Company agrees that it will not issue new Shares between the date of this agreement and immediately prior to Completion.

#### 5. **VOLUNTARY LOCK UP**

- (a) The Company must issue a Prospectus on or before 31 March 2017 so as to allow the Subscription Shares to be traded by the Subscriber without restriction or disclosure under Chapter 6D.2 of the Corporations Act.

- (b) The Subscriber must not dispose of or transfer effective ownership or control of the Subscription Shares at any time before the Company issues Prospectus in accordance with clause 5(a), unless the disposal or transfer is made pursuant to a takeover bid or scheme of arrangement.
- (c) The parties will do or procure to be done all such things and sign or procure to be signed all such documents as may be required to give effect to the voluntary lock up pursuant to clause 5(b).
- (d) The parties agree that the Company may request the Company's share registry place a holding lock on all the Subscription Shares until the earlier of:
  - (i) the Company issues Prospectus in accordance with clause 5(a); or
  - (ii) to enable the Subscriber to accept a takeover bid or scheme of arrangement.

## 6. **NOMINEE DIRECTOR**

### 6.1 **Appointment of Nominee Director**

- (a) For so long as the Subscriber Group holds in aggregate such number of Shares, options or other Equity Securities convertible into Shares in the Company which is not less than 10% of the Fully Diluted Share Capital of the Company, then the Subscriber may nominate two persons to be appointed as a director of the Board (each a **Nominee Director**).
- (b) If the Subscriber Group holds in aggregate such number of Shares, options or other Equity Securities convertible into Shares in the Company which is not less than 5% of the Fully Diluted Share Capital of the Company, then the Subscriber may only nominate one Nominee Director.
- (c) For the purposes of clauses 6.1(a) and 6.1(b), any Shares issued by the Company pursuant to a Participation Exception are excluded.
- (d) Each Nominee Director shall have the right to appoint an alternate director in accordance with the Constitution.
- (e) After the appointment of the Nominee Directors, the Board must:
  - (i) ensure that the Nominee Directors are proposed for election as a director at the next annual general meeting of the Company's shareholders convened after the appointment;
  - (ii) recommend the election of the Nominee Directors to the Company's shareholders at the annual general meeting referred to in clause 6.1(e)(i) and do all things as may be reasonably necessary or expedient on its part to ensure that such resolution is passed by the requisite majority.
- (f) The Subscriber's right to make the election under clause 6.1(a) and 6.1(b):
  - (i) may be made at any time during the Relevant Period;
  - (ii) does not merge on Completion;
  - (iii) does not cease after either the first nomination to appoint the Nominee Director or if any resolution to elect any Nominee Director is not approved by shareholders at any general meeting of the Company; and

(iv) is subject to:

- (A) compliance with all relevant regulations and laws, including ASX Corporate Governance Principles and Recommendations relating to appropriate background checks being conducted on the Nominee Director to ensure the Nominee Director has the requisite skills and experience for the position, is a person of good standing, has not been bankrupt or committed an offence which the Board determines is a reason why the Nominee Director should not be appointed to the Board; and
- (B) receipt by the Company of a consent from the Nominee Director.

## **6.2 Replacement of Nominee Director**

If a Nominee Director resigns, is not re-elected as a director or is no longer eligible to be a director of the Company, the Subscriber's rights under clause 6.1 are not affected and the Subscriber may nominate another person to be appointed as a replacement Nominee Director.

## **6.3 Appointment by Board in interim**

The Board will promptly appoint the Nominee Directors as a casual or additional director of the Board until the next annual general meeting of the Company, at which time the Nominee Directors will be subject to election by shareholders of the Company in accordance with the Listing Rules.

## **7. CHANGES TO THE BOARD**

The Company will exercise best endeavours to appoint a new independent director by the date that is three months following Completion.

## **8. ANTI-DILUTION RIGHTS**

### **8.1 Conditionality**

- (a) The obligations of the Company under this clause 8 are subject to the ASX granting a waiver from the requirements under ASX Listing Rule 6.18 in relation to the rights the Company grants to the Subscriber under this clause 8.
- (b) The Company must apply to the ASX for the waiver as soon as reasonably practical after the date of this agreement and use its reasonable endeavours to obtain the ASX waiver.
- (c) The Company must include all reasonable comments the Subscriber may have on all communications with the ASX concerning the aforementioned waiver. The Company must keep the Subscriber informed of any circumstances which may prevent the waiver being granted on the terms applied for. If the ASX grants the waiver other than on the terms applied for, the parties will co-operate to allow the Subscriber as many of the rights referred to in this clause 8 which do not conflict with the ASX ruling (and allow the rights to the extent that they do not conflict). If the ASX does not grant the waiver, the Company and the Subscriber must co-operate to implement alternative measures to achieve the same or similar outcome and re-apply to the ASX to the extent that such alternative measures require ASX approval.

