
LONE STAR ENERGY LIMITED

ACN 157 789 761

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 8:00 AM WST

DATE: 2 November 2018

PLACE: Suite 9, 330 Churchill Avenue, Subiaco WA 6008

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of section 611 (Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolutions 2 and 3 to the non-associated Shareholders. The Independent Expert has determined the transactions the subject of those Resolutions is **not fair but reasonable**.

The business of the Meeting affects your shareholding and your vote is important.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm on 31 October 2018.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR MATTHEW SHELDRIK

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

“That, for the purpose of clause 13.2 of the Constitution, and for all other purposes, Mr Matthew Sheldrick, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 2 – APPROVAL OF ACQUISITION AS AN EXEMPTION TO THE TAKEOVERS PROHIBITION – CONVERSION OF CONVERTIBLE NOTES BY FASTWITCH ENTERPRISES PTY LTD

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

“That, for the purposes of section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for Fastwitch Enterprises Pty Ltd to acquire 24,000,000 Shares on the terms and conditions set out in the Explanatory Statement, which will result in the acquisition of a relevant interest in the voting shares of the Company by the Resolution 2 Associated Entities which is otherwise prohibited by section 606(1) of the Corporations Act.”

Voting Exclusion: No votes may be cast in favour of this Resolution by:

- (a) the person proposing to make the acquisition and their associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by the Resolution 2 Associated Entities and any of their associates.

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 (Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the acquisition contemplated by this Resolution is **not fair but reasonable** to the non-associated Shareholders.

4. RESOLUTION 3 – APPROVAL OF ACQUISITION AS AN EXEMPTION TO THE TAKEOVERS PROHIBITION – NICKELORE LIMITED ACQUISITION OF 100% OF THE COMPANY

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

“That, for the purposes of section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for Nickelore Limited to acquire all the then Shares on the terms and conditions set out in the Explanatory Statement, which will result in the acquisition of a relevant interest in the

voting shares of the Company by the Resolution 3 Associated Entities which is otherwise prohibited by section 606(1) of the Corporations Act."

Voting Exclusion: No votes may be cast in favour of this Resolution by:

(a) the person proposing to make the acquisition and their associates; or

(b) the persons (if any) from whom the acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by the Resolution 3 Associated Entities and any of their associates.

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 (Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the acquisition contemplated by this Resolution is **not fair but reasonable** to the non-associated Shareholders.

Dated: 10 OCTOBER 2018

By order of the Board



Matthew Sheldrick
Chairman

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6489 1600.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018, together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.lonestarenergy.com.au.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MATTHEW SHELDRIK

2.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Matthew Sheldrick, who has served as a director since 18 May 2012 and was last re-elected on 28 February 2017, retires by rotation and seeks re-election.

2.2 Qualifications and other material directorships

Mr Sheldrick holds a Bachelor of Commerce from the University of Western Australia and is a Chartered Accountant. Mr Sheldrick spent 10 years in the securities industry advising both domestic and international institutional clients on Australian equities. He has founded a number of listed companies in the energy and resources sectors, including Eureka Energy Limited (ASX: EKA), Gawler Resources Ltd (subsequently acquired by Elixir Petroleum Limited) and Black Fire Minerals Limited (ASX: BFE) and has been involved in the growth of these companies by way of mergers and acquisitions.

2.3 Board recommendation

The Board supports the re-election of Mr Sheldrick and recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTIONS 2 AND 3 – APPROVAL FOR ACQUISITIONS AS AN EXEMPTION TO THE TAKEOVERS PROHIBITION

3.1 Background

The Company has entered into a binding share sale agreement (**Share Sale Agreement**) with Nickelore Limited (ACN 086 972 429) (**Nickelore**), under which Nickelore agreed to acquire 100% of the issued capital of the Company from Shareholders (**Acquisition**). A summary of the material terms of the Share Sale Agreement is set out in Schedule 1.

Historically, Nickelore's principal focus has been the exploration of its nickel projects in Australia. However, on completion of the Acquisition, Nickelore will continue the development of the Company's assets and Shareholders will become shareholders in Nickelore.

