



25 June 2025

Dear Shareholder,

### **ALKANE RESOURCES LTD - GENERAL MEETING**

I am pleased to invite you to attend the General Meeting of Alkane Resources Ltd ("Alkane"), which will be held at **9:00am AWST on Monday, 28 July 2025** ("Meeting") at the Quest Kings Park, 54 Kings Park Road, West Perth WA 6005.

#### **Meeting Materials**

In accordance with the *Corporations Act 2001* (Cth), the Notice of General Meeting and the accompanying Explanatory Memorandum are being made available to shareholders electronically (unless the shareholder has made a valid election to receive such documents in hard copy). The Alkane Notice of Meeting is available for you to view and download on the Alkane website at [ASX Announcements - Alkane Resources](#) or from the ASX announcements website ([www.asx.com.au](http://www.asx.com.au)) using the ASX code: ALK.

#### **Shareholder Participation**

Your participation in the Meeting is important to us. If you are unable to attend the Meeting at the scheduled time, you can participate in the Meeting by lodging a proxy vote. As voting on all resolutions at the Meeting will be conducted by poll, your lodged proxy vote will be included in the vote on each resolution.

Shareholders can either lodge the proxy appointment online at [Automic Registries Investor Portal](#) or sign and return the proxy form to the Company's share registry, Automic, in accordance with the instructions on the form, so that it is received by **9:00am AWST on Saturday, 26 July 2025**. Any proxy forms received after that time will not be valid for the Meeting.

#### **Communication Preferences**

Alkane is committed to promoting positive environmental outcomes, so we encourage all shareholders to provide an email address to receive their communications electronically. This ensures we are providing you with the information you need in the fastest, most cost-effective manner possible, while also significantly reducing our environmental impact.

You can make an election as to whether you would like to receive certain documents, including annual reports and documents related to shareholder meetings (for example, notice of meeting and proxy/voting forms), as follows:

1. You can make a standing election to receive the documents in physical or electronic form;
2. You can make a one-off request to receive a document in physical or electronic form; or
3. You can elect not to receive certain documents such as annual reports.

To provide your preference online, visit [Investor](#) and follow the prompts to update your information, add your email address and update your 'Communications' preferences.

If you are unable to access the meeting materials online, please call the Joint Company Secretary on +61 8 9227 5677.

For and on behalf of the Board,

Julia Beckett  
Joint Company Secretary

# Notice of General Meeting and Explanatory Memorandum

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Alkane Resources Limited ACN 000 689 216

Date of Meeting: 28 July 2025

Time of Meeting: 9:00am (Perth time)

Place of Meeting: Quest Kings Park

54 Kings Park Road

WEST PERTH WA 6005

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, legal or other professional adviser prior to voting. Please call Julia Beckett (Joint Company Secretary) on + 61 8 9227 5677 if you have any questions or queries.

# Notice of General Meeting

## Agenda

### Ordinary business

#### 1. Resolution 1 – Approval of issue of Shares for the purposes of Listing Rule 7.1

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, the Company be authorised to issue up to 768,031,285 Shares in the Company to the shareholders of Mandalay Resources Corporation in consideration of the indirect acquisition of 100% of the issued capital of Mandalay Resources Corporation pursuant to the Arrangement Agreement (also referred to as the Transaction), on the terms and conditions set out in the Explanatory Memorandum.”*

#### Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mandalay, and any person who is expected to participate in the proposed issue, and any person who will obtain a material benefit as a result of the reverse takeover or the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company or Mandalay); and
- an associate (as defined in the Listing Rules) of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 2. Resolution 2 – Election of Director – Bradford Allan Mills

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

# Notice of General Meeting

*“That, subject to Resolution 1 being passed and completion of the Transaction, for the purposes of rule 3.4 of the Company’s Constitution and for all other purposes, Bradford Allan Mills, being eligible and having consented to act, be elected as an Alkane Director effective on and from completion of the Transaction.”*

## **3. Resolution 3 – Election of Director – Frazer William Bouchier**

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

*“That, subject to Resolution 1 being passed and completion of the Transaction, for the purposes of rule 3.4 of the Company’s Constitution and for all other purposes, Frazer William Bouchier, being eligible and having consented to act, be elected as an Alkane Director effective on and from completion of the Transaction.”*

## **4. Resolution 4 – Election of Director – Dominic Francis Duffy**

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

*“That, subject to Resolution 1 being passed and completion of the Transaction, for the purposes of rule 3.4 of the Company’s Constitution and for all other purposes, Dominic Francis Duffy, being eligible and having consented to act, be elected as an Alkane Director effective on and from completion of the Transaction.”*

## **5. Resolution 5 – Election of Director – Andrew James Quinn**

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

*“That, subject to Resolution 1 being passed and completion of the Transaction, for the purposes of rule 3.4 of the Company’s Constitution and for all other purposes, Andrew James Quinn, being eligible and having consented to act, be elected as an Alkane Director effective on and from completion of the Transaction.”*

## **6. Resolution 6 – Increase in Fee Pool for Non-Executive Directors**

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

*“That, subject to Resolution 1 being passed and completion of the Transaction, for the purposes of Listing Rule 10.17, rule 10.2 of the Company’s Constitution and for all other purposes, with effect from the completion of the Transaction, the maximum aggregate amount of Directors’ fees payable to the Company’s non-executive Alkane Directors per annum be increased by A\$550,000 per annum from A\$950,000 to A\$1,500,000 per annum, such fees to be allocated to the non-executive Alkane Directors’ as the Board may determine.”*

# Notice of General Meeting

## **Voting exclusion statement**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- the Directors; and
- an associate (as defined in the Listing Rules) of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Voting prohibition statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- the proxy is either:
  - a member of the Key Management Personnel; or
  - a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- the proxy is the Chair; and
- the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

# Notice of General Meeting

## General Business

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To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

### By order of the Board

Julia Beckett  
Joint Company Secretary  
24 June 2025

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# Notice of General Meeting

## Important Notes for Shareholders

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### Voting entitlements

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Alkane Directors have set a date to determine the identity of those entitled to attend and vote at the General Meeting. For the purposes of determining voting entitlements at the General Meeting, Shares will be taken to be held by the persons who are registered as holding at 9:00am (AWST) on 26 July 2025. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

All Resolutions at the Meeting will be decided on a poll. Shareholders are therefore strongly encouraged to lodge directed proxies in advance of the Meeting.

### Voting by proxy

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

Your Proxy Form must be received by 9:00am (AWST) on 26 July 2025, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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

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

Alkane Shareholders and their proxies should be aware that:

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

*The Chair intends to vote all undirected proxies in respect of which he is appointed in favour of all Resolutions. If there is a change to how the Chair intends to vote undirected proxies, the Company will make an announcement to ASX.*

### Voting in person

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

You may still attend the Meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the Meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that Resolution.

Please bring your personalised Proxy Form with you as it will help to register your attendance at the Meeting. If you do not bring your Proxy Form, you can still attend the Meeting but representatives from the Company will need to verify your identity.

# Notice of General Meeting

## Voting by a corporation

A body corporate that is a Alkane Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the General Meeting evidence of their appointment, including any authority under which it is signed, unless it has previously been given to the Company.

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# Explanatory Memorandum

## 1. Introduction

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Notice is given that the General Meeting of Alkane Shareholders of Alkane Resources Limited ACN 000 689 216 (**Alkane** or the **Company**) will be held at the Quest Kings Park, 54 Kings Park Road, West Perth WA 6005 on 28 July 2025 at 9:00am (AWST).

The ASX has confirmed that Chapter 11 of the Listing Rules does not apply to the Transaction, but has stated that the Company should obtain Alkane Shareholder approval for the purposes of Listing Rule 7.1 and include information in this Notice as required under Listing Rule 7.3.

The Alkane Directors recommend Alkane Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 17.

## 2. Conditional Resolutions

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Each of Resolution 2 to Resolution 6 (inclusive) (together, the **Ancillary Resolutions**) are conditional on Resolution 1, meaning that each of them will only take effect if Resolution 1 is approved by the requisite majority of Alkane Shareholders' votes at the Meeting. If Resolution 1 is not approved at the Meeting, none of the Ancillary Resolutions will take effect and the Transaction will not be completed.

## 3. Background to the Company and Recent Activity

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### 3.1 Background to the Company and Existing Activities

Alkane is an exploration, development and production company with projects and operations located in Central West New South Wales. Alkane's Tomingley Gold Project covers an area of approximately 440km<sup>2</sup>, stretching 60km north-south along the Newell Highway in Central West New South Wales. The prospective belt extends from near the village of Tomingley in the north, through Peak Hill and almost to Parkes in the south. The Tomingley Gold Project encompasses Tomingley Gold Operations, an open pit and underground gold mining development southwest of Dubbo. Alkane's Boda-Kaiser Project is founded on a large gold-copper porphyry system near Bodangora, east of Dubbo, with potential for a long-term bulk-tonnage mining and processing operation.

Alkane's principal product is gold bullion. Gold is used for production and fabrication in multiple sectors including jewellery and electronics and as a medium of currency exchange and investment. Alkane's primary revenues are derived from the production and sale of gold bullion from its Tomingley Gold Operations.

Alkane's revenues, profitability and viability depend on the market price of gold. The market price of gold is set in the world market and is affected by numerous factors beyond the control of Alkane, including: the demand for gold; expectations with respect to the rate of inflation; interest rates; currency exchange rates; the demand for jewellery and industrial products containing precious and base metals; gold production; inventories; costs; change in global or regional investment or consumption patterns; sales by central banks and other holders; speculators and producers of gold and other metals in response to any of the above factors; and global and regional political and economic factors. Refer to section 9 for further information of the risk factors impacting Alkane's business.

The Alkane Shares are listed and posted for trading on the ASX under the symbol "ALK" and on the OTC Pink Market under the symbol "ALKEF". Alkane has applied for the Alkane Shares to be listed on the TSX. Listing of the Alkane Shares on the TSX is subject to the approval of the TSX in accordance with its original listing requirements. TSX has not conditionally approved Alkane's listing application and there is no assurance that the TSX will approve the listing application.

# Explanatory Memorandum

## 3.2 General Information in Relation to the Transaction

On 27 April 2025, Alkane executed a definitive arrangement agreement (**Arrangement Agreement**) with Mandalay and 1536968 B.C. Ltd (**AcquireCo**), a company existing under the laws of British Columbia and a direct wholly owned subsidiary of Alkane.

Under the Arrangement Agreement, Alkane has agreed to indirectly acquire (through AcquireCo) all of the issued and outstanding Mandalay Shares by way of a statutory plan of arrangement (**Plan**) under the *Business Corporations Act* (British Columbia) (**BCBCA**) (**Transaction**), being the Canadian equivalent of an Australian scheme of arrangement under Part 5.1 of the Corporations Act.

Mandalay Shareholders will be entitled to receive, for each Mandalay Share held immediately prior to the Effective Time, 7.875 fully paid ordinary shares (the **Consideration Shares**) in the capital of Alkane (**Alkane Share**). Following the completion of the Arrangement, Mandalay will be an indirect wholly-owned subsidiary of Alkane, and the Alkane Shares are expected to be listed on the ASX and the TSX.

The Transaction (including entry into the Arrangement Agreement) was announced to ASX (by Alkane) on 28 April 2025 and in Canada (by Mandalay) on 27 April 2025.

In order to implement the Transaction, the following steps are required:

- (a) before delivering the materials for the Mandalay Shareholder meeting to the Mandalay Shareholders, Mandalay must obtain an interim court order from the Supreme Court of British Columbia which, amongst other things, authorises the holding of the special meeting of Mandalay Shareholders and confirms the voting threshold;
- (b) a special meeting of Mandalay Shareholders is then called at which Mandalay Shareholders will be asked to consider and, if thought fit, approve, amongst other things, a resolution approving the Arrangement by the affirmative vote of at least 66<sup>2/3</sup>% of the votes cast in person or by proxy at the special meeting of Mandalay Shareholders;
- (c) completion of the Arrangement is subject to the FIRB Approval having been obtained. As of the date of this Circular, Alkane has filed the FIRB Application. FIRB Approval is expected to be obtained on or around 1 July 2025, unless extended;
- (d) completion of the Arrangement is subject to the Swedish FDI Approval having been obtained (or waived with the mutual consent of the parties). Pursuant to the terms of the Arrangement Agreement, Alkane shall file the Swedish FDI Application with the ISP and use commercially reasonable efforts to pursue the Swedish FDI Approval. Swedish FDI Approval was obtained on 17 June 2025 (as announced to ASX on 19 June 2025); and
- (e) Mandalay must obtain a final order from the Supreme Court of British Columbia under which the court approves the Arrangement and authorises Mandalay to proceed to completion of the Transaction.