### **8.2 Duration of rights**

- (a) The rights contained in this clause 8 will apply on and from Completion.

- (b) The rights contained in this clause 8 are automatically suspended (but not terminated) if following Completion:
- (i) the Subscriber Shareholders beneficially own (in aggregate) less than 5% of the Fully Diluted Share Capital of the Company for a continuous period of 30 days after the Company gives notice to each Subscriber Shareholder of that fact (**Suspension Notice**);
  - (ii) the Subscriber Shareholders beneficially own (in aggregate) more than 30% of the Fully Diluted Share Capital of the Company for a continuous period of 30 days after the Company gives a Suspension Notice to each Subscriber Shareholder; or
  - (iii) the strategic relationship between the Company and the Subscriber cease of changes in such a way that it effectively ceases,
- and the reason the Subscriber Shareholders beneficially own less than 5% or more than 30% of the Fully Diluted Share Capital of the Company is not because of:
- (iv) any issue of Shares pursuant to a Participation Exception;
  - (v) the issue of Shares pursuant to the exercise or conversion of any Equity Security on issue prior to the date of this document; or
  - (vi) the exercise or conversion of any Equity Security issued pursuant to a Participation Exception.

### 8.3 **Benefit of rights**

Each of the Subscriber Shareholders, whether a party to this document or not, is entitled to the benefits of this clause 8 and this clause 8 may be enforced on behalf of each Subscriber Shareholder by the Subscriber.

### 8.4 **Notice of issue**

The Company must give the Subscriber 15 Business Days' notice of any proposed offer of Equity Securities by it (other than a Participation Exception) (the **Proposed Equity Offer**).

### 8.5 **Right to participate**

Subject to clauses 8.6(a)(ii) and 8.6(b), the Company must ensure that each Subscriber Shareholder may participate in the Proposed Equity Offer by making an offer for issue to each Subscriber Shareholder the number of Equity Securities determined in accordance with clause 8.6 and otherwise on the same terms and conditions as offers of Equity Securities are made to other investors or shareholders pursuant to the Proposed Equity Offer.

### 8.6 **Number of Equity Securities**

- (a) Where, in respect of a Proposed Equity Offer, the Company is required under clause 8.5 to offer to issue Equity Securities to each Subscriber Shareholder, the number of Equity Securities to be offered to each Subscriber Shareholder will be:
- (i) where the Proposed Equity Offer is a Pro-Rata Offer, the pro-rata entitlement of that Subscriber Shareholder; or
  - (ii) otherwise, subject to clauses 8.6(b) and 8.6(c), the number of Equity Securities which would need to be issued to that Subscriber Shareholder so



that after the issue of Equity Securities under the Proposed Equity Offer, the Holding of that Subscriber Shareholder bears the same proportion to the Fully Diluted Capital as the Holding of that Subscriber Shareholder bore to the Fully Diluted Capital before the issue of Equity Securities pursuant to the Proposed Equity Offer.

- (b) The maximum number of Equity Securities which the Company must offer to each of the Subscriber Shareholders pursuant to clause 8.6(a)(ii) is that number of Equity Securities which will enable the Subscriber Group as a whole to subscribe for sufficient additional Equity Securities to enable the Subscriber Shareholders to maintain in aggregate no more than its pro-rata of the Fully Diluted Share Capital of the Company following completion of the Proposed Equity Offer.
- (c) To the extent a Subscriber Shareholder does not accept the maximum number of Equity Securities offered under this clause 8, any other Subscriber Shareholder may accept the offer in relation to those Equity Securities by notice to the Company.

## 9. **WARRANTIES**

### 9.1 **By each party generally**

Each party represents and warrants to the other party that each of the Warranties set out in Part 1 of Schedule 3 is true and correct at the date of this document and will be so at all times before and including the Completion Date.

### 9.2 **By the Company**

The Company warrants to the Subscriber that each of the Warranties set out in Part 2 of Schedule 3 is true and correct at the date of this document and will be so at all times before and including the Completion Date.