The Company has convertible notes on issue with an aggregate principal owing of \$762,500 which are convertible into Shares at \$0.025 per Share for an aggregate of 30,500,000 Shares (**Convertible Notes**). The Convertible Notes automatically convert upon the Share Sale Agreement becoming unconditional. Nickelore would then complete the acquisition of those Shares in addition to the other Shares then on issue.

3.2 Section 611 (Item 7) of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

(Prohibition).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example, where a person controls or influences the board or the conduct of a

company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

3.3 Reason section 611 (Item 7) approval is required

Section 611 (Item 7) of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the conversion of its Convertible Notes (**Conversion**), Fastwitch Enterprises Pty Ltd will have a relevant interest in 24,000,000 Shares, representing approximately 28.4% voting power in the Company.

Accordingly, Resolution 2 seeks Shareholder approval for the issue of 24,000,000 Shares to Fastwitch Enterprises Pty Ltd upon the Conversion as well as the acquisition of a relevant interest in the issued voting shares of the Company by the Resolution 2 Associated Entities in excess of the threshold prescribed by section 606(1) of the Corporations Act.

Following Settlement, Nickelore will have a relevant interest in 84,400,000 Shares, representing 100% voting power in the Company.

Accordingly, Resolution 3 seeks Shareholder approval for the acquisition of all the Shares in the Company by Nickelore which will result in the acquisition of a relevant interest in the issued voting shares of the Company by the Resolution 3 Associated Entities in excess of the threshold prescribed by section 606(1) of the Corporations Act.

3.4 Specific Information required by section 611 (Item 7) of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for section 611 (Item 7) of the Corporations Act.

(a) Identity of the acquirer and its associates

For the purposes of the Corporations Act, Mr Robert Gardner is an associate of Fastwitch Enterprises Pty Ltd as he controls this entity.

Together Fastwitch Enterprises Pty Ltd and Mr Robert Gardner are the Resolution 2 Associated Entities.

For the purposes of the Corporations Act, there are no associates of Nickelore.

On that basis, Nickelore is the only Resolution 3 Associated Entity.

(b) Relevant Interest and Voting Power

The relevant interest and voting power of the Resolution 2 Associated Entities in voting shares in the capital of the Company (both current, and following the Conversion) are set out in the table below:

Party	Relevant Interest as at the date of this Notice	Relevant Interest as at Conversion	Voting power as at the date of this Notice	Voting power as at Conversion
Resolution 2 Associated Entities	Nil	24,000,000	0%	28.44%
Non-associated Shareholders	53,900,000	60,400,000	100%	71.56%

The relevant interest and voting power of the Resolution 3 Associated Entities in voting shares in the capital of the Company (both current, and immediately following settlement of the Acquisition) are set out in the table below:

Party	Relevant Interest as at the date of this Notice	Relevant Interest as at settlement of the Acquisition	Voting power as at the date of this Notice	Voting power as at settlement of the Acquisition
Resolution 3 Associated Entities	0	84,400,000	0%	100%
Non-associated Shareholders	53,900,000	0	100%	0%

Assumptions

Note that the following assumptions have been made in calculating the above:

- (i) the Company has 53,900,000 Shares on issue as at the date of this Notice and 84,400,000 Shares on issue as at the date of Settlement;
- (ii) the Company does not issue any additional Shares; and
- (iii) the Resolution 2 Associated Entities and Resolution 3 Associated Entities do not acquire any additional Shares other than under the Conversion or the Share Sale Agreement.

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

In relation to Resolution 2, the proposed acquisition of securities will be due to the terms of conversion of the relevant Convertible Notes.

In relation to Resolution 3, the proposed acquisition of securities will be due to Nickelore complying with its obligations under the Share Sale Agreement.

(d) **Date of acquisition of securities**

In relation to Resolution 2, the acquisition will occur upon Conversion (being after approval of Resolution 2 and the Share Sale Agreement becoming unconditional).

In relation to Resolution 3, the acquisition will occur upon Settlement of the Acquisition.