The Arrangement Agreement includes customary restrictive covenants, conditions and reciprocal termination fees if the Arrangement Agreement is terminated in certain circumstances. A summary of the terms of the Arrangement Agreement are set out in Schedule 1 and a full copy of the Arrangement Agreement is available for review under the profile of Mandalay on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and the profile of Alkane on ASX ([www.asx.com.au](http://www.asx.com.au)).

# Explanatory Memorandum

## 3.3 Indicative Timetable

Subject to the requirements of the Listing Rules and Canadian regulatory and legal requirements and approvals, the Company anticipates the completion of the Transaction will be in accordance with the following indicative timetable:

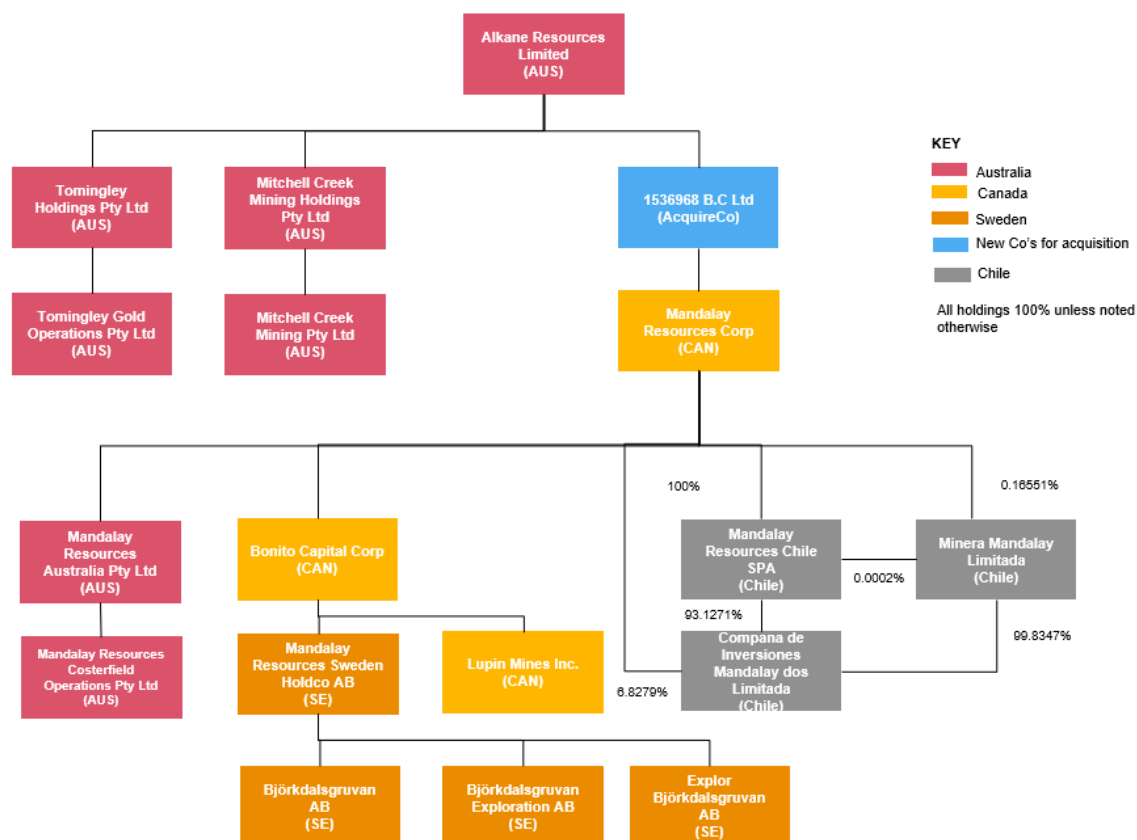
Event	Date
ASX Announcement of the Transaction	28 April 2025
Receipt of Swedish FDI Approval	17 June 2025
Record Date for Mandalay Shareholder Meeting	20 June 2025
Interim Court Order Obtained by Mandalay	23 June 2025
Notice of Meeting Despatched to Alkane Shareholders	25 June 2025
Receipt of FIRB Approval (unless extended)	1 July 2025
Mandalay Circular Despatched to Mandalay Shareholders	7 July 2025
Record Date for Alkane Shareholder Meeting	26 July 2025
Alkane Shareholder Meeting	28 July 2025
Mandalay Shareholder Meeting	28 July 2025
Results of Alkane Shareholder Meeting Announced to ASX	28 July 2025
Results of Mandalay Shareholder Meeting Announced	28 July 2025
Final Court Order Obtained by Mandalay	1 August 2025
Completion of Transaction and issue of Consideration Shares	5 August 2025

**Note:** The above timetable is indicative only and subject to change.

# Explanatory Memorandum

## 3.4 Corporate Structure

The diagram below summarises the corporate structure of the Company following completion of the Transaction:



### Note:

1. Aust Hold Co Pty Ltd (**Aust Hold Co**) is a direct wholly owned subsidiary of Alkane that was incorporated for the purposes of the Transaction. Due to a slight change in the proposed structure of the Combined Company, the existence of Aust Hold Co is no longer required. Alkane therefore made an application for the voluntary deregistration of Aust Hold Co on 16 April 2025. It is expected that the deregistration process will be finalised on 9 July 2025.
2. Refer also to section 3.5 re proposed post completion restructure.

## 3.5 Post-Completion Restructure

Alkane is an Australian resident company and is the head company of the Alkane Australian tax consolidated group (**TCG**) comprising Alkane and its wholly owned Australian subsidiaries (the **Alkane TCG**).

Mandalay currently has a TCG in Australia of which Mandalay Resources Australia Pty Ltd (**Mandalay Australia**) is the head company.

Alkane's intentions are to merge the Alkane's business with the Mandalay Group's business. Management oversight and control of the Mandalay Group's assets will transition to Australia following Plan implementation, with the board representation to evolve over time but with ongoing representation of the current AcquireCo and Mandalay directors in the short and medium term.

# Explanatory Memorandum

As part of this, there is a plan for a post-acquisition restructure following completion of the Transaction as follows:

- (a) Alkane intends to cause AcquireCo and Mandalay to complete a vertical amalgamation in Canada under British Columbia corporate law and to continue thereafter as one amalgamated entity (**MND AmalCo**), then
- (b) MND AmalCo intends to make an in-specie distribution of the MND Australian companies (being Mandalay Resources Australia Pty Ltd and Mandalay Resources Costerfield Operations Pty Ltd) expected to be by way of an in-specie distribution of all of the shares in Mandalay Resources Australia Pty Ltd to Alkane. This will result in the Mandalay Australian companies joining the Alkane Australian income tax consolidated group.

## 4. Advantages and Disadvantages of the Transaction

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### 4.1 Advantages of the Transaction

This section sets out some of the reasons why the Board believes the Alkane Shareholders should vote in favour of Resolution 1:

- (a) primary listing on the ASX with supplemental TSX listing to provide access to North American mining capital markets;
- (b) upon completion of the Transaction, Former Mandalay Shareholders and existing Alkane Shareholders will own approximately 55% and 45%, respectively, of the outstanding ordinary shares of the Combined Company, on an undiluted basis. As a result of the Transaction, Alkane Shareholders will gain exposure, through their ownership of Alkane Shares, to Mandalay's core assets and operations, including the Costerfield Mine in Victoria and the Björkdal Mine in Sweden.
- (c) the Combined Company's implied market capitalization is estimated at approximately C\$874 million (A\$989 million) (based on the Combined Company's pro forma issued shares and Alkane's closing price of A\$0.725 as at 23 June 2025 and a A\$ to C\$ exchange rate of 0.8839). The Combined Company will operate three producing mines in premier jurisdictions, including Costerfield and Tomingley in Australia and Björkdal in Sweden, providing diversified production that reduces overall operational and financial risk. In addition, the Combined Company is expected to have projected gold equivalent production of approximately 160,000 gold-equivalent ounces in 2025, growing to over approximately 180,000 gold-equivalent ounces in 2026, and increasing margins in 2025 with all-in sustaining costs of approximately US\$1,760/oz (A\$2,750/oz), decreasing to approximately US\$1,420/oz (A\$2,160/oz) in 2026. The 2025 production estimate is based on Mandalay calendar year guidance from a Mandalay news release dated 17 December 2024 and Alkane fiscal year guidance from an Alkane ASX announcement dated 7 April 2025. The 2026 production estimate is based on consensus broker analyst estimates for Mandalay (calendar year) and Alkane (fiscal year);
- (d) the Combined Company will have a robust balance sheet with a pro forma cash balance of approximately C\$167 million (A\$188 million) as at 31 March 2025.<sup>1</sup> The Combined Company plans to continue to invest in exploration at all three of its producing mines and pursue other growth opportunities in addition to the Boda-Kaiser copper-gold project, which adds future production potential with its significant scale;

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<sup>1</sup> Note that the cash balance does not account for transaction costs which are included in the pro forma financial information at Schedule 2, uses exchange rates at the time of announcement of the Arrangement and includes Alkane bullion value of A\$10.5 million as at 31 March 2025. The Combined Company will also have approximately A\$60 million in debt from Alkane's expansion of the Tomingley Gold Project in 2024/2025.

## Explanatory Memorandum

- (e) upon completion of the Transaction, it is expected that the Combined Company will have greater exposure to capital markets than is currently available to Alkane. The Combined Company is expected to benefit from a primary ASX listing valuation re-rate driven by GDXJ and potential ASX 300 index inclusion, and Alkane has applied for the Alkane Shares to be listed on the TSX. Further value for Alkane Shareholders may be unlocked through greater trading liquidity, a larger free-float, and a wider range of global investors, as the Combined Company continues to grow;
- (f) following a review of a range of strategic alternatives for creating shareholder value, the Board considered Alkane's standalone business strategy and concluded that the Transaction was more favourable to Alkane Shareholders than the alternative of remaining an independent public company and pursuing Alkane's long-term plans, taking into account the associated risks, rewards, and uncertainties of pursuing such plans; and
- (g) in the view of the Board, the terms of the Arrangement Agreement treat all stakeholders of the Alkane equitably and fairly.

### 4.2 Disadvantages of the Transaction

The Alkane Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to an Alkane Shareholder's decision on how to vote on Resolution 1:

- (a) the current Alkane Shareholders will have their voting power in the Combined Company diluted;
- (b) there is no guarantee that the price of the Shares will not fall as a result of the Transaction;
- (c) current Alkane Shareholders will be exposed to the additional risks associated with the Transaction as set out in section 9;
- (d) the risk that the Arrangement may not be completed despite the parties' efforts or that completion of the Arrangement may be unduly delayed, including the possibility that conditions to the parties' obligations to complete the Arrangement may not be satisfied, and the potential resulting negative impact this could have upon Alkane's business;
- (e) the Shares to be issued as consideration are based on a fixed exchange ratio and will not be adjusted based on fluctuations in the market value of the Mandalay Shares or the Shares. The Shares issued as consideration on closing of the Arrangement may have a market value that is materially different from that on the date the proposed transaction with Mandalay was announced;
- (f) the potential risk of diverting management's attention and resources from the operation of Alkane's business, including other strategic opportunities and operational matters, in the short term, while working toward the completion of the Arrangement;
- (g) the potential negative effect of the Arrangement on Alkane's business, including its relationships with employees, suppliers, and communities in which it operates; and
- (h) the challenges inherent in combining two businesses of the size, diversity and complexity of Mandalay and Alkane.

### 4.3 Intentions if the Transaction is Not Approved

If Resolution 1 is not passed and the Transaction is not completed, the Company will continue to use its current funds to explore and develop its existing projects as well as continuing to implement its growth strategy by seeking out further exploration, acquisition and joint venture opportunities. If Resolution 1 is not passed, under the terms of the Arrangement Agreement, Alkane must pay an expense reimbursement fee to Mandalay in the amount of C\$500,000. Payment of such costs would be made using Alkane's existing cash reserves.

# Explanatory Memorandum

## 5. Information on Mandalay

### 5.1 Overview of Mandalay

Mandalay is a Canadian-based resource company with producing assets in Australia (Costerfield gold-antimony mine) and Sweden (Björkdal gold mine). Mandalay is focused on growing its production and reducing costs to generate significant positive cashflow. Mandalay is committed to operating safely and in an environmentally responsible manner, while developing a high level of community and employee engagement.

Mandalay is a publicly listed company trading on the Toronto Stock Exchange (**TSX**) under the symbol MND, with its head office at 155 University Ave, Suite 720, Toronto, Ontario, Canada M5H 3B7.

