

CLAYTON UTZ

Sydney

Melbourne

Brisbane

Perth

Canberra

Darwin

Clayton Utz
Lawyers
Level 18
333 Collins Street
Melbourne VIC 3000
Australia

2 October 2013

Company Announcements Office
ASX Limited
Level 7
20 Bridge Street
SYDNEY NSW 2001

1300 135 638

DX 38451
333 Collins VIC

T +61 3 9286 6000
F +61 3 9629 8488
www.claytonutz.com

By Facsimile**pages (this page included)**

Our reference: 80148726

Dear Sir/Madam

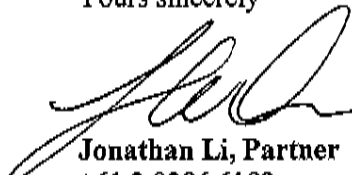
Carpentaria Exploration Limited: Notice of Initial Substantial Holder

We act for Mr Wu Jiping.

Attached is an ASIC Form 603 (Notice of initial substantial holder) in relation to the relevant interest Mr Wu acquired in 19,691,371 ordinary shares in Carpentaria Exploration Limited on 30 September 2013.

A copy of this notice has been provided to Carpentaria Exploration Limited and ASIC.

Yours sincerely



Jonathan Li, Partner
+61 3 9286 6183
jli@claytonutz.com

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Carpentaria Exploration Limited

ACN/ARSN 095 117 981

1. Details of substantial holder (1)

Name Wu Jiping

ACN/ARSN (if applicable) _____

The holder became a substantial holder on 30/09/2013

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)
ORD	19,691,371	19,691,371	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
Wu Jiping	As per the agreements set out in	19,691,371 ordinary class shares
	Annexures A, B, C, D & E being the Deed of Mortgage of Securities, Chess Security Deed, Redeemable Convertible Note Subscription Deed, Guarantee & Indemnity and Featherweight Charge	

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
Wu Jiping	Silvergate Capital Pty Ltd	Wu Jiping	19,691,371 ordinary class 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
Wu Jiping	30/09/13	Cash	Non-cash	19,691,371 ordinary class shares
		An amount equivalent to the		
		Secured Money (as defined in the Deed of Mortgage of securities).		

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
Wu Jiping	C/- Clayton Utz, Level 18, 333 Collins Street, Melbourne VIC 3000

Signature

print name Chong Lee

capacity

Signed for and behalf of
Wu Jiping by Chong Lee
under a power of
attorney dated 28
September 2013

sign here

date

02/10/2013

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.

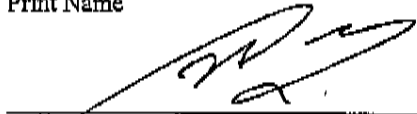
Annexure A - Deed of Mortgage of Securities

This is Annexure "A" of 28 pages referred to in Form 603.

Signed for and behalf of Wu Jiping by
Chong Lee under a power of attorney dated 26
September 2013:

Chong Lee

Print Name



Signature of Chong Lee

CLAYTON UTZ

Execution version

Deed of mortgage of securities

Silvergate Capital Pty Ltd
Grantor

Wu Jiping
Secured Party

I do hereby certify that this is a true
and complete copy of the original document

Signed

02/10/2013

Marie Clarissa De Stefano
Level 18, 333 Collins Street,
Melbourne VIC 3000

An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004

Clayton Utz
Lawyers
Level 18 333 Collins Street Melbourne VIC 3000 Australia
DX 38451 333 Collins VIC
T +61 3 9286 6000 F +61 3 9629 8488

www.claytonutz.com

Our reference 18866/995/80148726

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Deed of mortgage of securities dated **30 September 2013**

Parties **Silvergate Capital Pty Ltd ACN 158 538 580 (Grantor)**
Wu Jiping (Secured Party)

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this mortgage:

Collateral means:

- (a) any Present Securities;
- (b) any Other Security; and
- (c) any proceeds (as defined in the PPSA) relating to the property referred to in paragraphs (a) and (b).

Controller has the meaning given in section 9 of the Corporations Act.

Delegate means any agent, attorney or other delegate appointed under this mortgage by the Secured Party or by any receiver or receiver and manager appointed under this mortgage.

Entity means Carpentaria Exploration Limited ACN 095 117 981.

Event of Default has the meaning given in clause 7.1.

Excess Amount has the meaning given to that term in clause 2.3(b).

GST means any goods and services Tax, consumption Tax, value added Tax or any similar Tax.

Joint Venture means any form of joint venture, whether a company, unincorporated entity, undertaking, association, partnership or other similar entity.

Limited Recourse Guarantee means the guarantee and indemnity dated on or about the date of this mortgage and made between the Grantor and the Secured Party.

Marketable Securities has the meaning given to "marketable securities" in section 9 of the Corporations Act but as if the reference to "managed investment scheme" included any unit trust which is not registered under the Corporations Act.

Note has the meaning given to that term in the Subscription Deed.

Obligations has the meaning given to that term in the Limited Recourse Guarantee.

Other Security means:

- (a) all of the present and future right, title and interest of the Grantor in:
 - (i) any dividend reinvestment scheme, bonus issue, rights issue, allotment, offer, benefit, privilege, note, stock, debenture or right to take up Marketable Securities in another corporation or other person;

- (ii) any rights consequent on any conversion, redemption, cancellation, reclassification, forfeiture, consolidation or subdivision; or
- (iii) any rights consequent on a reduction of capital, liquidation or scheme of arrangement,

in any case, in respect of or in connection with any Present Securities; and

- (b) all entitlements, including dividends, distributions, proceeds and other amounts from time to time payable to or accruing to the Grantor in respect of any right, title or interest referred to in paragraph (a) of this definition.

PPSA means the Personal Property Securities Act 2009 (Cth).

Power means any right, power, authority, discretion, remedy or privilege conferred on the Secured Party, any Receiver or any Delegate, in any case, under this mortgage, under any other Transaction Document or by law.

Present Securities means all shares or other Marketable Securities owned as at the date of this deed or acquired after the date of this deed by the Grantor which are issued by the Entity and all of the present and future rights attaching or relating to such shares or other Marketable Securities including for the avoidance of doubt:

- (a) 19,691,371 fully paid ordinary shares in the share capital of the Entity with HIN 0062856343; and
- (b) all entitlements, including dividends, distributions, proceeds and other amounts from time to time payable to or accruing to the Grantor in respect of any such shares or other Marketable Securities referred to in this definition.

Receiver means a receiver or receiver and manager appointed by the Secured Party under this mortgage and, if more than one, then each of them and also any employee, contractor or Delegate of any receiver or receiver and manager.

Recovered Amount means an amount which is equal to the sum received by:

- (a) the Secured Party;
- (b) any Controller; or
- (c) any person acting on behalf of the Secured Party,

from the sale or realisation of the Collateral.

Related Body Corporate has the meaning given in section 9 of the Corporations Act, but on the basis that "subsidiary" for the purposes of that definition has the meaning given to "Subsidiary" in this mortgage.

Secured Money means all money the payment or repayment of which from time to time forms part of the Obligations.

Subscription Deed has the meaning given to that term in the Limited Recourse Guarantee.

Subsidiary in relation to any person, has the meaning given in the Corporations Act but as if "body corporate" included any person and for the purpose of which any beneficial interests will be deemed shares. A determination by the auditors of a person as to whether a person is a Subsidiary of another person will be evidence of the same until the contrary is proved.

Transfer means an undated transfer of a Marketable Security executed by the Grantor (or its nominee, if applicable) as transferor in registrable form but with the name of the transferee and the consideration left blank.

1.2 Interpretation

In this mortgage:

- (a) headings are for convenience only and do not affect interpretation;

and unless the context indicates a contrary intention:

- (b) "person" includes an individual, the estate of an individual, a corporation, a Government Authority, an association or a Joint Venture and a trust;
- (c) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes a substituted or an additional trustee;
- (d) a reference to a document (including any Transaction Document) is to that document as varied, novated, ratified, replaced or restated from time to time, including for the avoidance of doubt any such variation, novation, ratification, replacement or restatement which has the effect directly or indirectly of increasing in any way the Secured Money;
- (e) a reference to a law includes any law, principle of equity, Statute and official directive of any Government Authority and a reference to any legislation (including any Statute) includes any rule, regulation, ordinance, by-law, statutory instrument, order or notice at any time made under that legislation and, in each case, any consolidations, amendments, re-enactments and replacements;
- (f) a word importing the singular includes the plural (and vice versa) and a word indicating a gender includes every other gender;
- (g) a reference to a party, clause or schedule is a reference to a party, clause or schedule to or of this mortgage and a reference to this mortgage includes all schedules to it;
- (h) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (i) a reference to the Collateral or any other thing includes any part of it;
- (j) a reference to an asset includes any real or personal property or asset, whether tangible or intangible, present or future, together with any interest or benefit in or revenue from, such property or asset;
- (k) "includes" in any form is not a word of limitation;
- (l) where the day on or by which any sum is payable or any act, matter or thing is to be done is a day other than a Business Day, that sum will be paid or that act, matter or thing will be done on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not);
- (m) a reference to "subsists" or any similar expression in relation to an Event of Default or a Potential Event of Default indicates an Event of Default or Potential Event of Default which has not been remedied or waived in accordance with the terms of the Transaction Documents; and

- (n) each of the terms "advance", "future advance", "financing statement", "financing change statement" and "verification statement" have the meanings given to them in the PPSA.

1.3 Limited Recourse Guarantee

Capitalised terms used in this mortgage and not otherwise defined have the same meaning as that given to them in the Limited Recourse Guarantee.

1.4 Grantor liable as trustee

- (a) The Grantor is liable under each Transaction Document to which it is a party in its personal capacity and in its capacity as trustee of the Trust.
- (b) In each Transaction Document, a reference to the Grantor is a reference to the Grantor in both its personal capacity and in its capacity as trustee of the Trust.

1.5 Transaction Document

This deed is a "Transaction Document" for the purposes of the Subscription Deed.

2. Recourse

2.1 Recovered Amount

Subject to clause 2.2 and clause 2.4, but otherwise despite anything else in this document or any other Transaction Document:

- (a) the amount recoverable by the Secured Party from the Grantor under any Transaction Document in respect of the Obligations, the Secured Money or otherwise is an amount equal to the Recovered Amount; and
- (b) the Secured Party may not seek to recover from the Grantor any shortfall in the Secured Money by:
 - (i) bringing any proceedings against the Grantor; or
 - (ii) applying to have the Grantor wound up.

2.2 Exceptions to limit

Despite clause 2.1, the Secured Party or any Controller or person acting on its behalf may:

- (a) exercise all Powers in connection with the Collateral as against the Grantor; and
- (b) take proceedings to obtain:
 - (i) an injunction or other order to restrain any breach of a Transaction Document by the Grantor; or
 - (ii) declaratory relief or other similar judgment or order as to the Grantor's obligations under any Transaction Document.

2.3 Secured Party may retain excess

The Grantor and the Secured Party hereby agree and acknowledge that it is their intention that the Secured Party shall bear the risk and reward associated with any movements in the value of

the Collateral. To that end and despite anything else in this deed or any other Transaction Document:

- (a) the recourse of the Secured Party to the Grantor shall be limited in the manner set out in clauses 2.1 and 2.2; and
- (b) if the Recovered Amount exceeds the Secured Moneys (such an amount being the Excess Amount):
 - (i) the Secured Party:
 - A. is absolutely and unconditionally entitled to be paid and retain for its own account the Excess Amount; and
 - B. shall not under any circumstances be required to pay, repay or account to any Obligor or any other party for or on account of that Excess Amount; and
 - (ii) the Grantor may not bring any proceedings against the Secured Party in relation to the Excess Amount.
- (c) To the extent permitted by law, this clause 2.3 will operate notwithstanding any rule or law or equity to the contrary.
- (d) Clause 2.3 **Error! Reference source not found.** will cease to apply on and from the Conversion Date.