### 9.3 **Matters disclosed**

Each Warranty is to be read down and qualified by any information fully and fairly disclosed by each party prior to the date of this agreement, or as disclosed by the Company in announcements on the ASX announcements platform on or after 1 July 2015 but before the date of this agreement.

### 9.4 **Update of disclosures**

If, after the date of this document, the Company becomes aware of any circumstance which would cause a Warranty to be not true and accurate, or to be misleading in a material respect it will promptly give a notice to the Subscriber detailing the nature and effect of the change of circumstance.

### 9.5 **Indemnity**

The Company indemnifies the Subscriber against all Loss arising directly or indirectly from or incurred in connection with any breach of clauses 9.1 and 9.2.

### 9.6 **No extinguishment**

The Warranties are not extinguished or affected by any event or matter unless:

- (a) the Subscriber has given a specific written waiver or release;
- (b) the Claim relates to a matter which was fully disclosed to the Subscriber before the date of this document; or

- (c) the Claim relates to a thing done or not done after the date of this document at the request or with the approval of the Subscriber.

#### 9.7 **Reliance on Warranties**

The Company acknowledges that the Subscriber has entered this document and has agreed to subscribe for the Subscription Shares in reliance on the Warranties provided by the Company in Schedule 3.

#### 9.8 **Reciprocal Warranty cap**

The total liability of the Company and the Subscriber for loss or damage of any kind however caused, in contract, tort (including negligence), under any statute or otherwise arising from or relating to any and all Claims arising from or relating in any way to a Claim by the Company or the Subscriber for a breach of Warranty is limited to, in aggregate, the Subscription Price.

### 10. **CONFIDENTIALITY**

#### 10.1 **Confidential Information**

The following definitions apply in this clause 10.

**Confidential Information** means information in any form or medium that:

- (a) relates to the business, assets or affairs of each of the parties and their related bodies corporate;
- (b) is made available by or on behalf of the disclosing party to the receiving party, or is otherwise obtained by or on behalf of the receiving party; and
- (c) is, by its nature, confidential or the receiving party knows, or ought to know, is confidential.

Confidential Information includes the existence and terms of this document.

Confidential Information may be made available or obtained directly or indirectly and before, on or after the date of this document.

**Excluded Information** means information the receiving party can establish (by documentary evidence):

- (a) is in or enters the public domain through no fault of the receiving party; or
- (b) is already known to the receiving party on a non-confidential basis or is disclosed to the receiving party from another source otherwise than in breach of this document.

**disclosing party** means a party to this document who makes information available.

**receiving party** means a party to this document who receives information.

#### 10.2 **Disclosure of Confidential Information**

All Confidential Information exchanged between the parties under this document or during the negotiations preceding this document is confidential to them and may not be disclosed to any person except:

- (a) employees, officers, legal advisers, auditors and other consultants of the party or its related bodies corporate requiring the information for the purposes of this document or any transaction contemplated by it;
- (b) with the written consent of the party who supplied the information which consent may be given or withheld in its absolute discretion;
- (c) if a party is required to do so by law, a stock exchange or any Government Agency; or
- (d) if a party is required to do so in connection with legal proceedings relating to this agreement.

### **10.3 Use of Confidential Information**

A party must not use any Confidential Information, except for the purpose of performing its obligations under the document or as otherwise required by operation of law.

### **10.4 Excluded Information**

Clauses 10.2 and 10.3 do not apply to the Excluded Information.

### **10.5 Return or destruction of Confidential Information**

A party must immediately upon the written request of the other party:

- (a) deliver to the other party all documents and other materials containing, recording or referring to Confidential Information which are in its possession, power or control;
- (b) ensure that any person who receives the Confidential Information by its authority returns the Confidential Information (in any form in which it is held) to the other party; and
- (c) erase or destroy all electronic and other intangible records containing, recording or referring to Confidential Information.

### **10.6 Survival of confidentiality obligations**

Clause 10 will survive termination of this agreement irrespective of whether Completion has taken place or not.

## **11. ANNOUNCEMENTS**

### **11.1 Public announcements**

- (a) The Company and the Subscriber will consult with each other in relation to material public releases in relation to the subscription for the Subscription Shares by the Subscriber and subject to clause 11.2 neither party may, before or after Completion, make or send any material public statement, announcement or communication concerning the subscription for Subscription Shares unless it has first obtained the consent of the other party, which consent must not be unreasonably withheld or delayed.
- (b) The agreed form announcement to be issued to the ASX announcements platform immediately after execution of this document is set out in the Annexure.