### 5.2 Mandalay Directors

As at the date of this Notice, there are seven Mandalay Directors. These Mandalay Directors are:

Name	Position
Bradford Allan Mills	Chair
Amy Freedman	Lead Independent Director
John Jentz	Director
Dominic Francis Duffy	Director
Frazer William Bouchier	President, Chief Executive Officer and Director
Rob Doyle	Director
Julie Galloway	Director

Upon completion of the Transaction, it is agreed that each of the existing Mandalay Directors will resign from the Mandalay board other than Mr Bouchier. Mr Mills, Mr Duffy and Mr Bouchier will be appointed by the Board as directors of the Company as described in section 8.3 and the board composition of Mandalay and its subsidiaries (which post completion will be controlled by Alkane) will be determined by the Alkane Board.

### 5.3 Principal Activities of the Mandalay Group

Mandalay currently owns 100% interests in two material producing assets – Costerfield, Australia (producing Au and Sb) and Björkdal, Sweden (producing Au). Costerfield was acquired in December 2009 and Björkdal was acquired as an operating mine by Mandalay in September 2014.

#### (a) Costerfield

The Costerfield operation is located in Victoria, Australia, within the Costerfield mining district, approximately 10 kilometres northeast of the town of Heathcote, Victoria.

The mining method employed is long-hole stoping with cemented rock fill. Currently, the Youle and Shepherd deposits are being mined. The mine is accessed by two portals via a spiral ramp. The stopes are backfilled with cemented rock fill to supply stability, reduce dilution, and allow for mining above and below developed levels.

Ore is trucked on the surface to the 13,000 tonnes per month Brunswick processing plant, where it is stockpiled and blended into the processing circuit. The circuit includes primary mobile crusher, primary and secondary ball mills, rougher, scavenger, cleaner flotation, gravity circuit, and filtering. Gravity gold concentrate is sold to a refinery in Melbourne, Victoria, and gold-antimony flotation concentrate is trucked to the port of Melbourne and shipped to international trader and smelting customers.

# Explanatory Memorandum

## (b) Björkdal

The Björkdal operation is located within the Boliden mining district, approximately 28km northwest of the municipality of Skellefteå and approximately 750km north of Stockholm.

Currently, the Björkdal mine produces ore from the Aurora zone underground mine, as well as from a stockpile of low-grade material accumulated over the course of its life of mine. Approximately 80% of the mill feed is attributed to the underground operation and the remaining 20% from the stockpiled material.

Underground mining is accomplished by long-hole stoping using a combination of contractors and owner-operated mobile fleet. Access is via dual ramps from the open pit. The processing plant includes: multiple crushers, a ball mill and rod mill, a gravity circuit, and a flotation circuit. Four separate gravity and flotation gold concentrates are produced and sold to smelters in Sweden and Germany.

## (c) Other

The Mandalay Group also owns the Lupin Mine in Nunavut, Canada, which is currently in final closure and reclamation and a gold-copper exploration project, La Quebrada, in Chile.

Further information on Mandalay and its projects can be found at [www.mandalayresources.com](http://www.mandalayresources.com).

## 5.4 Mandalay's Mineral Resources and Mineral Reserves

### (a) Mineral Resources and Mineral Reserves

The information in this Explanatory Memorandum that relates to Mineral Resource and Mineral Reserve estimates relating to Mandalay has been prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators (**NI 43-101**) and have not been reported in accordance with the JORC Code. NI 43-101 is different from the reporting standard ordinarily applicable to Australian publicly listed companies, the JORC Code. Refer to Mandalay's website at [www.mandalayresources.com](http://www.mandalayresources.com) or under Mandalay's profile on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) for information in relation to the Mineral Resource and Mineral Reserve estimates prepared by Mandalay. A competent person has not done sufficient work to classify the mineral resource in accordance with the JORC Code and it is uncertain that following evaluation and / or further exploration work that the estimate will be able to be reported as a Mineral Resource or Ore Reserve in accordance with the JORC Code.

The information in this Explanatory Memorandum that relates to the NI 43-101 Mineral Resources and Mineral Reserves of Mandalay is supported by (i) a technical report entitled "Costerfield NI 43-101 Technical Report" dated 28 March 2025 prepared by SRK Consulting (Australia) Pty Ltd and with an effective date of 31 December 2024 and (ii) a technical report entitled "NI 43-101 Technical Report, Björkdal Gold Mine, Sweden" dated 28 March 2025 prepared by SLR Consulting (Canada) Ltd and with an effective date of 31 December 2024. Copies of the technical reports are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The Mineral Resource and Mineral Reserve estimates for Mandalay have been prepared using the Canadian Institute of Mining Metallurgy and Petroleum (**CIM**) 2014 definition standard (**CIM Definition Standard**) as required by NI 43-101.

This Explanatory Memorandum refers to Alkane and Mandalay having a combined production forecast of 160,000 gold equivalent ounces which is based on Mandalay's TSX announcement "Mandalay Resources Announces 2025 Outlook and Guidance for Gold and Antimony Production" dated December 17, 2024, filed by Mandalay on SEDAR+ in accordance with NI 43-101, and Alkane's ASX announcement titled "March FY2025 Quarter - Cash Increases, Guidance Unchanged" dated 7 April 2025 and available at [ww.asx.com.au](http://ww.asx.com.au).

## Explanatory Memorandum

All material assumptions underpinning the Alkane and Mandalay production targets as announced on those dates continue to apply and have not materially changed.

For the purposes of Listing Rule 5.12, Alkane cautions that the Mandalay Mineral Resources and Mineral Reserves are not reported in accordance with the JORC Code. The Mandalay Mineral Resource and Mineral Reserve estimates are foreign estimates prepared in accordance with NI 43-101. A competent person has not yet completed sufficient work to classify the NI 43-101 Mineral Resources as JORC Code Mineral Resources or to classify the NI 43-101 Mineral Reserves as JORC Code Ore Reserves in accordance with the JORC Code. It is uncertain that following evaluation or further exploration work that the NI 43-101 Mineral Resources or NI 43-101 Mineral Reserves will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code. The evaluation work is planned to be completed during FY2026 and will be reported in Alkane's Annual Mineral Resources and Ore Reserves Statement as at 30 June 2026. Funding for this work will be from internal cash flow. Please refer to Alkane's ASX announcement titled "Alkane & Mandalay Merger Presentation" dated 28 April 2025 for additional technical information relating to the foreign estimates (in particular, the Mandalay – Foreign Estimate Disclosures (as required by ASX Listing 5.12) in Schedule 1).

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# Explanatory Memorandum

The following table presents a summary of the Mineral Resources at Costerfield, inclusive of Mineral Reserves, as at 31 December 2024.

Category	Inventory (kt)	Gold (g/t)	Antimony grade (%)	Contained gold (koz)	Contained antimony (kt)
Measured (Underground)	412	13.6	3.6	180	14.8
Measured (Stockpile)	43	5.7	0.8	8	0.3
Indicated	741	5.5	2.0	132	15.0
<b>Measured + Indicated</b>	<b>1,197</b>	<b>8.3</b>	<b>2.5</b>	<b>320</b>	<b>30.2</b>
Inferred (Costerfield)	392	5.5	1.3	69	5.2
Inferred (True Blue)	145	13.1	3.1	61	4.5
<b>Inferred</b>	<b>538</b>	<b>7.5</b>	<b>1.8</b>	<b>130</b>	<b>9.7</b>

**Notes:**

1. The Mineral Resource is estimated as of 31 December 2024 with depletion through to this date.
2. The Mineral Resource is stated according to CIM guidelines and includes Mineral Reserves.
3. Tonnes are rounded to the nearest thousand; contained gold (oz) is rounded to the nearest thousand; contained antimony (t) is rounded to nearest hundred.
4. Totals may appear different from the sum of their components due to rounding.
5. 4.3 g/t AuEq cut-off grade over a minimum mining width of 1.2 m is applied where AuEq is calculated using the formula:  $AuEq = Au\ g/t + 2.39 \times Sb\ \%$ .
6. The AuEq factor of 2.39 is calculated at a gold price of A\$2,500/oz, an antimony price of A\$19,000/t, and recoveries of 91% for Au and 92% for Sb.
7. Veins were diluted to a minimum mining width of 1.2 m before applying the cut-off grade and peripheral mineralisation far from current development was excluded to comply with the Reasonable Prospects for Eventual Economic Extraction (RPEEE) criteria.
8. The Stockpile Mineral Resource is estimated based upon surveyed volumes supplemented by production data.
9. Geological modelling, sample compositing and Mineral Resource Estimation for updated models was performed by Joshua Greene, MAusIMM, a full-time employee of Mandalay Resources.
10. The Mineral Resource Estimate was independently reviewed and verified by Cael Gniel MAIG RPGeo (Mineral Resource Estimation), an employee of SRK Consulting. Mr Gniel fulfils the requirements to be a 'Qualified Person' for the purposes of NI 43-101, and is the Qualified Person under NI 43-101 for the Mineral Resource Estimate.

# Explanatory Memorandum

The following table presents a summary of Björkdal, Storheden and Norrberget deposits Mineral Resources as at 31 December 2024.

Location	Area	Tonnage (kt)	Grade (g/t Au)	Contained Au (koz)
<b>Measured Mineral Resources</b>				
Björkdal	Björkdal Underground	1,097	2.57	91
<b>Total: Measured</b>		<b>1,097</b>	<b>2.57</b>	<b>91</b>
<b>Indicated Mineral Resources</b>				
Björkdal	Open Pit	4,130	1.61	213
	Björkdal Underground	13,792	2.41	1,069
	Stockpile	1,520	0.59	29
<i>Subtotal, Björkdal</i>		<i>19,442</i>	<i>2.10</i>	<i>1,311</i>
Norrberget	Open Pit	221	2.76	20
<b>Total: Measured + Indicated</b>		<b>20,760</b>	<b>2.13</b>	<b>1,422</b>
<b>Inferred Mineral Resources</b>				
Björkdal	Open Pit	6,666	1.09	233
	Björkdal Underground	3,178	2.11	216
	Storheden Underground	1,769	1.74	99
<i>Subtotal, Björkdal</i>		<i>11,613</i>	<i>1.47</i>	<i>548</i>
Norrberget	Open Pit	96	5.36	17
<b>Total: Inferred</b>		<b>11,709</b>	<b>1.50</b>	<b>565</b>

## Notes:

- Björkdal Mineral Resources are estimated using drill hole and sample data as of 30 September 2024 and account for production to 31 December 2024.
- Norrberget and Storheden Mineral Resources are estimated based on a data cut-off date of 30 September 2024.
- CIM (2014) definitions and the 2019 CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines were followed for Mineral Resources (CIM 2019).
- Mineral Resources are inclusive of Mineral Reserves.
- Mineral Resources are estimated using an average gold price of US\$2,500/oz and an exchange rate of 10.35 SEK/US\$.
- High gold assays were capped to 30 g/t Au for the Björkdal open pit mine.
- High gold assays for the underground mine were capped at 60 g/t Au for the first search pass and 40 g/t Au for subsequent passes.
- High gold assays at Norrberget were capped at 24 g/t Au.
- Interpolation was by inverse distance cubed (ID3) utilising diamond drill, reverse circulation, and chip channel samples.
- Open pit Mineral Resources are constrained by open pit shells and estimated at a cut-off grade of 0.17 g/t Au for Björkdal and 0.27 g/t Au for Norrberget.
- Underground Mineral Resources are estimated at a cut-off grade of 0.71 g/t Au.
- A nominal 2.5 m minimum mining width was used to interpret veins.
- Reported Mineral Resources are depleted for previously mined underground development and stopes and exclude remnant material.
- Stockpile Mineral Resources are based upon surveyed volumes supplemented by production data.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Numbers may not add due to rounding.
- The Independent Qualified Person for the Björkdal, including Storheden, and Norrberget Mineral Resource estimates is Reno Pressacco, M.Sc.(A), P.Geol., Associate Principal Geologist with SLR, who is a Qualified Person as defined by NI 43-101.

# Explanatory Memorandum

The information in this Explanatory Memorandum and the aforementioned announcement provided under Listing Rules 5.12.2 to 5.12.7 that relates to the Mandalay foreign estimates is based on information compiled by Chris Davis, VP Exploration & Operational Geology for Mandalay and is an accurate representation of the available data and studies for Mandalay's projects. Chris Davis is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and is a Member of the Australian Institute of Geoscientists (AIG). Chris Davis has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person, as defined in the JORC Code and qualifies as a Qualified Person under NI 43-101. Chris Davis consents to the inclusion in this Explanatory Memorandum of the matters based on this information in the form and context in which it appears.