2.4 Maximum amount recoverable after Conversion Date

On and from the Conversion Date, the maximum amount recoverable by the Secured Party from the Grantor under any Transaction Document in respect of the Obligations, the Secured Money or otherwise is an amount equal to the lesser of:

- (a) the amount referred to in clause 2.1(a); and
- (b) the sum of:
 - (i) the amount required to be paid by Pure Metals to the Secured Party under clause 14.3 (*Subscriber's powers on default*) of the Subscription Deed (but only insofar as that amount relates to Loss (as that term is defined in the Subscription Deed) suffered or incurred by the Secured Party as a result of an Event of Default of the kind referred to in clause 14.1(d) of the Subscription Deed);
 - (ii) all costs, outgoings and expenses incurred by the Secured Party in enforcing or attempting to enforce its rights under this mortgage, the Limited Recourse Guarantee and other security or in exercising any of the rights or powers conferred on the beneficiary as mortgagee or chargee consequent on the occurrence of an event of default;
 - (iii) remuneration to, and reimbursement of expenses claimed by, any receiver or receiver and manager appointed under any security; and
 - (iv) all interest, including default interest, and interest on interest, which has accrued due and is unpaid under the Transaction Documents in relation to each amount set out in this clause 2.4(b)(i) to (iv) (inclusive).

2.5 No obligation to realise

- (a) Nothing in this mortgage or in any other Transaction Document obliges or requires the Secured Party to sell or realise the Collateral within any particular time frame or at all.
- (b) Notwithstanding any contrary provision of any Transaction Document, it is agreed and acknowledged that the Secured Party has the option, under and in accordance with clause 3.3, to procure itself (or its nominee) to be registered as the holder of the shares, units or other Marketable Securities comprising the Collateral (or any of them) and it (or its nominee) may remain registered as the holder of the shares, units or other Marketable Securities comprising the Collateral (or any of them) for so long as it deems fit in its absolute discretion.

3. Mortgage

3.1 The mortgage

- (a) By this mortgage and subject to clause 3.1(b), the Grantor as beneficial owner mortgages the Collateral to the Secured Party to secure the satisfaction of the Obligations and the payment of the Secured Money.
- (b) The Grantor grants this mortgage in respect of the Collateral comprising the Trust Assets as sole trustee of the Trust.

3.2 Priority

This mortgage will operate as a first ranking security subject only to any Encumbrances mandatorily preferred by law.

3.3 Conversion

At any time after an Event of Default has occurred and while it subsists, the Secured Party may procure itself (or its nominee) to be registered as the holder of the shares, units or other Marketable Securities comprising the Collateral (or any of them). To facilitate this, the Grantor irrevocably and unconditionally authorises the Secured Party to date and complete any Transfers and lodge those Transfers for stamping and registration accompanied by, if certificated, the share or unit certificates relating to those Transfers.

3.4 Notice

The Secured Party may at any time after the date of this mortgage notify any Entity or other person of its interest in the Collateral.

4. Representations and warranties

4.1 General representations and warranties

The Grantor represents and warrants to the Secured Party that:

- (a) **(Good title)** it has good title to the Collateral and good right to mortgage the Collateral as beneficial owner or as trustee of the Trust in the manner provided in this mortgage and the Collateral is free of all Encumbrances other than in favour of the Secured Party or as otherwise expressly permitted by any other Transaction Document;

- (b) **(Income from Collateral)** no legal or beneficial right or interest in any income or entitlement or any right to receive any income or entitlement whether payable now or in the future and derived from the Collateral, have been assigned or Encumbered to any other person; and
- (c) **(Information for financing statement)** the Secured Party has received from the Grantor all information needed by the Secured Party to complete the financing statement (or financing change statement, if necessary) for this mortgage.

4.2 Representations and warranties repeated

Each representation and warranty in this clause 4 will be repeated on each day while any of the Secured Money remains outstanding (whether or not then due for payment) with reference to the facts and circumstances then subsisting, as if made on each such day.

5. General undertakings

5.1 Satisfaction of Obligations

The Grantor will satisfy, or procure the satisfaction of, the Obligations and will pay the Secured Money in the manner provided in this mortgage or in any other Transaction Document.

5.2 Notification of certain events

The Grantor will immediately notify the Secured Party in writing if it becomes aware of:

- (i) the occurrence of any Event of Default or Potential Event of Default; or
- (ii) any change of details of the Grantor.

5.3 Secured Party's priority

To the extent that any Trust Assets are mortgaged or subject to a lien in favour of the Grantor to secure the Grantor's Rights of Indemnity, the Grantor acknowledges and agrees that that mortgage or lien will at all times and for all purposes be postponed to and rank after this mortgage.

5.4 Secured Party assumes no obligations

The Secured Party will not be deemed by virtue of this mortgage to have assumed any obligation of the Grantor under any law.

6. Additional undertakings concerning the Collateral

6.1 Restrictions in relation to the Collateral

The Grantor will not without the Secured Party's prior written consent or as expressly permitted in any other Transaction Document:

- (a) **(No Encumbrances)** create, purport or attempt to create or permit to exist any Encumbrance, however ranking, over the Collateral;

- (b) **(Voting entitlement)** at any time following the occurrence of an Event of Default and during the period it subsists, vote at any meeting of the members or creditors of any Entity in any way contrary to the directions of the Secured Party;
- (c) **(No sale etc)** sell, convey, assign, transfer, lease, licence or otherwise dispose of, part with possession of, make any bailment, or grant any option over or create or permit to exist any other interest in any part of the Collateral;
- (d) **(Not to prejudice)** do, fail to do or consent to any act, omission or thing as a result of which the Collateral becomes or could become liable to surrender, forfeiture or cancellation, or becomes or could become prejudiced in any manner, or the value of this mortgage as an Encumbrance to the Secured Party becomes or could become materially lessened; or
- (e) **(Take any steps)** take any steps towards doing any of these things.

6.2 Undertakings regarding the Collateral

The Grantor will:

- (a) **(Additional securities)** promptly notify the Secured Party in writing if, after the date of this mortgage, it acquires any Present Securities or if it becomes entitled to any Other Security and will, during the currency of this mortgage, exercise and take up its entitlements to each Other Security which it is offered;
- (b) **(Pay calls)** duly and punctually pay all calls, premiums and instalments which may be or become payable in respect of the Collateral and duly and punctually pay all money which may become due or owing by the Grantor to any Entity on any account;
- (c) **(Compliance with Entity's Constitution)** comply with the Constitution or other constituent documents of the Entity and any resolution, rule or regulation made under any such documents;
- (d) **(No lien)** not do or omit to do any act or thing which, if that act or thing was done or omitted to be done (as the case may be), would entitle the Entity to a lien over or to forfeit any of the Collateral;
- (e) **(No variation of rights)** not consent to, vote in favour of or permit any variation or abrogation of the rights and privileges attaching to the Collateral or any diminution of the benefits and privileges held in respect of the Collateral;
- (f) **(Protection of Collateral)** at the request of the Secured Party take or defend all legal proceedings that the Secured Party, acting reasonably, considers necessary or desirable for the preservation, protection or recovery of the Collateral; and
- (g) **(Documents of title and other securities)** lodge with the Secured Party on the date of this mortgage or, if later, the date on which the relevant Collateral is acquired all certificates, scrip and other indicia of title or interest in any Marketable Securities forming part of the Collateral and any transfers for those Marketable Securities required by the Secured Party, signed by the Grantor, and with the name of the transferee, consideration and date left blank.

6.3 Indemnity against calls

If the Secured Party or its nominee becomes the registered holder of any of the Collateral, the Grantor will indemnify and keep indemnified the Secured Party against any money payable or

other liability arising in relation to that Collateral except to the extent the money is payable or other liability arises directly from the gross negligence, wilful misconduct or fraud of the Secured Party.

6.4 Collateral not registered in name of Grantor

If any Marketable Security comprising the Collateral is not registered in the name of the Grantor, the Grantor will deliver to the Secured Party immediately on demand one or more duly stamped and registrable transfers of those Marketable Securities and all certificates, scrip or other indicia of title relating to those Marketable Securities necessary to enable those Marketable Securities to be registered in the name of the Grantor, together with an irrevocable authority to the Entity to deliver up to the Secured Party the certificates, scrip or other indicia of title relating to those Marketable Securities following registration by any Entity in the name of the Grantor.

6.5 Cash distributions and benefits

At the request of the Secured Party, which may be made at any time following the occurrence of an Event of Default and during the period it subsists, the Grantor will pay to the Secured Party, or as it directs in writing, the following:

- (a) **(Dividends)** all cash dividends;
- (b) **(Returns of capital)** all cash returns of capital;
- (c) **(Rights issues)** all proceeds from the disposal or relinquishment of rights; and
- (d) **(Options)** all proceeds in relation to options or other rights granted to the Grantor or granted by the Grantor,

in relation to any Marketable Security comprising the Collateral.

6.6 Events of Default

The Grantor will ensure that no Event of Default occurs. Without affecting the liability of the Grantor or any Power in any other respect (including where a breach of this clause 6.3 is a breach of any other provision of any Transaction Document), the Grantor is not liable in damages for a breach of its obligations under this clause 6.3 but the Secured Party may exercise the Powers following any breach of this clause 6.3, during the period it subsists.

6.7 Postponement or waiver of Encumbrances

If requested by the Secured Party, the Grantor will immediately cause:

- (a) any Encumbrance (other than any Encumbrances expressly permitted under any other Transaction Document to rank in priority to this mortgage) which has arisen or which arises from time to time by operation of law over the Collateral in favour of any person to be postponed in all respects after and subject to this mortgage or to be otherwise discharged, released or terminated; and
- (b) any Financial Liability or other obligation secured by any Encumbrance of the type referred to in clause 6.7(a), to be waived, released, paid or performed.

7. Events of Default

7.1 Events of Default

Each of the events set out in this clause 7.1 is an Event of Default whether or not the cause is beyond the control of the Grantor or any other person:

- (a) **(Subscription Deed)** Pure Metals fails to pay any amount required to be paid by it to the Secured Party under:
 - (i) clause 8.1 (*Repayment on Redemption Date*) of the Subscription Deed;
 - (ii) clause 14.4 (*Noteholder's powers on default prior to Conversion Date*) of the Subscription Deed; or
 - (iii) clause 14.3 (*Subscriber's powers on default*) of the Subscription Deed (but only insofar as it relates to Loss (as that term is defined in the Subscription Deed) suffered or incurred by the Secured Party as a result of an Event of Default of the kind referred to in clause 14.1(d) of the Subscription Deed),

on its due date for payment; and
- (b) **(Event of Insolvency)** an Event of Insolvency occurs in relation to any Obligor;
- (c) **(Change in control)** effective control of Pure Metals is altered from that subsisting at the date of this mortgage other than as a result of the exercise by the Secured Party of any of its rights under the Subscription Deed, the Secured Party acquiring shares in Pure Metals or Ample Source International BV obtaining control of Pure Metals. For the purpose of this clause 7.1(c) a person or persons has effective control of Pure Metals if that person or those persons (acting jointly):
 - (i) control the composition of the board of directors of Pure Metals;
 - (ii) are in a position to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of Pure Metals; or
 - (iii) hold more than one-half of the issued share capital of Pure Metals excluding any part of that issued share capital which carries no right to participate beyond a specified amount in the distribution of either profits or capital;
- (d) **(Breach of Trust provisions)**
 - (i) the Grantor ceases to be the sole trustee of the Trust; or
 - (ii) the Trust terminates or the capital of the Trust vests in any beneficiary of the Trust or any other person (other than where it vests solely as a result of a person becoming a beneficiary of the Trust); or
- (e) **(Calls etc)** the Grantor fails to pay any money payable in respect of any part of the Collateral.

7.2 Rights on an Event of Default

If any Event of Default occurs then, during the period it subsists, at the option of the Secured Party and despite any delay or previous waiver of the right to exercise that option:

- (a) the Secured Money becomes immediately due and payable within 5 Business Days of demand from the Secured Party;
- (b) all Powers not previously exercisable become exercisable; and
- (c) any rights of the Grantor to deal with the Collateral (other than through a Receiver appointed under this mortgage) immediately cease.

8. Receivers: appointment and Powers

8.1 Appointment of Receiver

If any Event of Default occurs then, during the period it subsists, the Secured Party may:

- (a) appoint any person or persons to be a receiver or receiver and manager of the Collateral;
- (b) terminate the appointment of any Receiver; and
- (c) in case of the removal, retirement or death of any Receiver, appoint another person or persons in the place of that Receiver.