## 11.2 **Public announcements required by law**

Clause 11.1 does not apply to a public announcement or communication required by law or a regulation of a stock exchange, if the party required to make or send it has:

- (a) provided the other party with as much notice as reasonably possible to enable it to seek a protective order or other remedy;
- (b) provided all assistance and cooperation that the other party considers necessary to minimise that disclosure; and
- (c) consulted to the extent possible in the circumstances with the other party and its legal advisers.

## 12. **NOTICES**

### 12.1 **How to give a notice**

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, signed by or on behalf of the person giving it or any person acting as an officer or agent of that person;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
  - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
  - (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full; or
  - (iii) sent by email to that person's email address.

### 12.2 **When a notice is given**

A notice, consent or other communication that complies with this clause 12 is regarded as given and received:

- (a) if it is delivered or sent by fax, if received:
  - (i) by 5.00 pm (local time in the place of receipt) on a Business Day - on that day; or
  - (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day;
- (b) if it is sent by mail:
  - (i) within Australia - three Business Days after posting; or
  - (ii) to or from a place outside Australia - seven Business Days after posting; and
- (c) if it is sent by email, at the earlier of:
  - (i) when the sender receives an automated message confirming delivery; and

- (ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered.

### 12.3 **Addresses for notices**

For the purpose of this clause 12 the address of a person is the address set out below or another address of which that person may give notice to each other person:

**Subscriber:**

Attention: General Counsel  
Address: Gotthardstrasse 26, 6300 Zug, Switzerland  
Facsimile: +41 41 560 9071  
Email: jnagulendran@pala.com

**Company:**

Attention: Company Secretary  
Address: 11 Moreau Mews, Applecross, Western Australia 6153, Australia  
Facsimile: +61 8 9463 6652  
Email: toconnor@kasbahresources.com

## 13. **AMENDMENT AND ASSIGNMENT**

### 13.1 **Amendment**

This document can only be amended or replaced by another document executed by the parties.

### 13.2 **Assignment**

A party may only assign, encumber, declare a trust over or otherwise deal with its rights under this document with the written consent of the other party.

## 14. **GENERAL**

### 14.1 **Governing law**

- (a) This document is governed by the laws of the state of Western Australia.
- (b) Each party submits to the jurisdiction of the courts of that state and of any court that may hear appeals from any of those courts, for any proceedings in connection with this document.

### 14.2 **Liability for expenses**

- (a) The Company must pay its own costs and expenses incurred in negotiating, preparing, executing and registering this document.
- (b) The Company must indemnify the Subscriber against, and must pay the Subscriber on demand the amount of, the Subscriber's reasonable costs in negotiating, preparing, executing and registering this document.

### 14.3 **Giving effect to this document**

Each party must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that any other party may reasonably require to give full effect to this document.

**14.4 Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

**14.5 Operation of this document**

- (a) This document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and has no further effect.
- (b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

**14.6 No merger**

No provision of this document merges on or by virtue of Completion.

**14.7 Entire agreement**

This document constitutes the entire agreement of the parties about its subject matter and supersedes all negotiations on that subject matter.

**14.8 Counterparts**

This document may be executed in counterparts.

**SCHEDULE 1**

Application for subscription shares

To: Kasbah Resources Limited (the **Company**)  
11 Moreau Mews, Applecross, Western Australia 6153, Australia

Attention: Company Secretary

[date]

Dear Sirs

**Application for shares pursuant to the Subscription Agreement dated [•] December 2016**

Capitalised terms which are used but not defined in this application have the meaning given to them (if any) in the Placement Agreement.

Pala Investments Limited (the **Subscriber**):

1. applies, and agrees to subscribe, for 138,133,684 ordinary shares in the capital of the Company (the **Subscription Shares**);
2. agrees to pay the Subscription Price upon Completion; and
3. agrees to be bound by the terms of the constitution of the Company.