Nothing has come to the attention of Alkane that causes it to question the accuracy or reliability of Mandalay's estimates of NI 43-101 Mineral Resources and Mineral Reserves, but Alkane has not independently validated those estimates and therefore Alkane is not to be regarded as reporting, adopting or endorsing those estimates.

## (b) Additional Information on Costerfield

### (1) Property Location

The Costerfield property is located within the Costerfield mining district of Central Victoria, approximately 10km northeast of the town of Heathcote and 50km east of the city of Bendigo.

The property encompasses the underground infrastructure supporting the Augusta, Cuffley, Brunswick, Youle and Shepherd deposits; The Augusta Mine site, the Brunswick Processing Plant; Splitters Creek Evaporation Facility; Brunswick and Bombay Tailings Storage Facilities and associated infrastructure.

The August Mine is located at latitude of 36°52' 27" south and longitude 144 47' 38" east. The Cuffley Deposit is located approximately 500m north-northwest of the Augusta workings. The Brunswick Deposit is located approximately 1.4km north-northwest of the Augusta Mine workings and 680m north-northwest of the Cuffley Deposit. The Youle Deposit is located north of the Augusta Mine workings and Cuffley Deposits approximately 2.2km and 1.6km, respectively. The Shepherd Deposit is located vertically below the Youle Deposit. The Brunswick Processing Plant is located approximately 2km northwest of the Augusta Mine.

The deposits are accessed via the decline at Brunswick and Augusta. Ore haulage to the ROM takes place through the Brunswick portal, which opened in November 2020.

### (2) Ownership

Mandalay Resources Costerfield Operations Pty Ltd (**Mandalay Costerfield**) holds a 100% interest in licences MIN4644, MIN5567, EL3310, EL5432, EL5519, EL006842, EL006847 and EL008320. On 3 December 2024, Mining Licence (MIN5567) was renewed for a further 10 years and remains granted until the 21 February 2033.

On 15 September 2020, RLA007485 was lodged with The Department of Energy, Environment and Climate Action (**DEECA**) to retain the licence area that was held on the expired tenement, EL3310, with the exception for an area of National Park that will be excised on any granting of the new licence. As part of the Retention licence application, Mandalay Costerfield applied for a s16A of the *Mineral Resources Sustainable Development Act 1990* (Vic) to allow work to continue until such time that the Retention Licence application has been determined.

In January 2025, Mandalay Costerfield and the Taungurung Land and Water Council signed an agreement which complies with the provisions of section 51 of the

# Explanatory Memorandum

*Traditional Owner Settlement Act 2010 (Vic)* and Schedule 3 of the Taungurung Land Use Activity Agreement. DEECA are yet to make a final decision on the grant of RLA007485.

## (3) Permitting

Primary approval for the operation of Costerfield is held through Mining Licence MIN4644. In December 2017, this licence was renewed for 10 years (until 30 June 2026).

## (4) Royalty

Royalties apply to the production of antimony and gold and are payable to the Victorian State Government through DEECA. The royalty is applied at a rate of 2.75% on the revenue realised from the sale of antimony and gold produced, less the selling costs. However, there is a royalty exemption on the first 2,500oz of gold produced each year.

There are no royalty agreements in place with previous owners.

Additional royalties are payable to the Victorian State Government through the DEECA at a rate of A\$0.87/t if waste rock or tailings is sold or provided to any third parties, since they are deemed to be quarry products.

## (5) Exploration

Diamond drilling undertaken on the Costerfield property for the period 1 January to 31 December 2024 saw a total of 59,029m completed. 39,684 of these metres were drilled from underground drill platforms targeting near mine opportunities along with extensional and developmental definition, while the remaining 19,345m was drilled from surface locations. Along with the increased drilling, a seismic survey spanning a planned 15km and three soil geochemistry programs were also undertaken.

- (A) Opportunistic targets around the Cuffley Deposit, Brunswick Deposit and the historic Alison Mine were tested for depth and strike extensions in areas of little known geologic knowledge.
- (B) One additional drill hole and wedge on the Robinsons prospect was undertaken to test the major fluid pathways and locate the Costerfield formation below the deposit.
- (C) Continued and ongoing drilling around the True Blue resource to increase knowledge of strike and depth extent.
- (D) Second pass drill testing of the Bocks Reef prospect, in the far north of the tenement holdings, was undertaken to determine if mineralisation continued along strike to the north.
- (E) Throughout 2024, soil sampling was undertaken in three areas across the tenement. Between Youle/Brunswick and West Costerfield, north of the True Blue Prospect (across EL006842 and EL3310), and over the eastern extent of EL6847. A total of 1081 samples were collected using a mechanical handheld auger on a 50m sample spacing over 200m spaced lines.

## (6) Geology and Mineralisation

The Costerfield Au-Sb vein district, which overlaps the Costerfield property, is located on the northern end of the Darraweit Guim Province. Stratigraphy in this area comprises a thick sequence of Lower Silurian to Lower Devonian shelf and flysch

# Explanatory Memorandum

sedimentary rocks, dominated by turbiditic siltstone, with minor sandstone and argillite. These rocks form the Murrindindi Supergroup. At the base of the Supergroup is the Costerfield Formation, which is conformably overlain by the Wappentake (sandstone/siltstone) and Dargile (mudstone) formations, the Mclvor Sandstone and the Mount Ida Formation (sandstone/mudstone).

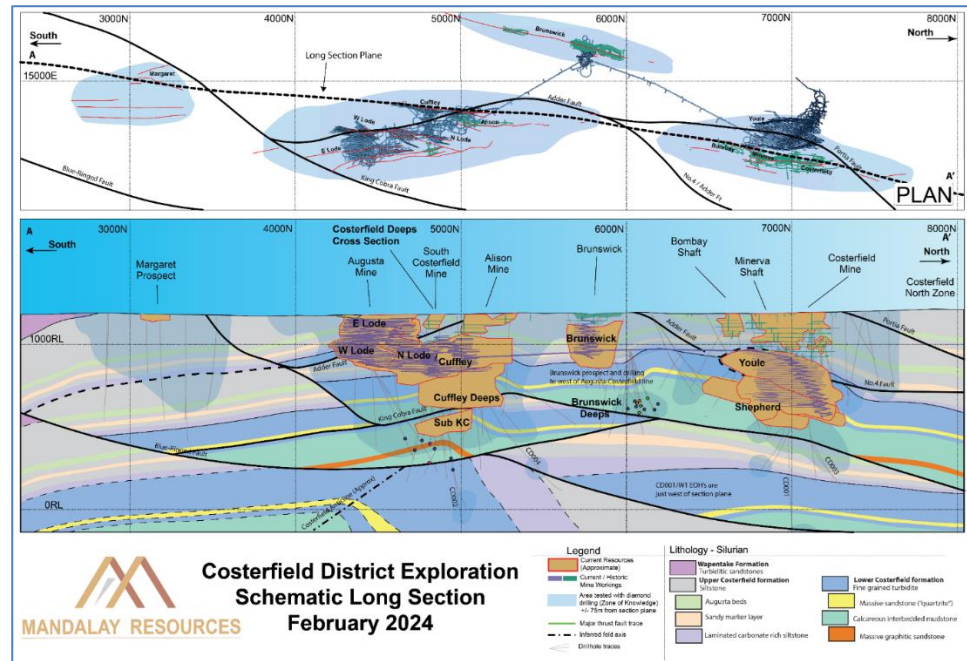
The north-trending Heathcote-Mt William fault system marks the western boundary of the Melbourne Trough in the Costerfield area.

The Au-Sb veins in the Costerfield district are hosted within the Silurian Costerfield Siltstone unit. Within the district, four north-northwest - trending zones of mineralization have been identified. They are, from the west:

- (A) Antimony Creek Zone, approximately 6.5km southwest of Costerfield, on the outer western flank of the Costerfield Dome.
- (B) Western Zone, approximately 1.5km west of Costerfield, on the western flank of the Costerfield Dome and includes the True Blue and West Costerfield deposits.
- (C) Costerfield Zone, near the crest of the dome, centred on the Costerfield township and hosting the major producing mines and deposits.
- (D) Browns-Robinsons Zone, 2km east of Costerfield.

Au-Sb veins of the Costerfield property typically comprise quartz (laminated or brecciated) and sulphides. The dominant sulphide mineral is stibnite (Sb<sub>2</sub>S<sub>3</sub>). Minor amounts of arsenopyrite and pyrite occur as well. Stibnite occurs as fine-grained, massive vein fill or as matrix support to vein-quartz breccias. Au is finely dispersed within the massive stibnite. As well, coarse Au is contained in the older quartz veins.

## Schematic Long Section and Plan view of Augusta, Cuffley, Brunswick, Youle lodes and the Shepherd Zone



The Youle Lode extends below the historical Costerfield, Minerva and Bombay group of mines located approximately 1.2km northeast of Brunswick. Mineralization was identified in 2011 in drill hole MB012, which struck the down-dip continuation of the

## Explanatory Memorandum

vertical Kendall Lode, offset westward over the westdipping No. 3 thrust fault. In 2016, drill hole BC006W1 revealed the existence of a high-grade north– northwest striking, west-dipping Youle Lode structure. The Youle Lode dips at a shallower angle to the mineralized lodes in Augusta and Cuffley and has been identified as the down-dip continuation of the vertical Kendall Lode offset westward over the west-dipping No.4 thrust fault.

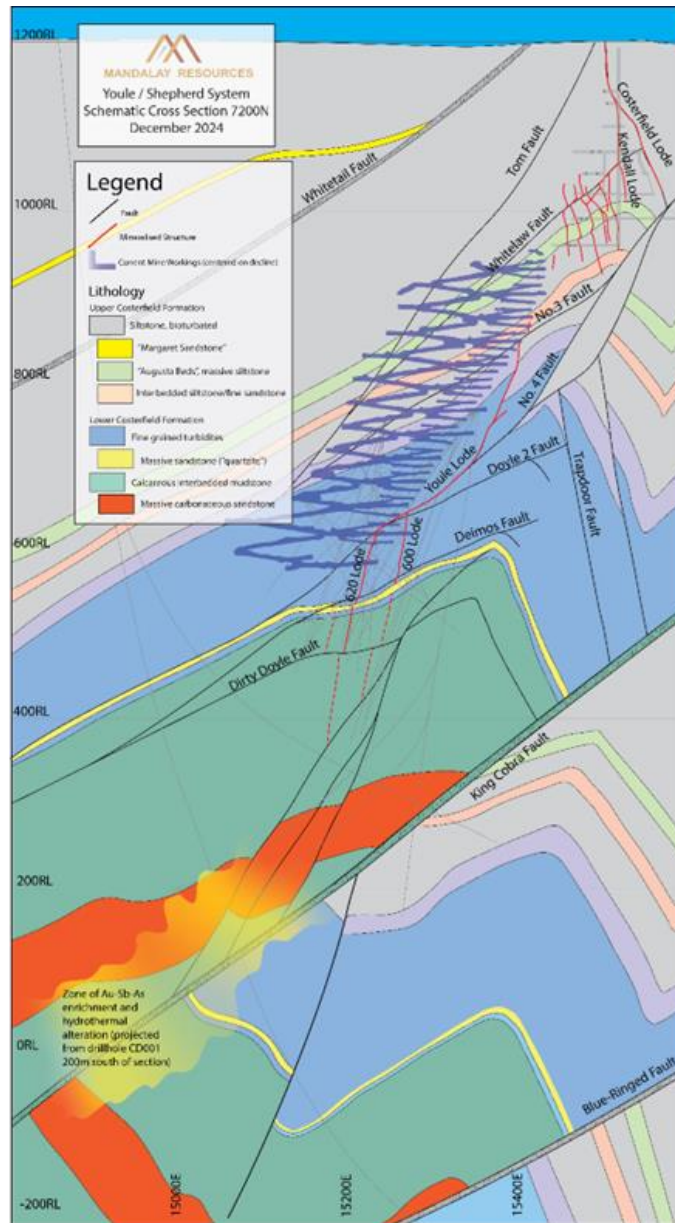
Youle has thus far demonstrated consistent structural and grade continuity over much of its extent. The Youle Lode has a strike length of 600m, vertical height of 300m and ranges in true thickness on average of 0.31m up to maximums of ~3m. Similar to the Augusta and Brunswick Lodes, mineralization is confined to quartz-stibnite veins. In September 2019, Mandalay commenced development of the Youle Lode, which lies approximately 800m north of the Brunswick Lode. Mine development of the Shepherd Zone commenced in October 2021.