8.2 Joint Receivers

If more than one person is appointed as a Receiver, the Secured Party may at its option specify whether the appointment and the Powers of each appointee will be joint or joint and several. If no specification is made, the appointment and the Powers of each appointee will be joint and several.

8.3 Remuneration of Receiver

The Secured Party may fix the rate of remuneration of each Receiver, which will not exceed the standard hourly rate from time to time charged by the firm of which that Receiver is a member for work of the level carried out by that Receiver.

8.4 Agent of Grantor

Each Receiver will be the agent of the Grantor. The Grantor will be solely responsible for all acts and omissions by, and the remuneration of, each Receiver.

8.5 Powers of Receiver

Without the need for any consent from the Grantor or any other person, each Receiver will have all of the following powers:

- (a) (Section 420) all of the powers granted to a receiver of property of a corporation under section 420 of the Corporations Act;
- (b) (Dispose) whether or not in possession, to dispose of the Collateral in such manner and on such terms as the Receiver thinks fit;

- (c) **(Borrow or raise money)** to borrow or raise from the Secured Party or any other person any money which may be required for any purposes and, if the Receiver thinks fit, to secure any money borrowed or raised by the grant of any Encumbrance over the Collateral (whether in the name of the Grantor or otherwise) so that the Encumbrance ranks in priority to, *pari passu* with or after this mortgage. The Secured Party will not be bound to inquire as to the necessity or propriety of any Financial Liability nor be responsible for the misapplication or non-application of any money so borrowed or raised;
- (d) **(Register)** to register itself or its nominee as the holder of the Marketable Securities (or any of the Marketable Securities) comprising the Collateral;
- (e) **(Engage)** to engage consultants, contractors, professional advisors, agents and employees (including any person associated with a firm or company in which the Receiver is a member or in which the Receiver is interested and that person may charge for his or her services as if independently retained at a salary or remuneration determined by the Receiver) and the Receiver may act on any advice given by any person so engaged;
- (f) **(Take up entitlements)** to exercise all or any of the rights, privileges or entitlements conferred on or accruing to the registered holder of the Collateral in all respects as if it were the absolute beneficial owner of the Collateral, including to attend and vote at any meeting of the members or creditors of the Entity or of the holders of any Marketable Securities or class of Marketable Securities comprising the Collateral, to appoint attorneys and proxies, and to prove in any winding up or scheme of arrangement;
- (g) **(Take up issues)** to take up and accept any rights issues, bonus shares or other Marketable Securities of the Entity, and to pay any sum or sums of money necessary or expedient for the taking up of those rights, shares or other Marketable Securities, with any sum or sums paid being deemed to be and become part of the Secured Money and bearing interest accordingly;
- (h) **(Receive dividends)** to receive all dividends, interest, income and other money payable on the Collateral and to apply any money so received towards satisfaction of the Secured Money without being liable to account for it;
- (i) **(Invest proceeds against contingencies)** if any of the Secured Money is contingent, to invest, deposit or hold the Collateral in a form or mode of investment for the time being as the Receiver thinks fit, with like power to vary, transpose or re-invest the investments or deposits from time to time until that part of the Secured Money ceases to be contingent;
- (j) **(Perform contracts)** to perform, observe, carry out, enforce specific performance of, exercise or refrain from exercising, the Grantor's rights and powers under, obtain the benefit of, and vary or rescind all contracts and rights forming part of the Collateral or entered into in the exercise of any Power;
- (k) **(Take proceedings)** to institute, conduct or defend any proceedings in law or bankruptcy and to submit to arbitration, mediation or conciliation, in the name of the Grantor or otherwise and on any terms, any proceeding, claim, question or dispute in connection with the Collateral or otherwise;
- (l) **(Compromise)** to make any settlement, arrangement or compromise regarding any action, proceeding or dispute arising in connection with the Collateral, to grant to any person involved time or other indulgence and to execute all related releases or discharges as the Receiver thinks expedient in the interests of the Secured Party;

- (m) **(Appeal)** to appeal against or to enforce any judgment or order in respect of the Collateral;
- (n) **(Bankrupt debtors and wind up bodies corporate)** to make debtors bankrupt and to wind up bodies corporate and to do all things in connection with any bankruptcy or winding up which the Receiver thinks necessary for the recovery or protection of the Collateral or for the security or other benefit of the Secured Party;
- (o) **(Delegate)** with the Secured Party's prior approval, to delegate to any person, for any time, any of the Powers including this power of delegation;
- (p) **(File)** to file all certificates, registrations and other documents and to take any and all action on behalf of the Grantor which the Receiver believes is necessary to protect, preserve or improve any or all of the Collateral and the rights of the Grantor and the Secured Party in respect of any agreement for sale and to obtain for the Secured Party all of the benefits of this mortgage and any other Transaction Document;
- (q) **(Operate bank accounts)** to open or operate any bank account in the name of the Grantor (whether alone or jointly with any other person) to the exclusion of the Grantor and to deposit or withdraw any money standing to the credit of that account and to sign and endorse or to authorise others to sign and endorse in the name of the Grantor cheques, promissory notes, bills of exchange and other negotiable instruments;
- (r) **(Do all other things)** to do all things the law allows an owner of any interest in the Collateral, or any Controller of the Collateral, to do; and
- (s) **(Do all things as are expedient)** to do all other acts and things without limitation as the Receiver thinks expedient,

and any further powers as the Secured Party confers on a Receiver by notice in writing to that Receiver.

8.6 Indemnity

The Secured Party may give any indemnities to any Receiver concerning the performance of that Receiver's duties as are permitted by law. If the Secured Party is obliged to pay any money under any indemnity, that money will become part of the Secured Money.

9. Secured Party's Powers

9.1 Exercise of Power

If any Event of Default occurs then, during the period it subsists, the Secured Party may without notice and whether or not a Receiver has been appointed:

- (a) exercise all or any of the Powers conferred on a Receiver, or which would be conferred on a Receiver if appointed, as if those Powers had been expressly conferred on the Secured Party;
- (b) exercise all other Powers; and
- (c) appoint an agent or agents (whether severally, jointly or jointly and severally) and delegate the Powers (or any of them) to the agent or agents (in which case clauses 8.1, 8.3, 8.6, 12.2, 12.3 and 12.4 will apply as if the agent or agents were each appointed as a Receiver).

9.2 Act jointly

The Secured Party and each Receiver may exercise any of the Powers in conjunction with the exercise of similar powers by the holder of any other Encumbrance over the Collateral or by any receiver or receiver and manager appointed by that other holder and may enter into and give effect to agreements and arrangements with that other holder, receiver or receiver and manager as the Secured Party or the relevant Receiver thinks fit.

9.3 Power of attorney

- (a) In consideration of the Secured Party entering into the Transaction Documents, the Grantor irrevocably appoints the Secured Party and each of its Authorised Officers and each Receiver, severally, as an attorney of the Grantor with power at any time an Event of Default or Potential Event of Default has occurred and is subsisting:
- (i) to do all acts which ought to be done by the Grantor under any Transaction Document;
 - (ii) to do all acts to exercise or give effect to any Power;
 - (iii) to demand, sue for, recover and receive the Collateral from any person, in the name of the Grantor or in the name of the Secured Party, the relevant Receiver or any other attorney appointed under this clause 9.3;
 - (iv) to take further action and to execute further instruments which are, or are in the opinion of the Secured Party, the relevant Receiver or any other attorney appointed under this clause 9.3, necessary or desirable to secure more satisfactorily the performance of the Obligations or the payment of the Secured Money or to sell or otherwise deal with the Collateral; and
 - (v) to appoint (and remove at will) at any time any person as a substitute for an attorney.
- (b) The Grantor:
- (i) agrees that each attorney may exercise powers under this power of attorney notwithstanding that the exercise may or will involve or result in a conflict between the duty of that attorney to the Grantor and either the interests of that attorney or a Related Party of that attorney or another duty of that attorney; and
 - (ii) ratifies and confirms now and for the future all actions undertaken by or on behalf of any attorney under this power of attorney, including any action which may or will involve or result in a conflict of the type referred to in clause 9.3(b)(i) or in respect of which that attorney has a personal interest.

For the purposes of this clause 9.3(b) a Related Party of any attorney is any Related Body Corporate of that attorney or, in the case of any attorney that is an individual, any person that is related to or has any personal or professional relationship, of any nature, with that attorney.

- (c) The Grantor declares that this power of attorney will continue in force until all actions taken under it have been completed, despite the discharge of this mortgage.

- (d) The Grantor will do anything requested by the Secured Party, acting reasonably, to enable the Secured Party to register this power of attorney in the manner and within any time limits prescribed by law to ensure the efficacy of this power of attorney.

9.4 Secured Party may make good any default

If the Grantor defaults in satisfying any of the Obligations, the Secured Party may, without prejudice to any other Power, do all things and pay all money necessary or expedient in the opinion of the Secured Party to make good or to attempt to make good that default to the satisfaction of the Secured Party. The Grantor will take all steps which the Secured Party, acting reasonably, requests to facilitate the exercise by the Secured Party of its rights under this clause 9.4. The Secured Party will not be a mortgagee or chargee in possession simply as a result of the exercise of its rights under this clause 9.4.

9.5 Notice for exercise of Powers

- (a) The Powers may be exercised by the Secured Party and any Receiver at any time during the period any Event of Default subsists, without any notice, demand or lapse of time being necessary unless required by a law which cannot be excluded.
- (b) Subject to clause 9.5(c), if required by any law which cannot be excluded, one day is fixed as the period for which:
 - (i) default must continue in the satisfaction of the whole or any part of the Obligations or in the payment of any part of the Secured Money before the Secured Party may give any notice or demand as required by any law affecting the Powers; and
 - (ii) default in the satisfaction of the whole or any part of the Obligations or in the payment of any part of the Secured Money must continue after the giving of any notice or demand before any Power may be exercised.
- (c) If any law which cannot be excluded provides that a specific period of notice or lapse of time is mandatorily required before any Power may be exercised by the Secured Party or any Receiver, that period of notice must be given or time must elapse before that Power may be exercised.

9.6 Exclusion of PPSA enforcement provisions

To the extent permitted by law, and in respect of each Security Interest created by this mortgage:

- (a) the parties contract out of sections 95, 121(4), 125, 130, 132(3)(d), 132(4), 142 and 143 of the PPSA (to the extent, if any, mentioned in section 115(1) of the PPSA); and
- (b) the Grantor irrevocably and unconditionally waives its right to receive any notice of any verification statement in respect of any financing statement or financing change statement relating to this mortgage.

10. Application of money

The Secured Party and each Receiver has an absolute discretion to apply any money received as a result of the exercise of any Power or which is the proceeds of enforcement of this mortgage (and which is to be applied in payment of the Secured Money) in reduction of any part or parts of the Secured Money, whenever and on whatever account it became secured,

despite any principle or presumption of law to the contrary or any direction given at the time of receipt and without the need to communicate its election to any person.

11. Liability and release

11.1 Continuing obligation

This mortgage constitutes a continuing obligation regardless of any settlement of account, intervening payment, express or implied revocation or any other matter or thing.

11.2 Personal liability

No grant of full or partial satisfaction of or discharge from this mortgage by the Secured Party will, unless it expressly provides otherwise, release the Grantor from personal liability under this mortgage or under any other Transaction Document until none of the Secured Money is owing (whether actually, contingently or prospectively) and it is not reasonably foreseeable that there could be any Secured Money owing in the future.

11.3 Settlement conditional

If:

- (a) (i) the Secured Party has at any time released or discharged:
 - A. the Grantor from its obligations under this mortgage; or
 - B. any assets of the Grantor from this mortgage,

in either case in reliance on a payment, receipt or other transaction to or in favour of the Secured Party; or
- (ii) any payment, receipt or other transaction to or in favour of the Secured Party has the effect of releasing or discharging:
 - A. the Grantor from its obligations under this mortgage; or
 - B. any assets of the Grantor from this mortgage; and
- (b) that payment, receipt or other transaction is subsequently claimed by any person to be void, voidable or capable of being set aside for any reason, including under an Insolvency Provision or under any other law; and
- (c) that claim is upheld or is conceded or compromised by the Secured Party,

then:

- (i) the Secured Party will immediately become entitled against the Grantor to all rights as it had immediately before that release or discharge;
- (ii) the Grantor must, to the extent permitted by law:
 - A. immediately do all things and execute all documents as the Secured Party, acting reasonably, may require to restore to the Secured Party all those rights; and
 - B. indemnify the Secured Party against all Costs, damages, claims, demands and actions suffered or incurred by it in or in

connection with any negotiations or proceedings relating to the claim or as a result of the upholding, concession or compromise of the claim.