(e) **Material terms of acquisition of securities**

The material terms of the Conversion are set out in Sections 3.1 and 3.3.

The material terms of the Share Sale Agreement are set out in Schedule 1.

(f) **Intentions of the associated entities**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that each of the Resolution 2 Associated Entities and the Resolution 3 Associated Entities:

- (i) have no present intention of making any significant changes to the business of the Company;
- (ii) will consider participating in further capital raisings of the Company to maintain their shareholding interest;
- (iii) have no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) do not intend to redeploy any fixed assets of the Company;
- (v) do not intend to transfer any property between the Company and themselves; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to applicable persons at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) **Identity, associations and qualifications of incoming directors**

In accordance with the terms of the Share Sale Agreement, Mr David Deloub, Mr Jay Stephenson and Mr Sonu Cheema will be appointed as directors of the Company on completion of the Acquisition with Mr James Robinson, Mr Matthew Sheldrick and Mr Christopher Mews being current directors of the Company resigning. It is also intended that Jay Stephenson will be appointed as a director of the Company on completion of the Acquisition.

Biographies of the proposed directors are provided below:

Mr David Deloub – B.Ec (Hons), B.A., DipFin

Mr Deloub has over 25 years' experience in the finance and corporate sectors and holds a Bachelors' degree in economics with honors and post graduate qualifications in Banking and Finance. He was the Managing Director of Merah Resources Limited an ASX listed exploration company. Mr Deloub has previously held a number of executive positions including Chief Financial Officer at the ASX listed Neptune Marine Services an oil and gas services business and Executive Director at Patersons Capital Partners. Mr Deloub has held non-executive board positions at Neptune Marine, Merah Resources and Minquest Limited.

Mr Deloub is not associated with the Resolution 2 Associated Entities or the Resolution 3 Associated Entities. Mr Deloub is currently a director of Nickelore.

Mr Deloub does not currently hold any shares in Nickelore. Mr Deloub intends to subscribe for up to 1,000,000 Nickelore shares (post the one-for-six consolidation of Nickelore securities (**Consolidation**)) in a public offer of shares to be conducted by Nickelore pursuant to a prospectus to be dated on or about 12 October 2018.

Mr Jay Stephenson – MBA, FCPA, CPA, CMA, FGIA, FCIS, MAICD

Mr Stephenson has been involved in business development for over 30 years including approximately 24 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, IT, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

Mr Stephenson holds a Master of Business Administration, is a Fellow of the Certified Practising Accountants (Australia), a Chartered Professional Accountant (Canada), a Certified Management Accountant (Canada),

a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

Mr Stephenson is not associated with the Resolution 2 Associated Entities or the Resolution 3 Associated Entities. Mr Stephenson is currently a director of Nickelore.

Mr Stephenson currently has a relevant interest in 1,630,209 Nickelore shares (post Consolidation) and intends to subscribe for up to an additional 1,000,000 Nickelore shares (post Consolidation) in a public offer of shares to be conducted by Nickelore pursuant to a prospectus to be dated on or about 12 October 2018.

Mr Sonu Cheema – B-COMM, CPA

Mr Cheema is not associated with the Resolution 2 Associated Entities or the Resolution 3 Associated Entities. Upon completion of the Acquisition, it is proposed that Mr Cheema will be appointed as the company secretary of Nickelore.

Mr Cheema does not currently hold any shares in Nickelore, and does not currently intend to subscribe for any Nickelore shares.

(h) **Other information**

The Directors are not aware of any other information other than as set out in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2 or 3.

However, the Directors note that a term of the Share Sale Agreement is that each Shareholder applies for their Consideration Securities pursuant to an offer made by Nickelore in a prospectus dated on or 12 October 2018, a copy of which will be provided to Shareholders by the Company. Shareholders are encouraged to read the prospectus together with this Notice in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

3.5 Advantages of the Conversion

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 2:

- (a) the Conversion strengthens the Company's balance sheet by reducing liabilities; and
- (b) the Independent Expert has concluded that the Conversion is **not fair but reasonable** to the non-associated Shareholders.