The Shepherd Zone is a swarm of mineralized veins proximal to and underlying the Youle Lode. Parallel, subvertical to east dipping quartz veins exhibit coarse gold with intense sulphide alteration surrounding the veins. The Shepherd Zone extends approximately 550m in strike and 150m vertically.

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# Explanatory Memorandum

## Conceptual Cross Section 7,200N through the Costerfield – Kendall/ Youle/ Shepherd System



(c) Additional Information on Björkdal

(1) Property Location

The Björkdal property, containing both the Björkdal mine and the Storheden and Norrberget deposits, is located in Västerbotten County in northern Sweden, at approximately 20°35'26" E longitude and 64°56'7" N latitude (WGS84). Björkdal is located approximately 28 km northwest of the municipality of Skellefteå and approximately 750km north of Stockholm. The Björkdal property is accessible via Swedish national road 95 or European highway route E4 followed by all-weather paved roads.

The Norrberget deposit is located approximately four km east of the Björkdal mine and is currently accessible via a forest road.

# Explanatory Memorandum

## (2) Ownership

Mandalay holds 100% of Björkdal through the Swedish registered companies Björkdalsgruvan AB and Björkdal Exploration AB.

## (3) Granted Tenement Details

Björkdalsgruvan AB owns 12 mining concessions on the Björkdal property and one mining concession on the Norrberget property. A 13<sup>th</sup> concession, Norrliden K nr 1, is held by Explor Björkdalsgruvan AB. The total area of the mining concessions is approximately 453.23 ha. There are 18 exploration permits, 17 of which are owned by Björkdalsgruvan AB and 1 by Explor Björkdalsgruvan AB.

## (4) Royalties

The holder of an exploitation concession must pay an annual minerals fee to the landowners of the concession area and to the State. The fee is 0.2% of the average value of the minerals mined from the concession, 0.15% of which is paid to the landowners in proportion to their share of ownership of the concession area. The remaining 0.05% is paid to the State to be used for research and development in the field of sustainable development of mineral resources. The fee is estimated after consideration of the amount of mined ore, the amount of minerals in the ore, and the average price of the mineral during the year or by use of an equivalent value.

## (5) Drilling

The data cut-off date for the year-end 2024 Mineral Resources and Reserves estimate was 30 September 2024, and incorporated drill hole and channel sampling information collected by Mandalay.

**Summary of Drilling at Björkdal Completed by Mandalay Resources from 2014 to 2024**

Year	Drill Hole Type	Underground		Open Pit	
		No. of Drill Holes	Metres (m)	No. of Drill Holes	Metres (m)
2014	Core (In-fill)	19	1,614	-	-
	RC	-	-	65	2,103
	Core	12	3,302	5	632
2015	Core (In-fill)	150	11,880	-	-
	RC	-	-	439	13,959
	Core	58	14,151	56	9,145
	Storheden - Core	-	-	2	302
2016	Core (In-fill)	280	32,252	-	-
	RC	-	-	556	28,436
	Core	-	-	13	4,087
	Storheden - Core	-	-	3	2,046
2017	Core (In-fill)	211	23,839	-	-
	RC	-	-	596	24,924
	Core	-	-	13	2,377
	Storheden - Core	-	-	1	90
	Storheden - RC	-	-	12	1,408
2018	Core (In-fill)	211	24,309	-	-
	RC	-	-	621	22,138
	Core	43	9,995	36	5,904

## Explanatory Memorandum

Year	Drill Hole Type	Underground		Open Pit	
		No. of Drill Holes	Metres (m)	No. of Drill Holes	Metres (m)
	Storheden - Core	-	-	1	160
2019	Core (In-fill)	143	17,823	-	-
	RC	-	-	194	10,649
	Core	36	9,089	7	1,125
2020	Core (In-fill)	223	26,263	-	-
	Core	41	14,156	8	1,243
2021	Core (In-fill)	250	27,151	-	-
	Core	64	23,815	-	-
2022	Core (In-fill)	184	27,892	-	-
	Core	49	24,797	16	2660
2023	Core	250	49,670	9	1,577
	Storheden - Core	-	-	22	5,149
2024	Core	147	28,224	-	-
	Storheden - Core	-	-	14	6,598
<b>Total</b>		<b>2,371</b>	<b>370,222</b>	<b>2,689</b>	<b>146,712</b>

The focus of the drilling completed in 2023 was to continue to outline the strike and dip limits of the Aurora Zone, to define the limits of mineralization observed to the north of Aurora and confirm the relatively higher-grade mineralisation, at depth, along the mines eastern flank.

The drilling programs were successful in outlining the limits of the relatively higher-grade mineralisation, at depth, along the mines eastern flank. Drilling towards the north of the mine has greatly improved our understanding of the vein morphology and mineralization in the area.

### (6) Regional Geography

The Skellefteå region consists of Paleoproterozoic-aged rocks that host several world-class volcanogenic massive sulphide copper, zinc, and lead deposits that have been worked on for nearly a century. The Skellefteå district lies within a large and ancient cratonic block named the Fennoscandian shield. The Fennoscandian shield spans much of Finland and northwestern Russia, extending further westward throughout Sweden and Norway.

Mineralization in the Skellefteå region is focused within and around a regionally extensive, west- to northwest-trending structural feature named the Skellefteå belt. The Skellefteå belt is 120km long and 30km wide and consists of deformed and metamorphosed volcanic, sedimentary, and igneous rocks that are all Paleoproterozoic in age. Deformation and metamorphism are attributed to the Paleoproterozoic- aged Svecokarelian orogeny that occurred around 1.88-1.8 Ga. Metamorphism associated with the Svecokarelian orogeny and ranges in intensity from greenschist to amphibolite facies.

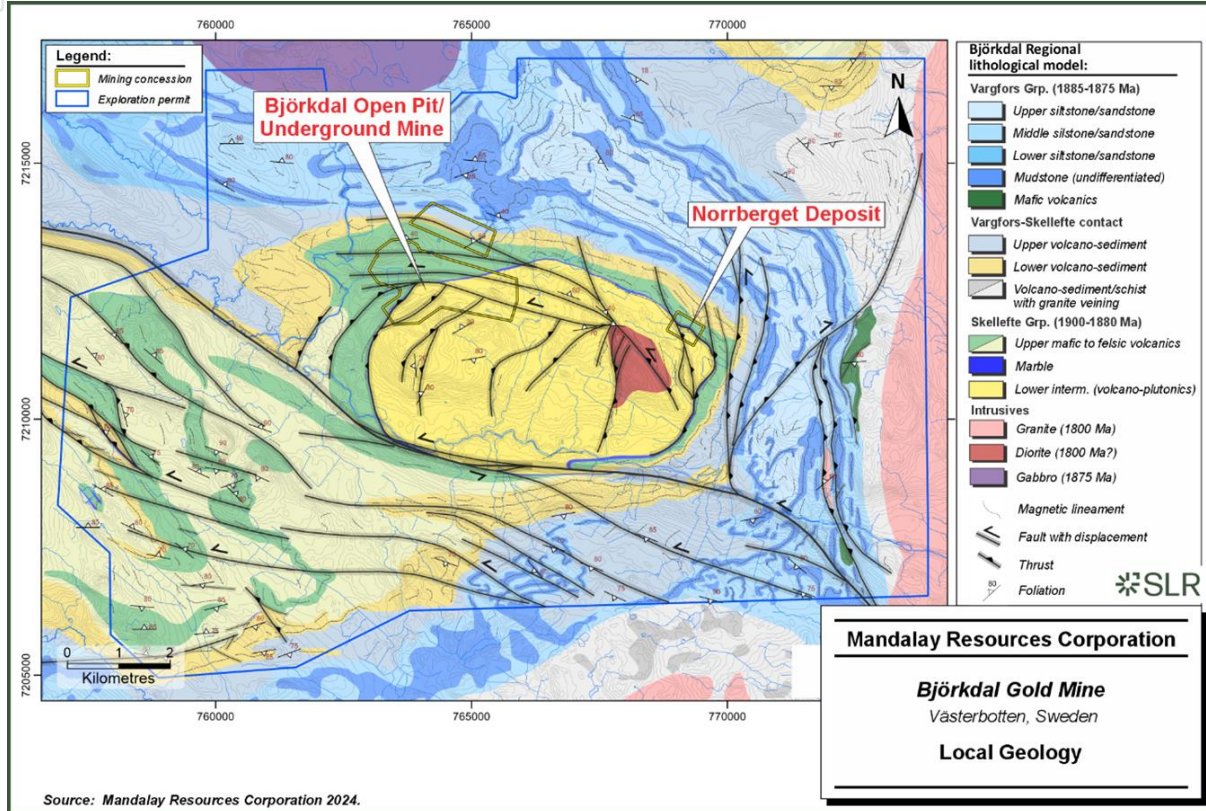
### (7) Björkdal Property Geology

Mandalay interprets the Geology of Björkdal to exhibit a variable and complex alteration signature that overprints many different rock-types including pyroclastic, volcano-sedimentary, tuffaceous, extrusivevolcanic (andesitic to basaltic compositions), sub-volcanic intrusive (andesitic compositions), and sedimentary (silici-clastics, shales and carbonates) lithologies. Common alteration and metasomatic styles include silicification, carbonatization, calc-silicate (actinolite)

# Explanatory Memorandum

alteration, albitization, chloritization, potassic (biotite and K-feldspar), epidotization, pyritization, tourmalinization. Various skarn-type alteration assemblages were also noted in areas where a calcareous host rock is present (including actinolite, tremolite, pyroxene, and minor garnet).

## Local Geology



### (8) Mineralization

#### *Björkdal*

The Björkdal gold deposit is a lode-style, sheeted vein deposit hosted within the upper portions of the Skellefte Group sediments. To date, the deposit has been outlined along a strike length of approximately 1,900m, across a width of approximately 3,500m, and from surface to a depth of approximately 900m. Gold is found within quartz veins that range in thickness from less than a centimetre to more than several decimetres. These veins are usually observed with vertical to sub-vertical dips and strike orientations between azimuth 000° and azimuth 090°, with the majority of veins striking between azimuth 030° and 060° (true north). Veining is locally structurally complex, with many cross-veining features observed and thin mineralized quartz veinlets in the wall rocks proximal to the main quartz veins.

Gold-rich quartz veins are most often associated with the presence of minor quantities of sulphide minerals such as pyrite, pyrrhotite, marcasite, and chalcopyrite. Associated non-sulphide minerals include actinolite, tourmaline, and biotite. Scheelite and bismuth-telluride compounds (i.e. tellurobismuthite and tsumoite) are also commonly found within the gold-rich quartz veins and are both excellent indicators of gold mineralization.

Gold occurs dominantly as free gold, however, gold mineralization is also associated with bismuth-telluride minerals, electrum, and pyroxenes. Silver is seen as a minor by-product of the Björkdal processing plant, however, very little is known about its

# Explanatory Memorandum

deposition within the deposit, although it is assumed to be associated with electrum in the mineralization.

## *Skarn mineralization*

Skarnification is common in the mine, mainly affecting the limestone/marble unit, where it forms patches and lenses typically 200-400m along strike, 100-200m down dip, and up to 10m thick. Similar alteration occurs in sheared volcanoclastic rocks, with textures ranging from mottled to completely overprinted. Skarnified rock is classified into prograde and retrograde phases: prograde skarn is light green, rich in clinopyroxene and amphiboles, while retrograde skarn is darker, finer-grained, and less altered. Shearing facilitates skarnification by allowing fluid infiltration, particularly where faults intersect the limestone/marble unit, enabling calc-silicification. Structural interactions influence alteration intensity and gold mineralization, with higher-grade prograde skarn forming where multiple structures intersect.

## *Norrberget*

Gold mineralization at Norrberget is strataform within altered volcanoclastic rocks beneath a 30-40m thick marble unit, extending up to 50m below the contact. It is mainly hosted in amphibole-albite banded alteration and interbedded crystalline tuff, with bands ranging from 1cm to 50cm thick, typically sheared and containing trace sulphides and minor quartz/carbonate. Gold also occurs in amphibole veinlets within mafic crystalline tuff and, to a lesser extent, in silicified volcanoclastics. Although veining is common, gold is rarely associated with quartz veins, except for certain grey fractured quartz veins containing amphibole, carbonate, silver, and sulphides. Three mineralized domains comprise the Mineral Resources. The largest domain extends approximately 400m in an east-west strike length and has been traced by surface-based diamond drill holes to a depth of approximately 175m beneath the surface.