11.4 Grantor's liability not affected

The liability of the Grantor under this mortgage:

- (a) **(Absolute)** is absolute and is not subject to the execution of any other Transaction Document or any other document by any person or to the performance of any condition precedent or subsequent, including as between any Obligor and the Secured Party or between any 2 or more Obligors;
- (b) **(Not Affected)** will not be affected by any act, omission, matter or thing that would otherwise operate by law to reduce or release the Grantor from its liability including any of the following:
 - (i) the occurrence or subsistence of any Event of Default;
 - (ii) the receipt by the Secured Party of any payment, dividend or distribution under any Insolvency Provision in relation to any Obligor;
 - (iii) any Transaction Document, or any payment or other act the making or doing of which would otherwise have formed part of the Obligations, being, becoming or being conceded to be illegal, invalid, void, voidable, unenforceable or irrecoverable in whole or in part for any reason whether past, present or future, including as a result of any:
 - A. law;
 - B. act or omission by any person;
 - C. legal limitation, disability or incapacity of any Obligor;
 - D. improper exercise of a Power;
 - E. Power being suspended or postponed by Statute, any court order or otherwise; or
 - F. Insolvency Provision;
 - (iv) the Secured Party accepting the benefit of any other Encumbrance;
 - (v) the Secured Party granting time, waiver or other indulgence or concession to, or making any composition or compromise with, any Obligor;
 - (vi) the Secured Party forbearing or neglecting to exercise any remedy or right it has for the enforcement of any Transaction Document or any of the Obligations (other than an express waiver granted in favour of the Grantor in respect of its liabilities under this mortgage);
 - (vii) any laches, acquiescence or other act, neglect, default, omission or mistake by the Secured Party;
 - (viii) the determination, rescission, repudiation or termination, or the acceptance of any of the foregoing, by the Secured Party or any Obligor of any Transaction Document or any of the Obligations (other than an

express release or discharge of the Grantor from all of its liabilities under this mortgage);

- (ix) any variation to any Transaction Document or any of the Obligations, whether or not the variation is substantial or material or imposes an additional liability on or is onerous on any Obligor;
- (x) the full, partial or conditional release or discharge by the Secured Party, or by operation of law or otherwise, of any person from any Transaction Document or any of the Obligations (other than an express release or discharge of the Grantor from all of its liabilities under this mortgage);
- (xi) the release of any property from any other Encumbrance, or the substitution of any property in place of any other property now or after the date of this mortgage the subject of any other Encumbrance;
- (xii) the Secured Party wasting, destroying, abandoning, prejudicing or not perfecting, maintaining, preserving, enforcing or realising or not properly enforcing or realising any other Encumbrance;
- (xiii) the failure to perfect or to obtain the benefit, or the loss or impairment, of any other Encumbrance by operation of law or otherwise;
- (xiv) the postponement or loss of the priority attaching to any other Encumbrance;
- (xv) the opening or operation of any new account with the Secured Party by any Obligor;
- (xvi) the transfer or assignment of the benefit of any Transaction Document or of any of the Obligations;
- (xvii) any failure by the Secured Party to disclose to the Grantor any material or unusual fact, circumstance, event or thing known to, or which ought to have been known by, the Secured Party relating to or affecting any Obligor at any time before or during the currency of any Transaction Document, whether prejudicial or not to the rights and liabilities of the Grantor and whether or not the Secured Party was under any duty of disclosure; or
- (xviii) the Secured Party entering into a covenant with any other Obligor not to sue, issue process, sign or execute judgment, commence proceedings for bankruptcy or winding up, participate in any scheme of arrangement or reconstruction, prove in any bankruptcy or winding up or do any other act, matter or thing in respect of the liability of any other Obligor.

11.5 Insolvency

- (a) The Grantor must not:
 - (i) institute any proceedings against any other Obligor or make or join in making any application to any court for an administration, winding up, receivership or other similar order to be made in relation to any other Obligor; or

- (ii) except as contemplated by clause 11.5(b), lodge any proof of debt or similar claim under any Insolvency Provision in relation to an Obligor in competition with the Secured Party.
- (b) The Grantor irrevocably appoints the Secured Party as its attorney to prove in the insolvency of any other Obligor for all money to which the Grantor may be entitled from that Obligor. The Grantor acknowledges that the Secured Party may, subject to the terms of this mortgage, retain any money which the Secured Party may receive from any proof on account of the Secured Money.

11.6 Waiver of rights

The Grantor may not:

- (a) exercise any right of contribution, indemnity or subrogation which it might otherwise be entitled to claim and enforce against any other Obligor and irrevocably waives all of those rights of contribution, indemnity or subrogation it may have;
- (b) accept the benefit of any Encumbrance as security for any obligation which any other Obligor owes to the Grantor; or
- (c) raise any defence, right of set-off or counterclaim in reduction or discharge of its obligations under this mortgage.

11.7 Obligor

For the purposes of clauses 11.4, 11.5 and 11.6 the expression "Obligor" will include any person from whom the Grantor may become entitled (by reason of its making a payment to the Secured Party) to claim any right of contribution or indemnity.

11.8 Claim on Grantor

The Secured Party is not required to:

- (a) make any claim or demand on any other Obligor or any other person;
- (b) enforce any other Transaction Document or other Encumbrance; or
- (c) enforce any other Power,

in any case, before making any demand on the Grantor under this mortgage or otherwise enforcing this mortgage.

11.9 Release of Collateral

The Secured Party will release the Collateral at the times and in the manner specified in the Subscription Deed.

12. Protection and indemnity

12.1 Waiver by Grantor

The Grantor waives in favour of the Secured Party:

- (a) all rights against the Secured Party and any other person, estate or assets as far as is necessary to give effect to any provision of this mortgage;

- (b) promptness and diligence on the part of the Secured Party; and
- (c) all rights inconsistent with the provisions of this mortgage.

12.2 No liability for loss

Neither the Secured Party nor any Receiver will be liable or otherwise accountable for any act, omission, delay, mistake, loss or irregularity in or concerning the exercise, attempted exercise, non exercise or purported exercise of any Power, except for its own gross negligence, fraud or wilful misconduct.

12.3 No liability to account

Neither the Secured Party nor any Receiver will, by reason of the Secured Party or that Receiver entering into possession of the Collateral, be liable to account as mortgagee or chargee in possession, for any loss on realisation or for any default, omission, delay or mistake for which a mortgagee or chargee in possession might be liable. The liability of the Secured Party and of each Receiver will be for actual receipts only.

12.4 No conflict

The Secured Party and each Receiver may exercise any Power, even though the exercise of that Power involves a conflict between any duty owed to the Grantor by the Secured Party or that Receiver and any duty owed by the Secured Party or that Receiver to any other person or the interests of the Secured Party or that Receiver. No contract will be void or voidable by virtue of that conflict of duty or interest nor will the Secured Party or Receiver be liable to account to the Grantor or any other person for any money or property as a result of that conflict.

12.5 No notice or enforcement

The Secured Party need not:

- (a) give any notice of this mortgage to any debtor of the Grantor, to any purchaser or to any other person;
- (b) enforce payment of any money payable to the Grantor;
- (c) vote at any meeting of members or creditors of any Entity or otherwise exercise any rights in respect of the Collateral; or
- (d) realise the Collateral or take any steps or proceedings for that purpose.

12.6 Indemnity

The Grantor will on demand indemnify and keep the Secured Party indemnified in respect of all Costs and Taxes incurred by the Secured Party or any Receiver:

- (a) in the exercise, attempted exercise or non-exercise of any Power, including those resulting from any mistake, oversight, error of judgment or want of prudence on the part of the Secured Party or any Receiver, unless the same is due to its own gross negligence, fraud or wilful misconduct;
- (b) as a consequence of the occurrence or subsistence of any Event of Default;
- (c) by reason of this mortgage;

- (d) in respect of any act or omission for which the Secured Party or any Receiver is exonerated by this mortgage; and
- (e) by reason of the Secured Party redeeming or taking a transfer of any Encumbrance ranking in priority to or pari passu with this mortgage,

and the Grantor will defend all actions, proceedings, claims or demands brought by any person in relation to any matter the subject of this indemnity.

12.7 Protection of persons dealing with the Secured Party or Receiver

No person acquiring any money or asset from or paying or handing over any money or asset to or otherwise dealing with the Secured Party, any Receiver or any Delegate, or to whom is tendered for registration an instrument executed by the Secured Party, any Receiver or any Delegate, will be:

- (a) bound to inquire:
 - (i) whether the Secured Party or the relevant Receiver or Delegate has the right to dispose of any money or asset;
 - (ii) whether any Event of Default has occurred or is subsisting;
 - (iii) whether any of the Secured Money is owing or payable;
 - (iv) whether the relevant Receiver or Delegate has been properly appointed;
 - (v) as to the propriety or regularity of the exercise or purported exercise of any Power; or
 - (vi) as to any other matter or thing;
 - (b) affected by actual or constructive notice that any transaction, document or other dealing is unnecessary or improper; or
 - (c) concerned to see to the application of any money or asset, or be answerable or accountable for any loss or misapplication,
- and:
- (i) in the case of any person paying or handing over any money or asset, that person will be discharged from any further liability to pay or hand over that money or asset; and
 - (ii) the irregular, improper or unnecessary exercise of any Power and any other dealing of any nature with the Secured Party, any Receiver or any Delegate will be, as regards the protection of any such person, deemed to be authorised by the Grantor and valid.

13. Payments

13.1 Money repayable as agreed or on demand

The Grantor will pay the Secured Money to the Secured Party in dollars or any other currency specified in the relevant Transaction Document in immediately available funds not later than 11.00 am in the place of payment on the due date (or if no due date is specified, on the date of

demand by the Secured Party) and in compliance with any other requirements of the Transaction Documents.

13.2 Credit balances of other accounts

In determining the amount of the Secured Money, no credit need be allowed by the Secured Party for any credit balance in any joint or other account of the Grantor with the Secured Party, or for any other money owing by the Secured Party to the Grantor.

14. Expenses, stamp duties and GST

14.1 Expenses

:

- (a) **(Preparation)** Each party will bear its own costs in relation to negotiating, preparing and executing this mortgage and any subsequent consent, agreement, approval, waiver or amendment relating to, or discharge of, this mortgage; and
- (b) **(Enforcement)** The Grantor must reimburse the Secured Party on demand for, and indemnifies the Secured Party against, all Costs, including legal fees, costs and disbursements (on a full indemnity basis and determined without taxation, assessment or similar process) incurred in connection with exercising, enforcing or preserving, or attempting to exercise, enforce or preserve, any Power including any expenses incurred in the evaluation of any matter of material concern to the Secured Party or the investigation of any matter which the Secured Party determines, acting reasonably, may be an Event of Default or Potential Event of Default.
- (c) **(Grantor's compliance)** The Grantor will bear the cost of its compliance with this mortgage.

14.2 Stamp duties

The Grantor:

- (a) must promptly pay all stamp duty, transaction, registration and similar Taxes, including fines and penalties which may be payable to, or required to be paid by, any appropriate Government Authority or determined to be payable in connection with the execution, delivery, performance or enforcement of this mortgage or any payment, receipt or other transaction contemplated by this mortgage; and
- (b) indemnifies the Secured Party against any loss or liability incurred or suffered by it as a result of the delay or failure by the Grantor to pay any Taxes as required in accordance with clause 14.2(a).