The Subscriber requests that the Company issue the Subscription Shares to its custodian as follows:

Citicorp Nominees Pty Limited  
CHESS PID: 20018  
GPO Box 764G  
Melbourne VIC 3001  
For the benefit of: Pala Investments Limited (Account Number: I5100030)

For DvP settlement:

Yours faithfully

**SIGNED for PALA INVESTMENTS LIMITED** by its duly authorised officer, in the presence of:

\_\_\_\_\_  
Signature of officer

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

**SCHEDULE 2**

**Capital structure**

Shares on issue = 556,005,435

Unlisted options = 500,000



## SCHEDULE 3

### Warranties

#### Part 1 – By each party generally

1. **(status)** It is a body corporate validly existing under the laws of its jurisdiction of incorporation.
2. **(power)** It has full legal capacity and power to:
  - (a) own its property and to carry on its business; and
  - (b) enter into this document and to carry out the transactions that it contemplates.
3. **(corporate authority)** It has taken all corporate action that is necessary or desirable to authorise its entry into this document and to carry out the transactions contemplated.
4. **(Authorisations)** It holds each Authorisation (and is complying with any conditions to which any Authorisation is subject) that is necessary or desirable to:
  - (a) enable it to properly execute this document and to carry out the transactions that it contemplates;
  - (b) ensure that this document is legal, valid, binding and admissible in evidence; or
  - (c) enable it to properly carry on its business as it is now being conducted.
5. **(documents effective)** This document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally), subject to any necessary stamping or registration.
6. **(no contravention)** Neither its execution of this document nor the carrying out by it of the transactions that this document contemplates, does or will:
  - (a) contravene any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
  - (b) contravene any Authorisation;
  - (c) contravene any agreement binding on it or any of its property;
  - (d) if the party is a corporation, contravene its constitution; or
  - (e) require it to make any payment or delivery in respect of any financial accommodation before it would otherwise be obliged to do so.
7. **(no trust)** It is not entering into this document as trustee of any trust or settlement.
8. **(not insolvent, no receiver)** It is not affected by an Insolvency Event.
9. **(not unenforceable)** There is no circumstance which could make this document or any transaction contemplated by it void, voidable or unenforceable under any applicable law about insolvency.

## Part 2 – By the Company

1. **(Subscription Shares)** The Company represents and warrants to the Subscriber that:
  - (a) **(capital structure)** the capital structure of the Company set out in Schedule 2 contains a true, complete and accurate description of all the issued shares, options and other securities in the capital of the Company as at the date of this document and there has been no change to the capital structure since;
  - (b) **(rights of Subscription Shares)** on their allotment and issue at Completion, the Subscription Shares will rank on an equal footing in all respects with the then existing issued shares of the same class in the capital of the Company; and
  - (c) **(no Encumbrance)** on allotment and issue of the Subscription Shares on Completion, the Subscriber will be the holder of the Subscription Shares free from any Encumbrance or third party interest.
2. **(share issues)** Other than as disclosed in Schedule 2, there are no agreements, arrangements or understandings in force or securities issued which call for the present or future issue of, or grant to any person the right to require the issue of, any shares or other securities in the Company.
3. **(compliance with Listing Rules)** The issue of the Subscription Shares will not breach Listing Rule 7.1, or any other Listing Rule.
4. **(disclosure obligations)** The Company has complied with its obligations under Listing Rule 3.1 and there is no information to which Listing Rules 3.1A.1, 3.1A.2 or 3.1A.3 apply, other than information to be disclosed in the announcement made by the Company to be issued to the ASX announcements platform immediately after execution of this document as set out in the Annexure.

**EXECUTED** as an Agreement.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

**SIGNED** for **PALA INVESTMENTS LIMITED** by its duly authorised officer, in the presence of:



Signature of witness

*Dorothy KOH*

Name



Signature of officer

*John Napulendran*  
*Director*

Name

**EXECUTED** by **KASBAH RESOURCES LIMITED**:

Signature of director

Name

Signature of director/secretary

Name

**EXECUTED** as an Agreement.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

**SIGNED** for **PALA INVESTMENTS LIMITED** by its duly authorised officer, in the presence of:


\_\_\_\_\_  
Signature of officer

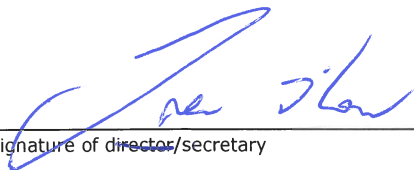
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Signature of witness

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

**EXECUTED** by **KASBAH RESOURCES LIMITED:**

  
\_\_\_\_\_  
Signature of director

  
\_\_\_\_\_  
Signature of director/secretary

WAYNE BRAMWELL  
Name

TREVOR JENNER  
Name

**ANNEXURE**

**Agreed form announcement**