## *Storheden*

The Storheden deposit is located approximately 600m to the northeast of the easternmost limit of the Björkdal mine. It is comprised of a series of narrow sheeted quartz veins similar in style to those at the Björkdal mine that have been identified by drilling for a distance of approximately 1,000m in an east-west direction, 1,200m in a north-south direction, and to a depth of approximately 450m beneath the surface.

## 5.5 **Financial Information of the Mandalay Group**

The audited consolidated financial statements of Mandalay for the years ended 31 December 2024 and 2023 and the unaudited interim consolidated financial statements for the 3 months ended 31 March 2025 and 2024 are available electronically on Mandalay's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## 5.6 **Publicly Available Information on the Mandalay Group**

Mandalay is a "reporting issuer" under applicable Canadian securities laws in each of the provinces and territories of Canada, other than Quebec, and in accordance therewith is required, amongst other things, to lodge periodic public disclosure documents in accordance with National Instrument 51-102 – *Continuous Disclosure Requirements* on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Mandalay Shares are listed on the TSX and Mandalay is subject to the rules and requirements of the TSX.

The following documents are available electronically on Mandalay's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca), amongst others:

- (a) Consolidated statements of financial position for the year ended 31 December 2024 and 31 December 2023;

# Explanatory Memorandum

- (b) Management's discussion and analysis for the year ended 31 December 2024 filed 20 February 2025;
- (c) Annual information form for the year ended 31 December 2024 filed 28 March 2025;
- (d) Material change report dated 29 April 2025;
- (e) Management's discussion and analysis for the quarter ended 31 March 2025 filed on 7 May 2025;
- (f) Condensed consolidated interim financial statements for the three months ended 31 March 2025 and 2024 (unaudited) filed on 7 May 2025; and
- (g) News releases relating to material changes and earnings releases.

## 6. Information on Mandalay Securities

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### 6.1 Issued Mandalay Shares

As at the date of this Notice, Mandalay has 94,784,806 common shares issued and outstanding.

Mandalay is a reporting issuer in each of the provinces and territories of Canada, except Québec. The Mandalay Shares currently trade on the TSX under the symbol "MND" and trade over the counter on the OTCQB Venture Market under the symbol "MNDJF". Following the completion of the Arrangement, it is anticipated that the Mandalay Shares will be delisted from the TSX (anticipated to be effective 2 or 3 Business Days following the Effective Date). Alkane intends to apply to the applicable Canadian securities regulators to have Mandalay cease to be a reporting issuer under applicable Canadian Securities Laws as soon as reasonably practicable following the Effective Time.

### 6.2 Mandalay Options, Mandalay RSUs, Mandalay DSUs and Mandalay PSUs

As at the date of this Notice, Mandalay has:

- (a) 1,758,164 Mandalay Options outstanding;
- (b) 229,190 Mandalay PSUs outstanding;
- (c) 934,123 Mandalay RSUs outstanding; and
- (d) 564,329 Mandalay DSUs outstanding.

These securities are all subject to a Mandalay Plan.

Each Mandalay Option which is outstanding immediately prior to the Effective Time (whether vested or unvested), shall, without any further action by or on behalf of a holder, be fully vested as of immediately prior to the Effective Time and may be conditionally exercised by the holder in accordance with the terms of the applicable Mandalay Plan, effective as of immediately prior to the Effective Time, provided that (i) no such Mandalay Options will be settled by way of a Cash Election and (ii) any Mandalay Options that have not been exercised as of the Effective Time will automatically terminate. Each Mandalay RSU and Mandalay PSU which is outstanding immediately prior to the Effective Time shall be fully vested pursuant to the terms of the Mandalay Omnibus Plan, such that all of the Mandalay RSUs and Mandalay PSUs will, as of immediately prior to the Effective Time, be redeemed by Mandalay for (i) Mandalay Shares or (ii) cash, in each case, as set out in the Arrangement Agreement and in accordance with the terms of the Mandalay Omnibus Plan.

Each Mandalay DSU which is outstanding immediately prior to the Effective Time shall be fully vested pursuant to the terms of the Mandalay Omnibus Plan, such that all the Mandalay DSUs will, as of immediately prior to the Effective Time, be settled for Mandalay Shares in accordance with the terms of the Mandalay Omnibus Plan.

# Explanatory Memorandum

Under the Arrangement, holders of Mandalay RSUs, Mandalay PSUs, Mandalay DSUs and Mandalay Options will be entitled:

- (a) to receive Mandalay Shares upon the redemption or exercise (or deemed redemption or exercise) of their Mandalay RSUs, Mandalay PSUs and Mandalay DSUs and/or Mandalay Options (provided such Mandalay Options are exercised prior to the Effective Date), other than certain holders of Mandalay PSUs and Mandalay RSUs that will receive cash for their Mandalay PSUs and Mandalay RSUs in accordance with the Arrangement Agreement; and
- (b) to receive Consideration Shares for each such Mandalay Share to the same extent as a Former Mandalay Shareholder.

## 6.3 The Company's Interest in Mandalay Shares

The Company currently owns nil Mandalay Shares.

## 6.4 Recent Trading Performance of Mandalay

Month	High (C\$)	Low (C\$)	Volume
<b>2024</b>			
May	2.38	2.09	505,800
June	2.3	1.96	187,500
July	2.67	2.12	612,900
August	2.99	2.31	762,500
September	3.54	2.84	828,100
October	3.48	3.05	892,900
November	3.69	3.14	891,300
December	4.85	3.65	1,321,300
<b>2025</b>			
January	4.79	3.9	815,100
February	5.07	4.55	1,448,500
March	5.57	4.63	3,526,900
April	5.99	4.3	3,983,000
May	5.55	4.7	3,518,400
June 1 – 23	5.41	4.81	1,895,921

## 6.5 Voting Undertakings

Each of Mandalay's directors, senior officers and certain other significant Mandalay Shareholders, who collectively exercise beneficial ownership or control over approximately 45% of the outstanding Mandalay Shares, have entered into customary voting and support agreements in favour of the Transaction.

## 7. Company's Intentions with respect to Mandalay

On completion of the Arrangement, the Combined Company will carry on the business currently operated by Alkane and Mandalay on a consolidated basis, including the identification, development, exploration and operation of gold and antimony mines in Australia and Sweden.

# Explanatory Memorandum

The Combined Company will have a portfolio of assets from an Australian and Swedish asset base, a clear pipeline of growth projects and high-quality exploration targets. The Combined Company's portfolio of principal assets will include:

- (a) Alkane's Tomingley Gold Project;
- (b) Alkane's Northern Molong Porphyry Project (including its Boda-Kaiser copper-gold project);
- (c) Mandalay's Costerfield Operations; and
- (d) Mandalay's Björkdal Gold Mine.

The Combined Company plans to continue to invest in exploration at all three of its producing mines and pursue other growth opportunities in addition to the Boda-Kaiser copper-gold project, which adds future production potential with its significant scale.

The Combined Company will also own a 100% interest in Alkane's non-core exploration prospects, primarily located in Central West New South Wales, including the Southern Junee Porphyry Project, Cudal, Rockley, Armstrongs, and Mt Conqueror, as well as Mandalay's Lupin Mine in Nunavut, Canada, which is currently in the process of final closure and reclamation.

The Combined Company is expected to initially adopt the existing policies and procedures, including those related to the executive compensation and corporate governance, of Alkane.

## 8. Effect of the Transaction on the Combined Company

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### 8.1 Profile of the Combined Company

Immediately upon completion of the Arrangement, Alkane will indirectly own (through AcquireCo) all of the outstanding Mandalay Shares and Mandalay will become a wholly owned subsidiary of Alkane. The Combined Company will continue the operations of Alkane and Mandalay on a consolidated basis and will continue to exist as a corporation existing under the laws of Australia. Upon completion of the Arrangement, the Combined Company will continue to be listed on the ASX. Alkane has applied to list the ordinary shares of the Combined Company on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved Alkane's listing application and there is no assurance that the TSX will approve the listing application.

The Combined Company is expected to be a diversified Australian centric gold and antimony producer with a portfolio of three operating mines and a pro forma market capitalization of approximately A\$989 million (based on the Combined Company's expected pro forma issued shares and Alkane's closing price of A\$0.725 as at 23 June 2025). The Combined Company will operate three producing mines in premier jurisdictions – Costerfield and Tomingley in Australia and Björkdal in Sweden – forecasted to produce 160,000 gold-equivalent ounces in 2025, growing to over 180,000 gold-equivalent ounces in 2026, along with exploration upside. The 2025 production estimate is based on Mandalay calendar year guidance from a Mandalay news release dated 17 December 2024 and Alkane fiscal year guidance from an Alkane ASX announcement dated 7 April 2025. The 2026 production estimate is based on consensus broker analyst estimates for Mandalay (calendar year) and Alkane (fiscal year).

The Combined Company will have a robust balance sheet with a pro forma cash balance of approximately C\$167 million (A\$188 million) as at 31 March 2025.<sup>2</sup>

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<sup>2</sup> Note that the cash balance does not account for transaction costs which are included in the pro forma financial information at Schedule 2, uses exchange rates at the time of announcement of the Arrangement and includes an Alkane bullion value of A\$10.5 million as at 31 March 2025. The Combined Company will also have approximately A\$60 million in debt from Alkane's expansion of the Tomingley Gold Project in 2024/2025.

# Explanatory Memorandum

## 8.2 Pro Forma Financial Statements of the Combined Company

The unaudited pro forma consolidated financial information of the Combined Company giving effect to the Arrangement and the accompanying notes are included in Schedule 2. The unaudited pro forma financial information has been prepared in a manner consistent with Alkane's and Mandalay's respective accounting policies as applied and disclosed in the Alkane Financial Statements, the Mandalay Financial Statements, and the condensed interim financial statements of Alkane and Mandalay for the period ended 31 March 2025.

The unaudited pro forma consolidated financial position as at 31 March 2025 gives effect to the Arrangement as if the transaction had closed on 31 March 2025. The unaudited pro forma consolidated statements of comprehensive income for the year ended 30 June 2024 and for the nine months ended 31 March 2025 give effect to the Arrangement as if the transaction had closed on 1 July 2023 and 1 July 2024, respectively. The unaudited pro forma financial information is based on the respective historical consolidated financial statements of Alkane and Mandalay.

The unaudited pro forma financial information and adjustments, including the allocation of the purchase price, are based upon preliminary estimates of fair values of assets acquired and liabilities assumed, current available information and certain assumptions that Alkane believes are reasonable in the circumstances, as described in the notes to the unaudited pro forma financial information.

The unaudited pro forma financial information is presented for illustrative purposes only and are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. The actual financial position and results of operations of the Combined Company following completion of the Arrangement may differ significantly from the pro forma amounts reflected in the unaudited pro forma financial information due to a variety of factors.

The unaudited pro forma financial information is set out in Schedule 2.

## 8.3 Effect on Capital Structure

The following table sets out the pro forma capital structure of Alkane, being the Combined Company, after giving effect to the Arrangement.

	<b>Securities on Issue as at date of Notice (prior to giving effect to the Arrangement)</b>	<b>Pro Forma Securities on Issue after giving effect to the Arrangement<sup>1</sup></b>
Alkane Shares	605,541,892	1,364,164,259
Performance Rights	11,686,288	11,686,288

**Notes:**

1. Subject to change as to final Mandalay Shares on issue at the date of completion of the Arrangement. Calculated assuming the prior conversion of Mandalay Options, Mandalay PSUs, Mandalay RSUs and Mandalay DSUs before the completion of the Arrangement (on the same assumptions as set out in the pro forma financial information set out in Schedule 2).

## 8.4 Proposed Management of the Combined Company

Following completion of the Transaction, Mr Earner will continue as Managing Director and Chief Executive Officer of Alkane and Mr Gandel will continue as a non-executive Alkane Director.

# Explanatory Memorandum

Subject to each of Resolution 1 to Resolution 5 (inclusive) being passed and completion of the Transaction, the post-Transaction Board of Alkane Directors will consist of:

Position	Name
Managing Director and Chief Executive Officer	Nicholas Paul Earner
Non-Executive Chair	Andrew James Quinn
Non-Executive Director	Ian Jeffery Gandel
Non-Executive Director	Bradford Allan Mills
Non-Executive Director	Frazer William Bourchier
Non-Executive Director	Dominic Francis Duffy

## 8.5 Control

As at the date of this Notice, it is Alkane's understanding that no person will acquire control of, or voting power of 20% or more in, the Combined Company as a result of the Transaction.

## 9. Risk Factors

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### 9.1 Introduction

Following completion of the Transaction, the risk profile of Alkane will be affected by, amongst other matters, the status of Mandalay's core assets and operations, including the Costerfield Mine in Victoria and the Björkdal Mine in Sweden, which may carry risks in addition to those relating to Alkane's current exploration, development and production portfolio.