14.3 GST

- (a) Any reimbursement required to be made by the Grantor under this mortgage for a Cost or other amount paid or incurred by the Secured Party will be limited to the total Cost or other amount less the amount of any input tax credit to which the Secured Party is entitled for the acquisition to which the Cost or other amount relates.
- (b) If GST is payable in respect of any supply made by or through the Secured Party under, pursuant to, or in connection with this mortgage (**GST Liability**), then:

- (i) where consideration is provided by the Grantor in relation to that supply, the Grantor will pay an additional amount to the Secured Party equal to the full amount of the GST Liability; and
- (ii) except where clause 14.3(b)(i) applies, the Grantor will indemnify and keep the Secured Party indemnified for the full amount of the GST Liability.

The Secured Party will provide to the Grantor a tax invoice complying with the relevant law relating to any payment made to it in accordance with this clause 14.3(b).

15. Governing law and jurisdiction

15.1 Governing law

This mortgage is governed by the law applying in Victoria.

15.2 Jurisdiction

The Grantor irrevocably:

- (a) submits to the non exclusive jurisdiction of the courts of Victoria, and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to this mortgage; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 15.2(a).

16. Miscellaneous

16.1 Further acts and documents

- (a) The Grantor will, and will procure that all persons having or claiming any estate or interest in the Collateral from time to time after the date of this mortgage will, on demand by the Secured Party (and at the entire cost and expense of the Grantor) perform all acts and execute and deliver all further documents as the Secured Party, acting reasonably, requires:
 - (i) for more satisfactorily securing to the Secured Party the payment of the Secured Money;
 - (ii) to perfect the Encumbrance created by this mortgage over the Collateral; or
 - (iii) for facilitating the exercise of any Power.
- (b) Without limiting clause 16.1(a) if the Secured Party determines that a Transaction Document (or a transaction related to a Transaction Document) is or contains a Security Interest, the Grantor agrees to promptly do anything (including amending any Transaction Document or executing any new document) which the Secured Party reasonably requires for the purposes of:

- (i) ensuring that the Security Interest is enforceable, perfected (including, where possible, by control in addition to registration) and otherwise effective; or
- (ii) enabling the Secured Party to apply for registration, or give any notification, in connection with the Security Interest so that the Security Interest has the priority required by the Secured Party; or
- (iii) enabling the Secured Party to exercise rights in connection with the Security Interest.

16.2 Powers cumulative

Each Power is cumulative and in addition to each other Power available to the Secured Party or any Receiver.

16.3 Indemnities

- (a) Each indemnity in this mortgage is a continuing obligation, separate and independent from the other obligations of the parties and survives termination, completion, expiration or release of this mortgage.
- (b) It is not necessary for the Secured Party to incur any expense or to make any payment before enforcing a right of indemnity conferred by this mortgage.
- (c) The Grantor must pay on demand any amount it must pay under an indemnity in this mortgage.

16.4 Time of essence

Time is of the essence in respect of the Grantor's obligations under this mortgage.

16.5 Moratorium legislation

To the fullest extent permitted by law, all laws which at any time operate directly or indirectly to:

- (a) lessen or affect in favour of the Grantor any obligation under this mortgage; or
 - (b) delay or otherwise prevent or prejudicially affect the exercise of any Power,
- are expressly waived.

16.6 Binding on each signatory

This mortgage binds and is enforceable against the Grantor despite:

- (a) any other person not executing this mortgage or its execution being defective in any way; or
- (b) any obligation or liability of any other party under this mortgage not being binding or enforceable against that party for any reason.

16.7 Counterparts

This mortgage may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the deed of each party who has executed and delivered that counterpart.

16.8 Registration

The Secured Party may register this mortgage and any financing statement or financing change statement relating to this mortgage in the manner and within any time limits prescribed by law to ensure the full efficacy of this mortgage as an Encumbrance to the Secured Party in all relevant jurisdictions.

16.9 Assignment

- (a) (i) The Secured Party may at any time assign or otherwise transfer all or any part of its rights under this mortgage to any party to whom the Secured Party transfers the Note in accordance with clause 10 of the Subscription Deed and may disclose to a proposed assignee or transferee any information in the Secured Party's possession relating to the Grantor.
- (ii) If the Secured Party assigns or otherwise transfers all or any part of its rights under this mortgage as permitted in accordance with this clause 16.9(a) the Grantor may not claim against any assignee or transferee any right of set-off or any other rights the Grantor has against the assigning or transferring Secured Party.
- (b) The Grantor cannot assign, novate or otherwise transfer any of its rights or obligations under this mortgage without the prior written consent of the Secured Party.

16.10 No merger

This mortgage and the Powers are in addition to and do not merge with, postpone, lessen or otherwise prejudicially affect any other Transaction Document or any other right, power, authority, discretion, remedy or privilege of the Secured Party.

16.11 Blanks

The Grantor authorises the Secured Party to complete any blanks in this mortgage or any document, of any nature, entered into or executed by the Grantor in connection with this mortgage.

16.12 Confidentiality

- (a) Subject to clause 16.12(b), if the Grantor is a debtor as defined in the PPSA, the parties agree to keep all information of the kind mentioned in section 275(1) of the PPSA confidential and not to disclose that information to anyone.
- (b) Clause 16.12(a) does not apply to any disclosure of information or documents:
 - (i) in any proceeding arising out of or in connection with this mortgage to the extent that the disclosure is deemed by the disclosing party necessary to protect its interests;
 - (ii) where the information is in the public domain other than as a result of a breach by that disclosing party of this clause 16.12;
 - (iii) if required to do so under a binding order of any Government Authority or any procedure for discovery in any proceedings;
 - (iv) if the disclosing party reasonably believes it is required to do so by any law or stock exchange (except that this paragraph does not permit the

Secured Party to disclose any information of the kind referred to in section 275(1) of the PPSA, to the extent that disclosure can be resisted under subsection 275(6) of the PPSA);

- (v) otherwise as required or permitted by any Transaction Document;
- (vi) to a disclosing party's Related Bodies Corporate, its legal advisors and its consultants as long as it advises them of the confidential nature of the information or documents or that nature is clear from the circumstances of the disclosure;
- (vii) by the Secured Party to a proposed assignee or transferee of any rights or obligations under any Transaction Document or to any sub-participant or other person with whom any other transaction may be entered into under which payments may be made by reference to any Transaction Document or any Obligor;
- (viii) by the Secured Party with the Grantor's prior written consent;
- (ix) by the Grantor with the Secured Party's prior written consent.

Each party authorises disclosures made by the other party in accordance with clauses 16.12(b)(i) to 16.12(b)(vii).

Executed as a deed

By the Grantor

**Executed by Silvergate Capital Pty Ltd
ACN 158 538 580 in its own capacity and
in its capacity as trustee of the Silvergate
Capital Unit Trust by in accordance with
section 127 of the Corporations Act 2001 (Cth):**

Ed M'Curran

Full name of sole director and company secretary who states that he or she is the sole director and sole company secretary of

[Signature]

Signature of sole director and sole company secretary

By the Secured Party

**Signed, sealed and delivered by Wu
Jiping in the presence of:**

Signature of witness

Signature

Full name of witness

Secured Party to disclose any information of the kind referred to in section 275(1) of the PPSA, to the extent that disclosure can be resisted under subsection 275(6) of the PPSA);

- (v) otherwise as required or permitted by any Transaction Document;
- (vi) to a disclosing party's Related Bodies Corporate, its legal advisors and its consultants as long as it advises them of the confidential nature of the information or documents or that nature is clear from the circumstances of the disclosure;
- (vii) by the Secured Party to a proposed assignee or transferee of any rights or obligations under any Transaction Document or to any sub-participant or other person with whom any other transaction may be entered into under which payments may be made by reference to any Transaction Document or any Obligor;
- (viii) by the Secured Party with the Grantor's prior written consent;
- (ix) by the Grantor with the Secured Party's prior written consent.

Each party authorises disclosures made by the other party in accordance with clauses 16.12(b)(i) to 16.12(b)(vii).

Executed as a deed

By the Grantor

Executed by Silvergate Capital Pty Ltd
ACN 158 538 580 in its own capacity and
in its capacity as trustee of the Silvergate
Capital Unit Trust by in accordance with
section 127 of the Corporations Act 2001 (Cth):

Full name of sole director and company secretary who
states that he or she is the sole director and sole
company secretary of

Signature of sole director and sole company
secretary

By the Secured Party

Signed, sealed and delivered by Wu
Jiping in the presence of:

Signature of witness

Full name of witness

Signature

Annexure B - Chess Security Deed

This is Annexure "B" of 16 pages referred to in Form 603.

**Signed for and behalf of Wu Jiping by
Chong Lee** under a power of attorney dated 26
September 2013:

Chong Lee

Print Name



Signature of Chong Lee

CHESS security deed

Silvergate Capital Pty Ltd in its own capacity and as trustee
for the Silvergate Capital Unit Trust (**Grantor**)

RBS Morgans Limited (**Participant**)

Wu Jiping (**Secured Party**)

I do hereby certify that this is a true
and correct copy of the original document,

Signed

02/10/2013

Marie Clarissa De Stefano
Level 18, 333 Collins Street,
Melbourne VIC 3000

An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004

CHES security deed

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Details

Date 30 September 2013

Parties

Name	Silvergate Capital Pty Ltd ACN 158 538 580 in its own capacity and as trustee for the Silvergate Capital Unit Trust
Short form name	Grantor
Notice details	C/- McCullough Robertson Lawyers Level 11, 66 Eagle Street BRISBANE QLD 4000 Facsimile: +617 3229 9949 Attention: Isaac West
Name	RBS Morgans Limited ACN 010 669 726
Short form name	Participant
Notice details	Level 29 123 Eagle Street BRISBANE QLD 4000 Facsimile: 07 3834 0989 Attention: Peter Chisholm
Name	Wu Jiping
Short form name	Secured Party
Notice details	C/- Clayton Utz Level 18 333 Collins Street Melbourne VIC 3000 Facsimile: +61 3 9629 8488 Attention: Jonathan Li

Background

- A The Participant and the Grantor have entered into the Sponsorship Agreement.
- B The Grantor has granted a Security Interest in the CHESS Securities to the Secured Party under the Security Agreement.
- C This document is entered into to protect the interests of the Secured Party under the Security Agreement.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this document:

Authorised Representative means:

- (a) in respect of the Grantor, a director or company secretary, or a person it notifies to the Secured Party and the Participant (with a certified copy of that person's specimen signature) as being authorised to act as its authorised representative for the purposes of this document;
- (b) in respect of the Participant, a person holding or acting in the office of director, chief executive or company secretary, or whose title or acting title includes 'manager', 'director', 'executive', 'chief', 'head', 'counsel' or 'president', or a person notified to the other parties to act as its authorised representative for the purposes of this document; and
- (c) in respect of the Secured Party, a director or company secretary, or a person notified to the other parties to act as its authorised representative for the purposes of this document.

ASX means ASX Limited (ABN 98 008 624 691), or the stock market it conducts, as the context requires.

ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).

CHESS Securities means the Financial Products, including the Shares which are the subject of the Sponsorship Agreement from time to time and which are, at the date of this document, 19,691,371 fully paid ordinary shares in Carpentaria Exploration Limited ACN 095 117 981 with HIN 0062856343.

Collateral has the meaning given to that term in the Security Agreement.

Controlling Participant has the meaning given to that term under the ASX Settlement Operating Rules, provided that that Controlling Participant has been appointed pursuant to the terms of the Sponsorship Agreement.

Financial Products means:

- (a) a financial product as defined in the Corporations Act;
- (b) a negotiable instrument; and
- (c) a unit or other interest in a trust or partnership.

in connection with Carpentaria Exploration Limited ACN 095 117 981 as at the date of this document with HIN 0062856343. It includes, for the avoidance of doubt, the Shares.

Government Agency means any government or governmental, semi-governmental, administrative, public, regulatory or judicial entity, body, department, commission, agency or authority.

GST has the meaning given in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable while the relevant entity is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Loss means a loss, claim, action, damage, liability, cost, charge, expense, penalty, compensation, fine or outgoing suffered, paid or incurred.

New Rights means any new shares, dividends, bonuses, options, monies or securities of whatever nature that may at any time be transferable, allotable or payable to the holder of the Financial Products.

Power means any right, power, discretion or remedy of the Secured Party or a Receiver under this document, the Security Agreement or applicable law.