3.6 Disadvantages of the Conversion

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 2:

- (a) the Conversion will result in existing Shareholders being diluted.

3.7 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 3:

- (a) Nickelore is an Australian public company listed on ASX and accordingly, on completion of the Acquisition, Shareholders will have a liquid market for the securities issued by Nickelore in consideration for the Acquisition;
- (b) the Acquisition may lead to increased coverage from investment analysis and access to improved equity capital market opportunities for the development of the Company's assets which is not currently present for the Company as an unlisted company; and
- (c) the Independent Expert has concluded that the Acquisition is **not fair but reasonable** to the non-associated Shareholders.

3.8 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 3:

- (a) the Acquisition will result in Nickelore acquiring 100% of the issued capital of the Company which means Shareholders will no longer have a direct interest in the Company but instead will become shareholders of Nickelore, which may not be consistent with the overall objectives of all Shareholders; and
- (b) in connection with the Acquisition, the Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Acquisition which represent sunk, but necessary, costs to the Company, which will not be recovered if the Acquisition does not proceed.

3.9 Interests and recommendations of Directors

The Directors do not have any personal interests in the outcome of Resolutions 2 or 3 and recommend that Shareholders vote in favour of those Resolutions as they consider the Conversion and the Acquisition to be in the best interests of Shareholders for the following reasons:

- (a) after assessment of the advantages and disadvantages referred to in Sections 5.5 and 5.6 for Resolution 2 and Sections 5.7 and 5.8 for Resolution 3; and
- (b) the Independent Expert has determined the Conversion and the Acquisition to be **not fair but reasonable** to the non-associated Shareholders.

3.10 Independent Expert's Report

The Independent Expert's Report prepared by HLB Mann Judd sets out a detailed examination of the proposed Conversion and the Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolutions 2 and 3.

To the extent that it is appropriate, the Independent Expert's Report sets out further information with respect to the Conversion and the Acquisition and concludes that each is **not fair but reasonable** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report set out in Annexure A to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition of the Company by Nickelore.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Company or **Lone Star** means Lone Star Energy Limited (ACN 157 789 761).

Conditions means the conditions precedent to the Share Sale Agreement.

Consideration Options has the meaning set out in paragraph (b) of Schedule 1.

Consideration Securities has the meaning set out in paragraph (b) of Schedule 1.

Consideration Shares has the meaning set out in paragraph (b) of Schedule 1.

Constitution means the Company's constitution.

Conversion means the conversion of Convertible Notes by Fastwitch Enterprises Pty Ltd.

Convertible Notes means convertible notes issued by the Company.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Independent Expert means HLB Mann Judd Corporate (WA) Pty Ltd.

Independent Expert Report means the Independent Experts Report prepared by the Independent Expert which is attached to this Notice as Annexure A.

Nickelore means Nickelore Limited (ACN 086 972 429).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prohibition is defined in Section 3.2(a).

Proxy Form means the proxy form accompanying the Notice.

Resolution 2 Associated Entities means the persons set out in Section 3.4(a).

Resolution 3 Associated Entities means the persons set out in Section 3.4(a).

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Sections means a section of the Explanatory Statement.

Settlement means settlement under the Share Sale Agreement.

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

Share Sale Agreement is defined in Section 3.1.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – MATERIAL TERMS OF THE SHARE SALE AGREEMENT

A summary of the material terms of the Share Sale Agreement is set out below.