The value of the Shares is influenced by a range of factors, many of which will be beyond the control of the Combined Company. These risks are divided into:

- (a) specific risks relating to the merger and the creation of the Combined Company; and
- (b) general risks relating to the mining industry.

You should carefully consider the following risk factors and consult your financial and legal advisers before making a decision as to whether to approve Resolution 1.

The risks and uncertainties described below are not the only risks facing the Company and Combined Company. Additional risks and uncertainties may exist. Alkane Shareholders are encouraged to read the risks carefully in deciding how to vote and, if in any doubt, should seek advice from their independent financial, legal, or other professional, adviser without delay.

### 9.2 Specific Risks Relating to the Merger and Creation of the Combined Company

There are a number of specific risks that relate to Mandalay, including relating to reliance on Mandalay's mineral resource estimates, risks associated with metallurgical test work, and risks associated with the Costerfield Mine in Victoria and the Björkdal Mine in Sweden. These risks are summarised under the heading Risk Factors in the Mandalay Annual Information Form for the year ended 31 December 2024 available under Mandalay's profile at [www.sedarplus.ca](http://www.sedarplus.ca) and include (among other things):

- (a) Fluctuations in currency exchange rates may adversely affect Mandalay's financial position and results of operations

Fluctuations in currency exchange rates, particularly operating costs denominated in currencies other than US dollars, may significantly impact Mandalay's financial position and

# Explanatory Memorandum

results of operations. Mandalay generally sells its gold based on a US dollar price, but a major portion of Mandalay's operating expenses is incurred in non-US currencies. In addition, the appreciation of the Australian dollar or Swedish Krona against the US dollar could further increase the dollar costs of gold production at Mandalay's mining operations in Australia and Sweden respectively, which could materially and adversely affect Mandalay's earnings and financial condition.

(b) Risks inherent in Mandalay's use of derivatives

Mandalay may from time to time seek to manage risks associated with currency and commodity price volatility through the use of derivatives and other hedging programs. There are no assurances that such arrangements will be successful.

Mandalay has implemented a gold hedging policy for a maximum of 25% of its annual gold production and a foreign exchange hedging policy for maximum of 50% of US dollar to Swedish Krona and Australian dollars to protect a portion of its cash flows and de-risk the balance sheet. While hedging activities may protect Mandalay against exchange rate and gold price fluctuations, hedging may limit the gains Mandalay actually realizes and therefore could reduce Mandalay's revenues in the future. In addition, if Mandalay's production of gold is insufficient to satisfy its delivery obligations under its hedging program, Mandalay may have to purchase physical gold to satisfy such obligations which could have an adverse impact on Mandalay's cash flow and revenues. The use of derivative instruments involves certain inherent risks including: (a) credit risk – the risk of default on amounts owing to Mandalay by the counterparties with which Mandalay has entered into such transactions; (b) market liquidity risk – the risk that Mandalay has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position; and (c) price / valuation risk – the risk that, in respect of certain derivative products, an adverse change in market prices for commodities, currencies, gold or interest rates will result in Mandalay incurring a realized or unrealized (mark-to-market) loss in respect of such derivative products.

(c) No assurance that the interests held by Mandalay in its properties are free from defects

Mandalay's properties may be subject to prior recorded, and unrecorded agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Title insurance is generally not available for mineral properties, and Mandalay's ability to ensure that it has obtained a secure claim to individual mining properties or mining concessions may be severely constrained. Mandalay has not conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge to the precise area and location of these claims could result in Mandalay being unable to operate on its properties as permitted or unable to enforce its rights with respect to its properties. No assurance can be given that Mandalay's rights will not be revoked or significantly altered to its detriment. There can also be no assurance that third parties will not challenge or impede its rights.

(d) Mandalay's mining and exploration activities are subject to extensive local laws and regulations

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, which may require operations to cease or be curtailed, or corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation of such requirements, could have a materially adverse impact on Mandalay and cause increases in capital expenditures or production costs or reductions in

# Explanatory Memorandum

levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Mandalay's operations are subject to numerous governmental permits, which are difficult to obtain, and it may not be able to obtain or renew all of the permits it requires, or such permits may not be timely obtained or renewed.

Government approvals and permits are sometimes required in connection with Mandalay's operations. Although Mandalay believes it has all of the material approvals and permits to carry on its operations, Mandalay may require additional approvals or permits or may be required to renew existing approvals or permits from time to time. Obtaining or renewing approvals or permits can be a complex and time-consuming process. There can be no assurance that Mandalay will be able to obtain or renew the necessary approvals and permits on acceptable terms, in a timely manner, or at all. To the extent such approvals are required and not obtained, Mandalay may be delayed or prohibited from proceeding with planned exploration, development or mining of mineral properties. Environmental permits are granted for one- to ten-year periods, and all local agencies have the right to monitor and evaluate compliance with the issued permits even though such monitoring tends to be minimal in scope and nature. Any changes to the exploration activities that result in a greater environmental impact require approval. The work Mandalay carries out on its exploration licences is largely restricted to drilling and ancillary activities associated with the drilling programs (i.e., low impact road construction, drilling stations). As such, the reclamation costs in respect of drilling activities are not material to Mandalay and are factored into the budget for exploration programs.

In addition to the risks outlined above, to the extent that the Combined Company has negative cash flow in future periods, it may need to deploy a portion of its cash reserves to fund such negative cash flow and/or to raise new equity. There can be no assurances that the Combined Company will be able to achieve, or, if achieved, sustain, a positive operating cash flow or that the Combined Company will become profitable. If the Combined Company does not achieve positive cash flows, the Combined Company may not be able to continue to fund its operations.

See risk factors included in Mandalay's circular related to the Transaction/Combined Company.

## 9.3 General Risks Relating to the Mining Industry

Mining operations generally involve a high degree of inherent risk. Similar to Mandalay, Alkane's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including: unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins or slides, flooding, pit wall failure, periodic interruption due to inclement or hazardous weather conditions, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other production facilities, personal injury or death, damage to property, environmental damage and possible legal liability.

Mining operations are subject to hazards such as fire, flooding, equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. Mining operations can also suffer from poor design or poor reliability of equipment, and adverse impacts to supply chain and transport of plant equipment and the workforce to and from site. The occurrence of any of these events could result in a prolonged interruption of operations, affect the profitability of operations, lead to a loss of licences, damage community relations and affect reputation.

Some of Alkane's operations are located in remote areas and are affected by severe climate and weather events, resulting in technical challenges for conducting both geological exploration and mining operations. Although Alkane will benefit from modern mining technology, Alkane may be unable to overcome problems related to weather, climate or general remoteness, either expeditiously or at a commercially reasonable cost, which could have an adverse impact on Alkane's business, operations and financial performance.

# Explanatory Memorandum

The ability of Alkane to achieve production targets or to meet operating and capital expenditure estimates cannot be assured. These uncertainties are more pronounced over a longer period.

A summary of the general risks relating to Alkane and the mining industry generally are set out under the heading Risk Factors in Appendix J of the Mandalay Circular dated 24 June 2025 available under Mandalay's profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## 10. Additional Information

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### 10.1 Arrangement Agreement

Schedule 1 sets out a summary of the material terms of the Arrangement Agreement.

### 10.2 Alkane Voting Intention Statements

Certain directors of Alkane, who exercise beneficial ownership or control over an aggregate of approximately 19% of the Shares have provided Alkane Voting Intention Statements, pursuant to which such individuals have stated, subject to the terms and conditions thereof, their intention to vote their Shares in favour of Resolution 1 pursuant to the terms of the Arrangement.

### 10.3 Information in relation to Mandalay's Mineral Resource and Mineral Reserve Categories

The information in this Explanatory Memorandum relating to Mandalay's Mineral Resource and Mineral Reserve categories is extracted from Mandalay's Annual Information Form for the Year Ended 31 December 2024.

#### Information relating to Mineral Resource and Reserve Estimates

(a) Reporting Standard – NI 43-101

The information in this Explanatory Memorandum that relates to Mineral Resource and Mineral Reserve estimates relating to Mandalay has been prepared in accordance with the NI 43-101 standards and have not been reported in accordance with the JORC Code. NI 43-101 is different from the reporting standard ordinarily applicable to Australian publicly listed companies, the JORC Code. Refer to Mandalay's website at [www.mandalayresources.com](http://www.mandalayresources.com) or under Mandalay's profile on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) for information in relation to the Mineral Resource and Reserve estimates prepared by Mandalay. A competent person has not done sufficient work to classify the mineral resource in accordance with the JORC Code and it is uncertain that following evaluation and / or further exploration work that the estimate will be able to be reported as a Mineral Resource or Ore Reserve in accordance with the JORC Code. Please refer to Alkane's ASX announcement titled "Alkane & Mandalay Merger Presentation" dated 28 April 2025 for additional technical information relating to the foreign estimates (in particular, the Mandalay – Foreign Estimate Disclosures (as required by ASX Listing 5.12) in Schedule 1).

NI 43-101 requires that mineral resource and mineral reserve estimates be prepared in accordance with, and have the meaning ascribed by, the CIM Definition Standard.

The NI 43-101 Companion Policy identifies the Australian JORC Code as an acceptable foreign code for the estimation of mineral resources and that it is substantially similar to CIM Definition Standards as both are based on and are consistent with the CRIRSCO Template.

(b) Comparison of Resource and Reserve Categorisation under the JORC Code, the CIM Definition Standards and NI 43-101

(1) JORC Code

# Explanatory Memorandum

Under the JORC Code, Mineral Resources and Ore Reserves are defined in the following manner:

- (A) **Inferred Mineral Resource:** An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

- (B) **Indicated Mineral Resource:** An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where the data are gathered.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

- (C) **Measured Mineral Resource:** A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

- (D) **Probable Ore Reserve:** A Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource.

Consideration of the confidence level of the Modifying Factors is important in conversion of Mineral Resources to Ore Reserves.

# Explanatory Memorandum

A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

- (E) Proved Ore Reserve: A Proved Ore Reserve is the economically mineable part of a Measured Mineral Resource. A proved Ore Reserve implies a high degree of confidence in the Modifying Factors.

A Proved Ore Reserve represents the highest confidence category of reserve estimate and implies a high degree of confidence in geological and grade continuity, and the considerations of the Modifying Factors. The style of mineralisation or other factors could mean that Proved Ore Reserves are not achievable in some deposits.

## (2) CIM Definition Standards

Under the CIM Definition Standards, Mineral Resources and Mineral Reserves are defined in the following manner:

- (A) Inferred Mineral Resource: An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

- (B) Indicated Mineral Resource: An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Measured Mineral Resource: A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

# Explanatory Memorandum

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

- (C) Probable Mineral Reserve: A probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve. The Qualified Person may elect to convert measured Mineral Resources to Probable Mineral Reserves if the confidence in the Modifying Factors is lower than that applied to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.
- (D) Proven Mineral Reserve: A proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors. Application of the Proven Mineral Reserve category implies that the Qualified Person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect the potential economic viability of the deposit. Proven Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study. Within the CIM Definition standards the term Proven Mineral Reserve is an equivalent term to Proven Mineral Reserve.

(c) NI 43-101

NI 43-101 does not, in itself, prescribe definitions of Mineral Resources or Mineral Reserves in the same manner as the JORC Code. It does, however, require that the terms mineral resource, inferred mineral resource, indicated mineral resource, measured mineral resource, probable mineral reserve, and proven mineral reserve have the meanings ascribed to those terms by the CIM Definition Standard.

(d) Summary

As can be seen from the definitions above derived from the CIM and JORC Codes, the definitions of Inferred, Indicated, and Measured mineral resources and Probable and Proven mineral reserves are essentially the same, and are considered to be equivalent to each other. NI 43-101 requires the use of the CIM Definition Standards but does not itself define mineral resources or mineral reserves or their confidence levels.

CIM Definition Standards	NI 43-101	JORC Code
Inferred Mineral Resources	See CIM Definition Standards	Inferred Mineral Resources
Indicated Mineral Resources	See CIM Definition Standards	Indicated Mineral Resources
Measured Mineral Resources	See CIM Definition Standards	Measured Mineral Resources
Probable Mineral Reserves	See CIM Definition Standards	Probable Ore Reserves
Proven Mineral Reserves	See CIM Definition Standards	Proven Ore Reserves

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## Explanatory Memorandum

While there are some differences in the terminology between the two reserve codes (the CIM Definition Standards and the JORC Code) they share (and require) common themes:

- (1) there must be a very high level of confidence (reliability) in the data used to define the mineral deposit;
- (2) the continuity of mineralisation between observation points (sampling points or drill holes) must be established to a very high standard;
- (3) the quality of sampling data must be of a very high standard; and
- (4) most importantly, the potential development of a deposit with either Proven or Probable ore reserves must be economic to develop and produce, as determined by engineering and mine design studies.