Proceeds means all money (in whatever currency) and amounts payable to the Grantor or to which the Grantor is entitled now or in the future (whether alone or with any other person) on any account or in any way whatever under, or as holder of, the Financial Products or New Rights, including distributions, dividends, bonuses, profits, return of capital, interest and all proceeds of sale, redemption or disposal.

Receiver means a receiver or receiver and manager appointed under the Security Agreement.

Secured Property means the Financial Products and includes the New Rights and Proceeds.

Security Agreement means the document titled '*Deed of mortgage of securities*' dated on or about the date of this document between the Grantor and the Secured Party.

Settlement Rules means the operating rules of the clearing and settlement facility for the financial market operated by ASX.

Shares means of the Grantor's present and after-acquired interest in, and rights in relation to:

- (a) the 19,691,371 ordinary shares issued by Carpentaria Exploration Limited ACN 095 117 981 held by the Grantor (including the Grantor's beneficial interest in those Shares);
- (b) any New Rights;
- (c) any other shares which the Grantor deposits with the Secured Party or which certificates are deposited with the Secured Party or that the Grantor and Secured Party designate as collateral for the purposes of this document; and
- (d) Proceeds.

Sponsorship Agreement means the agreement titled '*Sponsorship Agreement*' dated 10 May 2013 between the Grantor and the Participant.

Tax means any tax, levy, duty, rate, impost, charge, deduction or withholding (and any related penalty, fine, fee or interest) imposed, levied or assessed by a Government Agency. It includes stamp duty, GST and any transaction taxes and duties.

1.2 Interpretation

In this document:

- (a) headings are for reference only and do not affect interpretation;
- (b) any undertaking, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (c) the singular includes the plural and vice versa, a gender includes other genders and different grammatical forms of defined expressions have corresponding meanings;

- (d) unless stated otherwise, anything (other than making a payment) required to be done on or by a day which is not a Business Day, must be done on or by the next Business Day;
- (e) no provision or expression is to be construed against a party on the basis that the party (or its advisers) was responsible for its drafting; and
- (f) examples and use of the word **including** and similar expressions do not limit what else may be included.

Unless the context requires otherwise, a reference in this document to:

- (g) a party to any document includes that person's successors and permitted substitutes and assigns;
- (h) an agreement includes any legally enforceable arrangement, understanding, undertaking or representation whether or not in writing;
- (i) a document or agreement includes that document or agreement as novated, altered, amended, supplemented or replaced from time to time;
- (j) any thing includes any part of it and a reference to a group of things or persons includes each thing or person in that group;
- (k) clauses, schedules and annexures are to those in this document, and a reference to this document includes any schedule and annexure;
- (l) a person, corporation, trust, partnership, unincorporated body or other entity includes any of them;
- (m) time is to Melbourne time unless stated otherwise;
- (n) legislation or other law or a provision of them includes regulations and other instruments under them, and any consolidation, amendment, re-enactment or replacement;
- (o) **property** or an **asset** includes any real or personal, present or future, tangible or intangible property or asset and any right, interest, revenue or benefit in, under or derived from the property or asset.

1.3 ASX Settlement Operating Rules definitions

Unless defined in this document or the context otherwise requires, expressions which are given a meaning in the ASX Settlement Operating Rules have the same meaning in this document.

1.4 Inconsistency with Sponsorship Agreement

This document prevails over the Sponsorship Agreement to the extent of any inconsistency.

2. Acquisition and holding of CHES\$ Securities

2.1 Participant as Controlling Participant

- (a) The Grantor must ensure, and the Participant must procure, that each CHES\$ Security acquired or to be acquired by the Grantor from time to time:
 - (i) is acquired as; or
 - (ii) immediately on its acquisition is Transferred or Converted to, a Participant Sponsored Holding with the Participant as Controlling Participant.
- (b) The Grantor must do all acts and things necessary, or required by the Secured Party or the Participant, to ensure that such CHES\$ Securities are so acquired, Transferred or

Converted to a Participant Sponsored Holding with the Participant as Controlling Participant pursuant to the Sponsorship Agreement.

- (c) The Grantor must provide the Secured Party with full details of the acquisition, Transfer or Conversion once it has been completed, including copies of any documentation connected with that acquisition, Transfer or Conversion.

2.2 Acquisitions to be the subject of Sponsorship Agreement

No Financial Product which is Secured Property may be acquired or held by the Participant on the instructions of or on behalf of the Grantor unless it is the subject of the Sponsorship Agreement and the Participant is the Controlling Participant for that Financial Product.

2.3 Other Controlling Participant

Where a Financial Product which is Secured Property is held in a Participant Sponsored Holding with a person other than the Participant as the Controlling Participant for any reason, the Grantor immediately must take all action necessary to ensure that the Participant becomes the Controlling Participant in relation to that Financial Product.

2.4 Delivery of documents

If and only if required by the Secured Party to do so, the Grantor immediately must give to the Participant all certificates, marked or unmarked transfers and any other documents relating to each CHESS Security or any of the Secured Property that is capable of Transfer or Conversion into a CHESS Holding as soon as they are available to the Grantor or its agents, together with any documents which are necessary to effect a Transfer or Conversion.

2.5 Account controls

- (a) The Participant must do all things the Secured Party reasonably requires it to do to protect the interest of the Secured Party in a CHESS Security provided such things are within the control of the Participant.
- (b) Without limiting clause 2.5(a) the Participant must make the account in which the Grantor's CHESS Securities are held a single use account and otherwise put in place the Participant's usual internal controls on access and use of that account so as to protect the interest of the Secured Party in the CHESS Securities.

2.6 Information

- (a) Each of the Grantor and the Secured Party authorises the Participant to provide details of the Grantor's holding of CHESS Securities or information in relation to those CHESS Securities if required to do so by law or by the constitution of the relevant issuer of those CHESS Securities.
- (b) The Grantor undertakes to promptly advise the Secured Party in writing of any HIN or SRN used to identify it as soon as it becomes aware of such HIN or SRN.

2.7 Grantor Covenants

The Grantor acknowledges and agrees that:

- (a) the Grantor will not act in a manner in any way inconsistent with the arrangements set out in this deed, and in particular and despite its role as Participant Sponsored Holder, it will not:
 - (i) give any instructions to or conduct any dealings with the Participant as Controlling Participant pursuant to the Sponsorship Agreement or otherwise in connection with the CHESS Securities that form part of the Collateral or the Sponsorship Agreement other than as specifically permitted under this deed; and

- (ii) exercise any of its rights as Participant Sponsored Holder other than as specifically permitted on and subject to the terms of this deed and in that case only where the Secured Party has specifically consented to that exercise of rights by notice in writing to the Participant; and

any such action of the Grantor prohibited by this clause 2.7(a) is of no effect; and

- (b) the Participant as Controlling Participant pursuant to the Sponsorship Agreement is entitled to rely on the instructions received from the Secured Party or a Receiver dealing in any way with the CHESS Securities that form part of the Collateral or the Sponsorship Agreement as if the Secured Party or that Receiver were the Participant Sponsored Holder under that Sponsorship Agreement in the place of the Grantor.

3. Sponsorship representations and warranties

3.1 By Grantor and Participant

Each of the Grantor and the Participant represents and warrants to the Secured Party that:

- (a) the Sponsorship Agreement is valid, binding and enforceable against it in accordance with its terms; and
- (b) the CHESS Securities are held under the Sponsorship Agreement as a Participant Sponsored Holding with the Participant as the Controlling Participant.

3.2 Repetition

Each representation and warranty in this clause 3 is repeated, with reference to the facts and circumstances at the time, each day until termination of this document.

4. Participant's undertakings

4.1 Dealings with CHESS Securities

- (a) The Participant must not (under the Sponsorship Agreement or otherwise) Transfer, Convert, dispose of or otherwise deal with or act in relation to the CHESS Securities or any New Rights or Proceeds relating to those CHESS Securities, except as approved and authorised by the Secured Party in writing.

4.2 Secured Party or Receiver instructing the Participant

If the Secured Party or a Receiver exercises a Power under the Security Agreement:

- (a) the Secured Party or Receiver may instruct the Participant without reference to the Grantor, and that exercise of Power and the instructions are authorised and valid as far as the Participant is concerned despite any actual or constructive notice to the contrary; and
- (b) the Participant agrees to act on those instructions, and may remove any Holder Record Lock in accordance with the ASX Settlement Operating Rules to facilitate that exercise of Power and instructions, without instruction, confirmation or ratification from the Grantor.

4.3 Proceeds

The Participant must, unless the Secured Party gives a written direction to the Participant to do otherwise, pay to the Secured Party all Proceeds in relation to the CHESS Securities immediately they are received by the Participant. The Participant is not obliged to enquire as to the application of those Proceeds by the Secured Party.

4.4 Required change to form of holding or registration

The Participant immediately must notify the Secured Party of any requirement or proposal which affects or may affect the way in which any CHESS Security is held or registered. If the Participant is required by law or by a Government Agency (including ASX Settlement Pty Ltd) to effect such a change, then:

- (a) the Participant must comply with the requirement;
- (b) without limiting paragraph (a), the Participant must consult with the Secured Party with a view to determining a permissible method of compliance which best protects the Secured Party's interests; and
- (c) without limiting the Grantor's obligations under the Security Agreement, the Grantor must do whatever the Secured Party requires it to do to ensure that the Secured Party is as effectively secured in respect of that CHESS Security after the change is effected.

4.5 Participant not bound to enquire

When dealing with the Secured Party or a Receiver, the Participant need not enquire whether:

- (a) there has been a default under the Security Agreement or whether a Receiver has been properly appointed; or
- (b) the Secured Party or a Receiver has executed or registered an instrument or exercised a Power properly or with authority.

4.6 Participant's general obligations

The Participant must, unless the Secured Party otherwise consents in writing:

- (a) **(comply with Sponsorship Agreement)** comply with the Sponsorship Agreement to the extent that it is not inconsistent with this document;
- (b) **(comply with laws)** comply with applicable laws relating to the CHESS Securities and the Sponsorship Agreement, including the ASX Settlement Operating Rules, the operating rules of the ASX and the Listing Rules;
- (c) **(Controlling Participant)** take all action and execute all documents necessary for the purpose of acting as the Controlling Participant in respect of the CHESS Securities;
- (d) **(notices)** promptly notify the Secured Party of any:
 - (i) material default or dispute relating to, or under, the Sponsorship Agreement; or
 - (ii) any fact or circumstance which may affect its ability to perform its obligations under the Sponsorship Agreement or this document;
- (e) **(Security Agreement paramount)** not do anything which is inconsistent with or prejudicial to the Secured Party's rights under the Security Agreement, unless it is required by law or permitted by a Permitted Security Interest or this document to do so; and
- (f) **(Sponsorship Agreement)** not change, or agree to a change in, the Sponsorship Agreement unless required by law (in which case, such change must be promptly notified to the Secured Party); and
- (g) **(information)** if requested by the Secured Party, provide the Secured Party with copies of:
 - (i) any information and supporting documentation that the Participant holds that is necessary for it to comply with the Settlement Rules or with any law; and

- (ii) statements of holding balances and any other information which the Participant is reasonably able to obtain in relation to the CHESS Securities that form part of the Collateral,

only to the extent that such information and documentation relates to the Financial Products the subject of this document.

5. Termination

5.1 Participant unable to perform

If the Participant is suspended from participation in CHESS, or is otherwise unable to perform its obligations under the Sponsorship Agreement or this document, the Grantor must ensure that another Sponsoring Participant becomes its Controlling Participant in relation to the CHESS Securities and that that Sponsoring Participant immediately enters into a deed with the Secured Party and the Grantor substantially on the same terms as this document.

5.2 Grantor's right of termination restricted

The Grantor may not terminate the Sponsorship Agreement until the Secured Party has released all CHESS Securities from the Security Agreement or the Security Agreement has terminated. Any purported termination by the Grantor of the Sponsorship Agreement prior to that time is invalid.

5.3 Termination of this document

- (a) This document will terminate when the Secured Party notifies the Grantor and the Participant that it has released all CHESS Securities from the Security Agreement or that the Security Agreement has been terminated. The Secured Party must notify the Participant of any release or termination.
- (b) The termination of this document does not affect any rights or obligations of the parties which accrue before termination.