- (a) **Conditions Precedent:** Settlement of the Acquisition (**Settlement**) is subject to and conditional upon the satisfaction (or waiver if permitted) of the following conditions precedent on or before 31 December 2018 (unless otherwise mutually agreed in writing by the parties):
- (i) **Due Diligence.** Completion of due diligence by each party on the other party and its business, operations and assets, to the absolute satisfaction of each party;
 - (ii) **Consolidation.** Nickelore completing a consolidation of capital at a ratio of 1 new security for every 6 securities (**Consolidation**);
 - (iii) **Capital Raising.** Nickelore completing a capital raising of not less than \$4,200,000 before costs, or such other amount as required to re-comply with Chapters 1 and 2 of the ASX Listing Rules, through the issue of fully paid ordinary shares at an issue price of not less than \$0.02 per share (on a post-Consolidation basis);
 - (iv) **Company Shareholder Approvals.** The Company obtaining all necessary Shareholder approvals pursuant to the Corporations Act to allow it to lawfully complete the matters set out in the Agreement, (including but not limited to approval pursuant to section 611 (Item 7) of the Corporations Act, being, the subject of Resolution 3);
 - (v) **Shareholder Agreement.** Each Shareholder applying for their respective Consideration Securities in the manner set out in the prospectus prepared by Nickelore for the Capital Raising which shall include an agreement to sell all of their respective rights and interests in all of their Shares;
 - (vi) **Nickelore Shareholder Approvals.** Nickelore obtaining all necessary shareholder approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow it to lawfully complete the matters set out in the Share Sale Agreement (including but not limited to approval pursuant to ASX Listing Rule 11.1.2 for it to make a significant change to the nature and scale of its activities resulting from completion of the Acquisition);
 - (vii) **Third Party Approvals.** Nickelore obtaining all necessary third-party approvals or consents to give effect to the matters set out in the Agreement to allow it to lawfully complete the matters set out in the Share Sale Agreement;
 - (viii) **Regulatory Approvals.** Nickelore obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow it to lawfully complete the matters set out in the Share Sale Agreement, including obtaining conditional approval from ASX that it will be reinstated to the official list of ASX on terms and conditions acceptable to the Company and Nickelore; and
 - (ix) **Material Adverse Change.** There being no material adverse change to either party prior to the satisfaction (or waiver) of all of the conditions set out above, as determined by the other party acting reasonably,
- (together, **the Conditions**).

- (b) **Consideration:** In consideration for the Acquisition, Nickelore will issue to the Shareholders (or their nominees) at Settlement:
- (i) an aggregate of 105,500,000 fully paid ordinary shares in the capital of Nickelore (**Consideration Shares**), together with 1 option to acquire a fully paid ordinary share in the capital of Nickelore (**Consideration Option**) for every 2 Consideration Shares issued; and
 - (ii) up to an additional 30,000,000 Consideration Shares and 15,000,000 Consideration Options (each on an equivalent basis to each other Consideration Share and Consideration Option) for any additional Securities issued by the Company between entry into the Share Sale Agreement and Settlement, which are to be used to fund completion costs for the Sand Creek Project, with the quantity to be issued based on the amount raised by those additional Securities in proportion to a maximum amount of \$600,000,
- (together, the **Consideration Securities**), all on a post-Consolidation basis, to be issued proportionately to Shareholders based on their shareholding in the Company at Settlement.
- (c) **Board Composition:** The parties agree that upon Settlement, the directors of Nickelore will consist of Mr Robert Gardner (Non-Executive Chair), Mr Jay Stephenson (Non-Executive Director), Mr David Deloub (Executive Director), and the company secretary will be Mr Sonu Cheema, unless otherwise agreed in writing by the Company and Nickelore.

The Share Sale Agreement otherwise contains clauses typical for agreements of this nature, including exclusivity, confidentiality, pre-completion covenants, representations, warranties and indemnities.

ANNEXURE A – INDEPENDENT EXPERT’S REPORT

PROXY FORM

LONE STAR ENERGY LIMITED
ACN 157 789 761

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Suite 9, 330 Churchill Avenue, Subiaco WA 6008, on 2 November 2018 at 8:00 AM WST, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Re-election of Director – Mr Matthew Sheldrick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of acquisition as an exemption to the takeovers prohibition – Conversion of convertible notes by Fastwitch Enterprises Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of acquisition as an exemption to the takeovers prohibition – Nickelore Limited acquisition of 100% of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form: YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Lone Star Energy Limited, PO Box 866, Subiaco WA 6904; or
 - (b) facsimile to the Company on facsimile number +61 8 6489 1601; or
 - (c) email to the Company at s.cheema@cicerogroup.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.