6. Costs, expenses and Taxes

6.1 Costs and expenses of the Participant

The Grantor must pay on demand all costs and expenses of the Participant relating to or in connection with:

- (a) the negotiation, preparation, execution, delivery and payment of Taxes on this document;
- (b) any variation or discharge of this document;
- (c) the exercise, enforcement, protection or waiver, or attempted exercise, enforcement or protection, of any right of the Participant under this document;
- (d) the discharge of the Participant's obligations under this document; and
- (e) the giving by the Participant of a consent or approval in connection with this document, including any legal costs and expenses (on a full indemnity basis), any professional consultant's fees and any registration or other fees and charges associated with CHESS.

6.2 Costs and expenses of the Grantor

The Grantor will pay its own costs and expenses in connection with this document.

6.3 Taxes, fees and charges

The Grantor must pay all:

- (a) Taxes, fees and charges in connection with this document or any payment, receipt, supply or other transaction carried out pursuant to, or contemplated by, this document, including Taxes passed onto the Secured Party by another financial institution or supplier of goods and services; and
- (b) fines and penalties for late payment or non-payment of those amounts, except where the Grantor places the Secured Party in cleared funds to make the payment not less than 5 Business Days before the due date and the Secured Party fails to make the payment.

The Grantor must pay or reimburse the Secured Party on demand for all such amounts which are payable or which the Secured Party determines in good faith to be payable.

6.4 GST

- (a) In this clause 6.4:
 - (i) terms defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) apply;
 - (ii) reference to a person includes the representative member of any GST group of which the relevant person is a member;
 - (iii) a **Finance Supply** means a supply made or to be made by the Secured Party under or in connection with a Finance Document where the consideration for the supply is not stated to include an amount in respect of GST on the supply; and
 - (iv) **GST Amount** means the amount of any GST payable on a Finance Supply.
- (b) All Finance Supply amounts have been calculated without regard to GST. If GST is or will be imposed on any Finance Supply, the payment to the supplier for that supply shall be increased by the GST Amount. Each recipient of a Finance Supply indemnifies the supplier against, and must pay to the supplier on demand amounts equal to, any Loss arising as a result of or in connection with the supplier failing to receive the increased payment amount.
- (c) If a party is liable under a Finance Document to reimburse or indemnify the Secured Party for any Loss, the reimbursement or indemnity amount will be for the full GST inclusive amount of that Loss less any input tax credit to which the Secured Party determines it is entitled with respect to that Loss, plus any increased amount for GST payable under clause 6.4(b). To the extent that the Secured Party is not entitled to an input tax credit for the GST payable on any supply acquired by or expenditure incurred by the Secured Party directly or indirectly in connection with a Finance Document, the Grantor must reimburse the Secured Party for the amount of that unrecoverable GST.
- (d) The supplier of a Finance Supply that is a taxable supply must issue a tax invoice to the recipient no later than 14 days following payment of the GST Amount pursuant to this clause 6.4.
- (e) If it is determined on reasonable grounds that the amount of GST paid or payable to the Commissioner of Taxation by the supplier in connection with a Finance Supply differs for any reason from the GST amount paid or payable to the supplier by the recipient pursuant to clause 6.4(b), the amount of the difference must be paid by, refunded to or credited to (as applicable), the recipient promptly, and the supplier must issue an adjustment note to the recipient.

- (f) If the GST payable in relation to a Finance Supply is less than the amount that the recipient has paid the supplier under clause 6.4(b), the supplier is only obligated to pay a refund of GST to the recipient to the extent the supplier receives a refund of that GST from the Commissioner of Taxation. This clause 6.4(f) does not apply in relation to adjustment events.

7. Indemnity

The Grantor indemnifies the Participant against, and must pay to the Participant on demand amounts equal to, any Loss by the Participant as a result of or in connection with:

- (a) the Participant complying with its obligations under this document; or
- (b) the exercise of a Power by the Secured Party or a Receiver in relation to this document, the Security Agreement, the Sponsorship Agreement or the CHES\$ Securities.

8. Assignment

8.1 By Grantor

The Grantor may not assign, transfer or otherwise deal with its rights, interest or obligations under this document without the Secured Party's prior written consent.

8.2 By Participant

The Participant may not assign, transfer or otherwise deal with its rights, interest or obligations under this document without the Secured Party's prior written consent.

8.3 By Secured Party

- (a) Unless the Secured Party has expressly agreed otherwise with the Grantor in another document, the Secured Party may assign its rights under this document without the consent of the Grantor or the Participant.
- (b) Unless the Secured Party has expressly agreed otherwise with the Grantor in another document, the Secured Party may disclose to a potential assignee any confidential information provided to the Secured Party by the Grantor or the Participant for the purposes of the assignment.

9. Notices, demands and communications

9.1 Service

A notice, demand, consent, approval or communication (Notice) given by a party in connection with this document must be:

- (a) in writing, in English and signed by an Authorised Representative of the party; and
- (b) hand delivered or sent by prepaid post (or airmail if applicable) or facsimile to the recipient's address for notices specified in the 'Details' section of this document (as varied by any Notice given by the recipient to the party).

9.2 Effective on receipt

A Notice given in accordance with clause 9.1 takes effect when received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;

- (b) if sent by prepaid post, on the second Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia); or
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission (being counted as hours from 9.00am to 5.00pm on a Business Day), the recipient informs the sender that it has not received the entire Notice,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm (addressee's time) on a Business Day, the Notice is taken to be received at 9.00am (addressee's time) on the next Business Day.

9.3 Validity

A Notice is validly given by the Secured Party even if returned unclaimed or if the recipient has been wound up or is absent from the place the Notice is delivered or sent to.

9.4 Other methods

This clause does not limit any provision for giving Notices in the Sponsorship Agreement or the Security Agreement, or limit any other method for giving Notices or serving demands provided for by law.

10. Other provisions

10.1 Authorised Representatives and communications

The Grantor irrevocably authorises the Secured Party and the Participant to rely on a certificate by any person purporting to be its director or secretary as to the identity and signatures of its Authorised Representatives, and to rely on any Notice or other document contemplated by this document or the Security Agreement which bears the purported signature (whether given by facsimile or otherwise) of its Authorised Representative. The Grantor warrants that those persons have been authorised to give notices and communications under or in connection with this document and the Security Agreement.

10.2 Consent and waivers

A consent or waiver by the Secured Party in relation to this document is effective only if in writing. If given subject to conditions, the consent or waiver only takes effect subject to compliance with those conditions to the Secured Party's satisfaction.

10.3 Indemnities and reimbursement obligations

The Secured Party or the Participant need not incur an expense or make a payment before enforcing an indemnity or reimbursement obligation in this document. Unless otherwise stated, each such indemnity or reimbursement obligation is separate and independent of each other obligation of the party giving it, is absolute, irrevocable, unconditional and payable on demand and continues despite any settlement of account, termination of this document, the Security Agreement or anything else.

10.4 Law and legislation

To the extent permitted by law:

- (a) this document prevails to the extent of inconsistency with any law; and
- (b) any present or future legislation operating to reduce the Grantor's obligations under this document or the effectiveness of the Secured Party's rights under it is excluded.

10.5 Severability

A provision of this document that is illegal, invalid or unenforceable in a jurisdiction is ineffective in that jurisdiction to the extent of the illegality, invalidity or unenforceability. This does not affect the validity or enforceability of that provision in any other jurisdiction, nor the remainder of this document in any jurisdiction.

10.6 Variation

A variation of this document must be in writing and signed by or on behalf of each party to it.

10.7 Governing law and jurisdiction

This document is governed by the laws of Queensland. Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place (and any court of appeal) and waives any right to object to an action being brought in those courts, including on the basis of an inconvenient forum or those courts not having jurisdiction.

10.8 Service of process

Without preventing any other mode of service, any document in an action or process may be served on any party by being delivered to or left for that party at its address for service of Notices under this document.

10.9 Counterparts

This document may be executed in any number of counterparts. Each counterpart constitutes an original of this document, all of which together constitute one instrument. A party who has executed a counterpart of this document may exchange it with another party by faxing, or by emailing a pdf (portable document format) copy of, the executed counterpart to that other party, and if requested by that other party, will promptly deliver the original by hand or post. Failure to make that delivery will not affect the validity of this document.

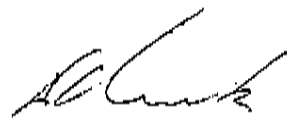
Signing page

EXECUTED as a deed.

Each attorney signing this document under a power of attorney certifies, by the attorney's signature, that the attorney has no notice of the revocation of the power of attorney.

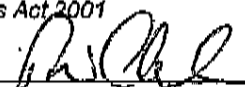
Grantor

Executed by Silvergate Capital Pty Ltd
ACN 158 538 580 in its own capacity and
as trustee for the Silvergate Capital Unit
Trust in accordance with Section 127 of the
Corporations Act 2001

←  ←
Signature of Edward McCormack who signs in his
capacity as sole director and sole secretary

Participant

Executed for and on behalf of RBS
Morgans Limited ACN 010 669 726 in
accordance with Section 127 of the
Corporations Act 2001

 ←
Signature of director

PETER CHISHOLM

Name of director (print)

 ←
Signature of director/company secretary

Jeffrey Oates

Name of director/company secretary (print)

Secured Party

Executed by Wu Jiping in the presence of:

←
Signature of witness

←
Signature of Wu Jiping

Name of witness (print)

Signing page

EXECUTED as a deed.

Each attorney signing this document under a power of attorney certifies, by the attorney's signature, that the attorney has no notice of the revocation of the power of attorney.

Grantor

Executed by Silvergate Capital Pty Ltd
ACN 158 538 580 in its own capacity and
as trustee for the Silvergate Capital Unit
Trust in accordance with Section 127 of the
Corporations Act 2001

← Signature of Edward McCormack who signs in his
capacity as sole director and sole secretary ←

Participant

Executed for and on behalf of RBS
Morgans Limited ACN 010 669 726 in
accordance with Section 127 of the
Corporations Act 2001

Signature of director

← Signature of director/company secretary ←

Name of director (print)

Name of director/company secretary (print)

Secured Party

Executed by Wu Jiping in the presence of:

Signature of witness

← Signature of Wu Jiping ←

Name of witness (print)

Annexure C - Redeemable Convertible Note Subscription Deed

This is Annexure "C" of 136 pages referred to in Form 603.

**Signed for and behalf of Wu Jiping by
Chong Lee** under a power of attorney dated 26
September 2013:

Chong Lee

Print Name



Signature of Chong Lee

Redeemable convertible note subscription deed

Pure Metals Pty Ltd ACN 151 066 321

Ample Source International BVI

Mr Wu Jiping

Edward Maurice McCormack in his personal capacity and in his capacity as trustee for the Pure Metals Trust

Wilson Wai Yin Cheung

Marie Clarissa De Stefano
Level 18, 333 Collins Street,
Melbourne VIC 3000
An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004.

I do hereby certify that this is a true
and complete copy of the original document

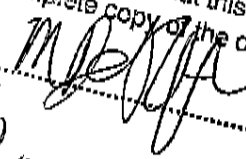
Signed 
02/10/2013

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Redeemable convertible note subscription deed

Dated *29 September* 2013

Parties

Pure Metals	Pure Metals Pty Ltd ACN 151 066 321 of C/- McCullough Robertson Lawyers of Level 11, 66 Eagle Street, Brisbane, Queensland 4000
Subscriber	Mr Wu Jiping of C/- Clayton Utz, Level 18, 333 Collins Street, Melbourne VIC 3000
ASI	Ample Source International BVI in its capacity as beneficiary of the Pure Metals Trust of 5B Kiu Fu Commercial Building, 300 Lockhart Road, Wanchai, Hong Kong
Edward Maurice McCormack	Edward Maurice McCormack in his personal capacity and in his capacity as trustee for the Pure Metals Trust of Unit 1, 24 Mona Road, Darling Point, NSW 2027
Wilson Wai Yin Cheung	Wilson Wai Yin Cheung of 5B Kiu Fu Commercial Building, 300 Lockhart Road, Wanchai, Hong Kong

Background

- A Pure Metals has agreed to issue, and the Subscriber has agreed to subscribe for, the Note.
- B All amounts owing by Pure Metals to the Subscriber under the Note and this document will be secured by a security interest over the CAP Shareholding pursuant to the Mortgage Deed.
- C The parties have agreed to enter into this document to record the terms of their agreement.

Agreed terms

1 Definitions and interpretation

1.1 Definitions

In this document:

Term	Definition
Approved Programme and Budget	has the meaning given to that term in the Exploration Joint Venture Agreement.
ASIC	means the Australian Securities and Investments Commission.
Board	means the board of directors of Pure Metals.
Business Day	means a day other than a Saturday, Sunday or a public holiday in Brisbane, Australia or Wanchai, Hong Kong.
Called Sums	has the meaning given to that term in the Exploration Joint Venture Agreement.
CAP	means Carpentaria Exploration Limited ACN 095 117 981
CAP Shareholding	means Silvergate's holding of 19,691,371 fully paid ordinary shares in the capital of CAP.
Capped Amount	has the meaning given to that term in the Exploration Joint Venture Agreement.
CHESS Security Deed	means the CHESS security deed to be entered into between the Subscriber (as secured party) and Silvergate (as grantor) and RBS Morgans Limited (as broker sponsor) in respect of the Subscriber's rights under the Mortgage Deed.
Claim	means any claim, notice, demand, action, proceeding, litigation, investigation or judgment whether based in contract, tort, statute or otherwise.
Completion	means completion of the Issue of and subscription for the Note under this document.
Completion Date	means 30 September 2013.
Conversion Date	means the day that is 10 Business Days after the date on which the Noteholder gives the Noteholder Conversion Notice.
Conversion Deed Poll Release	means a deed poll given by the Subscriber in favour of Pure Metals in the form set out in Annexure E.
Conversion Period	means the period beginning on the Issue Date and ending at 5.00pm on the date that is five months after the Issue Date.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Encumbrance	means any mortgage, pledge, charge, licence, any right of set off, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security agreement or arrangement of any kind given, arising or created.
Exploration Joint Venture Agreement	means the Exploration Joint Venture Agreement (Hawsons Iron Project) dated 4 May 2013 between CAP and the Pure Metals as amended from time to time.
Event of Default	has the meaning set out in clause 14.1.

Term	Definition
Joint Venture	has the meaning given to it in the Exploration Joint Venture Agreement.
Joint Venture Interest	has the meaning given to it in the Exploration Joint Venture Agreement.
Last Balance Date	means 30 June 2012.
Loss	losses, liabilities, damages, costs, charges and expenses and includes Taxes.
Management Committee	has the meaning given to it in the Exploration Joint Venture Agreement.
Material Contract	means the following agreements relating to the Joint Venture: (a) the Exploration Joint Venture Agreement; and (b) the Deed of Cross Security contained in Schedule 6 of the Exploration Joint Venture Agreement.
Mortgage Deed	means the deed of mortgage of securities to be entered into between the Subscriber (as secured party) and Silvergate (as grantor) in the form set out in Annexure A.
Note	means the secured redeemable convertible note issued by Pure Metals on the terms set out in this document.
Note Certificate	means a certificate in the form set out in Schedule 1 and issued to a Noteholder in respect of the Note held by it.
Noteholder	means the holder of a Note.
Noteholder Conversion Notice	means a notice in the form set out in Schedule 2.
Noteholder Repayment Notice	means a notice to Pure Metals in the form set out in Schedule 3 advising the Noteholder's requirement for Pure Metals to repay the Note in accordance with clause 14.3.
Noteholders' Register	means the Noteholders' register maintained by Pure Metals in accordance with clause 11.1(a).
PPS Register	means the register of security interests established and maintained under the Personal Property Securities Act 2009 (Cth).
Pure Metals Warranties	means the warranties contained in Schedule 4.
Redemption Date	means, in respect of the Note, the earlier of: (a) the Repayment Date; and (b) the date that is six months after the Issue Date.
Redemption Deed Poll Release	means a deed poll given by the Subscriber in favour of Pure Metals in the form set out in Annexure D.

Term	Definition
Face Value	means, in relation to the Note, A\$3,000,000.
Featherweight Charge	means the featherweight general security deed to be entered into by the Subscriber (as secured party) and Silvergate (as grantor) in the form set out in Annexure C.
Governmental Agency	means any government or any governmental agency, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Guarantee and Indemnity	means the deed of guarantee and indemnity to be entered into by the Subscriber (as beneficiary) and Silvergate (as grantor) in the form set out in Annexure B.
Immediately Available Funds	means telegraphic or other electronic means of transfer of cleared funds into a bank account nominated in advance by the payee.
Insolvency Event	means any of the following events occurring in relation to a party: (a) a liquidator, receiver, receiver and manager, administrator, official manager or other controller (as defined in the Corporations Act), trustee or controlling trustee or similar official is appointed over any of the property or undertaking of the party; (b) the party is, or becomes unable to, pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act, or is presumed to be insolvent under the Corporations Act; (c) the party ceases to carry on business; (d) the party has entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them; or (e) an application or order is made for the liquidation of the party or a resolution is passed or any steps are taken to liquidate or pass a resolution for the liquidation of the party, otherwise than for the purpose of an amalgamation or reconstruction.
Interest Rate	means from and including the Issue Date to six months from the date of this document (where the Note has not been converted, repaid or purchased prior to that date), 18% per annum.
Issue Date	means in respect of the Note, the date of issue of the Note.

Term	Definition
Regulatory Authority	means (a) any government or local authority and any department, minister or agency of any government; and (b) any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange.
Related Entity	in relation to a corporation means: (a) a related body corporate of that corporation within the meaning of section 50 of the Corporations Act; and (b) a trustee of any unit trust in relation to which that corporation, or any corporation referred to in paragraph (a), directly or indirectly: (i) controls the right to appoint the trustee; (ii) is in a position to control the casting of, more than one half of the maximum number of votes that might be cast at a meeting of holders of units in the trust; or (iii) holds or is in a position to control the disposal of more than one half of the issued units of the trust. in relation to an individual means a company in which the individual beneficially owns 50% or more of the shares.
Repayment Date	means the date which is ten Business Days after the Noteholder gives Pure Metals a Noteholder Repayment Notice.
Security	means a share, debenture, stock, bond, note, unit, warrant, option or derivative instrument.
Share	means an ordinary share in the capital of Pure Metals.
Shareholder	means a holder of a Share from time to time.
Shareholding	means the number of Shares held by a Shareholder expressed as a percentage of the total number of Shares.
Silvergate	means Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust.
Silvergate Release	means the release to be executed by BMG and the Liquidators under which the CAP Shareholding is released as security.
Subscriber Shares	means the Shares issued to the Subscriber pursuant to clause 9.2(b)(i) or 9.2(c).
Subscriber Additional Shares	means the Shares issued to the Subscriber pursuant to clause 9.2(b)(ii).

Term	Definition
Subscription Amount	means A\$3,000,000 for the Note.
Subsidiary	has the meaning given to that term in section 9 of the Corporations Act.
Sunset Date	means the date that is one month from the date of this document.
Tax	means: (a) any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding; or (b) any income, stamp or transaction duty, tax or charge, that is assessed, levied, imposed or collected by any Governmental Agency and includes, but is not limited to, any interest, fine, penalty charge, fee or any other amount imposed on, or in respect of any of the above.
Transaction Documents	means: (a) this document; (b) the Note; (c) the Mortgage Deed; (d) the CHES Security Deed; (e) the Featherweight Charge; (f) Guarantee and Indemnity; and (g) any other document that the parties agree is a Transaction Document for the purposes of this definition.

1.2 Interpretation

In this document:

- (a) a singular word includes the plural and vice versa;
- (b) a word which suggests one gender includes the other gender;
- (c) a reference to a clause, schedule, annexure or party is a reference to a clause of, and a schedule, annexure or party to, this document and references to this document include any schedules or annexures;
- (d) a reference to a party to this document or any other document or agreement includes the party's successors, permitted substitutes and permitted assigns;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a document or agreement (including a reference to this document) is to that document or agreement as amended, supplemented, varied, novated or replaced;
- (g) a reference to this document includes the agreement recorded by this document;

- (h) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
- (i) if any day on or by which a person must do something under this document is not a Business Day, then the person must do it on or by the next Business Day;
- (j) a reference to time is to the time in Brisbane, Australia.
- (k) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity; and
- (l) a reference to '\$' or 'dollar' is to Australian currency.

2 Subscription for Note

The Subscriber agrees to subscribe for the issue of the Note and Pure Metals agrees to issue the Note to the Subscriber at Completion on the terms set out in this document.

3 Release of existing security and Completion

3.1 Date and place of Completion

Completion is to occur at the time and place nominated by Pure Metals on the Completion Date.

3.2 Events for Completion

- (a) **(Subscriber's Completion obligations)** At Completion, the Subscriber must:

- (b) **(Pure Metals' Completion obligations)** At Completion, Pure Metals must:

- (v) **(issue Note)** issue the Note to the Subscriber free from any Encumbrance; and
- (vi) **(Note Certificate)** give the Subscriber a Note Certificate in respect of the Note issued.

3.4 Sunset Date

This document will lapse and be of no further force or effect if Completion has not occurred on or before the Sunset Date.

4 Subscriber's warranties

4.1 Warranties

The Subscriber warrants to Pure Metals at the date of this document, the Completion Date and the Conversion Date that:

- (a) it has full corporate power and lawful authority to execute and deliver and perform its obligations under this document; and
- (b) this document does not conflict with, nor result in a breach of or default under, any writ, order, injunction, judgement, law, rule or regulation to which it is a party or is subject to or by which it is bound.

4.2 Duration

The warranties contained in clause 4.1 survive and do not merge on Completion.

5 Pure Metals' warranties

5.1 Warranties

Subject to the qualifications in clause 5.3, Pure Metals gives the Pure Metals Warranties in favour of the Subscriber:

- (a) in respect of each Pure Metals Warranty that is expressed to be given on a particular date, on that date; and
- (b) in respect of each other Pure Metals Warranty, on the date of this document and the Conversion Date and on each other day between the date of this document and the Conversion Date (including the Completion Date).

5.2 Duration

The warranties contained in clause 5.1 survive and do not merge on Completion.

5.3 Qualifications

- (a) The Subscriber must not make a Claim in respect of a fact, matter or circumstance that caused a breach of a Pure Metals Warranty that is given on the Conversion Date to occur if the fact, matter or circumstance that caused the breach of the Pure Metals Warranty is:
 - (i) provided for or described in this document;
 - (ii) fairly disclosed in writing by Pure Metals to the Subscriber within one month after the date of this document; or
 - (iii) fairly disclosed in writing by Pure Metals to the Subscriber in accordance with clause 5.4.
- (b) For purposes of this clause 5.3 and 5.4, a fact, matter or circumstance is "fairly disclosed" if sufficient information has been disclosed that a sophisticated investor, experienced in transactions of the nature of the proposed transactions contemplated by this document would be aware of the substance and significance of the information and would be aware of the nature and extent of the breach of Pure Metals Warranty.
- (c) The Subscriber must not make a Claim in respect of a fact matter or circumstance that caused a breach of a Pure Metals Warranty if the fact, matter or circumstance that caused the breach of the Pure Metals Warranty was within the actual knowledge of the Subscriber, Ms Qing Wu or Mr Chong Lee or Mr David Lee:
 - (i) in respect of a Pure Metals Warranty given at the date of this document or at Completion, before the date of this document; and
 - (ii) in respect of a Pure Metals Warranty given at the Conversion Date, before the Subscriber submits a Noteholder Conversion Notice.

5.4 Disclosure upon receipt of Conversion Notice

- (a) Pure Metals may, within five Business Days of the receipt of a Noteholder Conversion Notice from the Subscriber in accordance with this document, fairly disclose in writing to the Subscriber, any fact, matter or circumstance that would cause a breach of a Pure Metals Warranty that is given on the Conversion Date (**Conversion Notice Disclosure**).
- (b) The Subscriber must, within five Business Days following receipt of the Conversion Notice Disclosure from Pure Metals:
 - (i) confirm that it wishes to proceed with the conversion of the Note on the basis of the facts, matters or circumstances disclosed; or