### 10.4 Disclosure of Interests of Alkane Directors and Mandalay Directors

As at the date of this Notice, none of the Alkane Directors hold a Relevant Interest in Mandalay securities.

As at the date of this Notice, as far as Alkane is aware, none of the Mandalay Directors hold a Relevant Interest in Alkane securities.

As at the date of this Notice, the Mandalay Directors have the following Relevant Interests in Mandalay securities.

Position	Name	Number and type of securities
Chair	Bradford Allan Mills	22,918,263 Mandalay Shares 122,233 Mandalay DSUs
Lead Independent Director	Amy Freedman	124,705 Mandalay Shares 122,233 Mandalay DSUs
Director	Dominic Francis Duffy	994,903 Mandalay Shares 76,195 Mandalay DSUs
President, Chief Executive Officer and Director	Frazer William Bouchier	272,876 Mandalay Shares 429,246 Mandalay Options 271,260 Mandalay RSUs 188,885 Mandalay PSUs
Director	Rob Doyle	257,817 Mandalay Shares 122,233 Mandalay DSUs
Director	Julia Galloway	108,830 Mandalay DSUs
Director	John Jentz	12,605 Mandalay DSUs

# Explanatory Memorandum

## 10.5 Official Quotation of the Consideration Shares

Shares are listed and posted for trading on the ASX under the symbol "ALK" and quoted on the OTC Pink Market under the symbol "ALKEF".<sup>3</sup> Subject to approval of Resolution 1, Alkane will apply for quotation of the Shares issuable by Alkane under the Arrangement on the ASX. Alkane has applied for in-principle relief from ASIC to permit the on-sale of the Shares issued under the Arrangement within 12 months from their date of issue without requiring a disclosure document to be lodged in accordance with sections 707(3) and (4) of the Corporations Act.

As a result of the distribution of the Consideration Shares in Canada pursuant to the Arrangement, Alkane will, upon completion of the Arrangement, become a reporting issuer under applicable Canadian Securities Laws in each of the provinces and territories where Mandalay is currently a reporting issuer.

Alkane has applied for the Alkane Shares to be listed on the TSX. Upon completion of the Transaction, it is expected that the Combined Company will be listed on both the ASX and the TSX, providing it with greater exposure to capital markets than is currently available to Mandalay. The Combined Company is expected to benefit from a primary ASX listing valuation re-rate driven by GDXJ and potential ASX 300 index inclusion.

## 10.6 Disclaimer as to Forward Looking Statements

Some of the statements set out in this document may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Mandalay and the Company operate as well as general economic conditions, prevailing exchange rates and conditions in financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of the Company, its officers or employees or any person involved in the preparation of this Notice makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or any events or results expressed or implied in any forward looking statement, except to forward looking statement. The forward looking statements in this document reflect views held only as at the date of this Notice.

## 10.7 Information Contained in this Notice Regarding Mandalay and the Combined Company

Certain information included in sections 5, 6.1, 6.2, 6.4, 6.5, 8 and 10.4 of this Notice pertaining to Mandalay and the Combined Company has been furnished by Mandalay. With respect to this information, Alkane has relied exclusively upon Mandalay, without independent verification by Alkane. Although Alkane does not have any knowledge that would indicate that such information is untrue or incomplete, neither Alkane nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for the failure by Mandalay to disclose events or information that may affect the completeness or accuracy of such information.

Further information in relation to Mandalay's business and securities is included in the Mandalay's Annual Information Form dated 28 March 2025, and the Mandalay Circular, available for review under the profile for Mandalay on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

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<sup>3</sup> Effective 1 July 2025, the OTC Pink Market will cease to exist. Alkane has also applied to have its shares move up from the OTC Pink Market to trade on the OTCQB Venture Market. Trading on the OTCQB Venture Market will be subject to Alkane receiving approval from, and fulfilling the requirements of, OTC.

# Explanatory Memorandum

## 11. Information on Resolution 1 – Approval of issue of Shares for the Purposes of Listing Rule 7.1

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### 11.1 Background

Resolution 1 seeks Alkane Shareholder approval for the issue of up to 768,031,285 Shares to the Mandalay Shareholders in consideration for its indirect acquisition (through AcquireCo) of 100% of the issued capital of Mandalay pursuant to the Transaction.

### 11.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that 12 month period (**15% Capacity**).

The issue of the Consideration Shares do not fit within any of the exceptions and exceeds the 15% Limit in Listing Rule 7.1. It therefore requires the approval of Alkane Shareholders under Listing Rule 7.1.

If Resolution 1 is passed, Alkane will be able to proceed with the issue of the Consideration Shares to Mandalay Shareholders. In addition, the issue will be excluded from the calculation of the number of equity securities that Alkane can issue without shareholder approval under Listing Rule 7.1

If Resolution 1 is not passed, Alkane will not be able to proceed with the issue of the Consideration Shares to Mandalay Shareholders and the Transaction will not be completed. In this case, the Company will continue to use its current funds to explore and develop its existing projects as well as continuing to implement its growth strategy by seeking out further exploration, acquisition and joint venture opportunities. If Resolution 1 is not passed, under the terms of the Arrangement Agreement, Alkane must pay Mandalay its costs and expenses up to a maximum of C\$500,000. Payment of such costs would be made using Alkane's existing cash reserves.

### 11.3 Technical Information Required by Listing Rule 7.1 in relation to the Consideration Shares

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares under this Resolution 1:

- (a) the Consideration Shares will be issued to Mandalay Shareholders (or their respective nominees), none of whom are a related party of the Company or a Material Investor, other than persons who will become related parties as proposed directors the Company on completion of the Transaction (being Bradford Allan Mills, Frazer William Bouchier and Dominic Francis Duffy, and refer to Section 10.4 for interests of those directors in Mandalay Shares);
- (b) the maximum number of Consideration Shares to be issued is 768,031,285;
- (c) the Consideration Shares have a deemed issue price of A\$0.73202 each and rank equally in all respects with the Company's existing Shares on issue (which figure was adopted for proforma accounting purposes, as referred to in Schedule 2 but will be subject to change dependent on accounting policies post closing of the Transaction);
- (d) the Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Consideration Shares will be issued no later than 6 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of all of the Consideration Shares will occur on the same date;

## Explanatory Memorandum

- (f) the Consideration Shares will be issued as full consideration for the indirect acquisition by Alkane (through AcquireCo) of 100% of the issued capital of Mandalay;
- (g) the Consideration Shares will not be issued for cash. Accordingly, no funds will be raised;
- (h) a summary of the material terms of the Arrangement Agreement is in Schedule 1;
- (i) the Transaction involves a reverse takeover of the Company by Mandalay. Following the issue of the Consideration Shares, the number of Shares on issue on completion of the Transaction would increase from 605,541,892 (being the number of Shares on issue as at the date of the Notice) to up to 1,373,573,177 and the shareholding of existing Alkane Shareholders would be diluted by approximately 55%; and
- (j) a voting exclusion statement is included in the Notice.

### 11.4 Alkane Directors' Recommendation

The Alkane Directors recommend that Alkane Shareholders vote in favour of Resolution 1.

## 12. Information on Resolution 2 – Election of Director – Bradford Allan Mills

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### 12.1 General

Rule 3.4 of the Constitution provides that the Company may elect a person as an Alkane Director by resolution passed in general meeting. Bradford Allan Mills seeks election as a non-executive Alkane Director subject to Alkane Shareholders approving Resolution 2.

If approved by shareholders at the Meeting, the appointment will not require the director to be put forward for election at the next annual general meeting for the purposes of Listing Rule 14.4. The director would subsequently be subject to requirements for re-election by rotation pursuant to Listing Rule 14.5 and the Company's Constitution,

### 12.2 Bradford Allan Mills

Mr Mills is currently the non-executive Chair of Mandalay. Mr Mills has over 40 years of experience in the resource industry. He is the founder and managing director of Plinian Capital LLP, a private equity firm whose principal business is investment in natural resources projects and companies. Mr Mills served as the Chief Executive Officer of Mandalay from 2009 and oversaw its transition to a producing gold company from 2010 onwards. He stepped down as Chief Executive Officer in 2016. From 2004 – 2009, Mr Mills held the position of Chief Executive Officer of Lonmin Plc (GBX: LMI), the world's number three platinum and platinum group metals producer. Prior to that, Mr Mills served as president of the BHP Billiton's copper group. Mr Mills is currently a director of Circum Minerals Limited, a private potash development company in Ethiopia and CNM, a private nickel-copper-cobalt-PGM producing company in Zambia. Mr Mills previously served as a director of Rambler Metals & Mining PLC, a mining company engaged in the development, mining and exploration of base and precious metals in Newfoundland and Labrador, Canada.

### 12.3 Alkane Directors' Recommendation

The Alkane Directors recommend that Alkane Shareholders vote in favour of Resolution 2.

# Explanatory Memorandum

## 13. Information on Resolution 3 – Election of Director – Frazer William Bouchier

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### 13.1 General

Rule 3.4 of the Constitution provides that the Company may elect a person as an Alkane Director by resolution passed in general meeting. Frazer William Bouchier seeks election as a non-executive Alkane Director subject to Alkane Shareholders approving Resolution 3.

If approved by shareholders at the Meeting, the appointment will not require the director to be put forward for election at the next annual general meeting for the purposes of Listing Rule 14.4. The director would subsequently be subject to requirements for re-election by rotation pursuant to Listing Rule 14.5 and the Company's Constitution,

### 13.2 Frazer William Bouchier

Mr Bouchier is currently President, Chief Executive Officer and Director of Mandalay. Mr Bouchier is a registered professional engineer with over 36 years of domestic and international experience in the mining industry. His breadth of experience includes both operational field management and executive corporate oversight leadership. His public company and inter-company board governance experience is further complemented by his McMaster University accredited Chartered Director Certification. Mr Bouchier was previously President, Chief Executive Officer and a Director of Harte Gold Corp. from late 2020 to early 2022 and Chief Operating Officer of Detour Gold Corp. for two years from 2018 to 2019. For six years from 2012 to 2017, Mr Bouchier held the role of Chief Operating Officer at Nevsun Resources Limited. Preceding this successful tenure, Mr Bouchier was an operational executive for two years at Wheaton Precious Metals Corp. (formerly Silver Wheaton Corp.). For the first 16 years of his career, he worked at Placer Dome Inc. (subsequently Barrick Gold Corp. and then Barrick Metals Corp.) where he held positions of increasing responsibility concluding as Mining Manager and then General Manager at the Porgera open pit gold mine in PNG. He has a Bachelor's and Masters degrees in Applied Science and Engineering from the University of Toronto.

### 13.3 Alkane Directors' Recommendation

The Alkane Directors recommend that Alkane Shareholders vote in favour of Resolution 3.

## 14. Information on Resolution 4 – Election of Director – Dominic Francis Duffy

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### 14.1 General

Rule 3.4 of the Constitution provides that the Company may elect a person as an Alkane Director by resolution passed in general meeting. Dominic Francis Duffy seeks election as a non-executive Alkane Director subject to Alkane Shareholders approving Resolution 4.

If approved by shareholders at the Meeting, the appointment will not require the director to be put forward for election at the next annual general meeting for the purposes of Listing Rule 14.4. The director would subsequently be subject to requirements for re-election by rotation pursuant to Listing Rule 14.5 and the Company's Constitution,

### 14.2 Dominic Francis Duffy

Mr Duffy is currently a non-executive Director of Mandalay. Mr Duffy holds a Bachelor of Engineering in Mining Engineering from the University of New South Wales (Sydney, Australia). He has over 20 years of experience working in a wide variety of operations in both technical and production roles and his work exposure has spanned across Australia, South America and Europe. He has a proven track record of operational turnarounds. Mr Duffy joined Mandalay in 2010 where he oversaw the operational improvements at Costerfield, Björkdal and Cerro Bayo and served as President and CEO

# Explanatory Memorandum

from 2018 to 2023. Prior to joining Mandalay, Mr Duffy worked for Coeur d'Alene Mines and Hecla Mining Company in South America.

## 14.3 Alkane Directors' Recommendation

The Alkane Directors recommend that Alkane Shareholders vote in favour of Resolution 4.

## 15. Information on Resolution 5 – Election of Director – Andrew James Quinn

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### 15.1 General

Rule 3.4 of the Constitution provides that the Company may elect a person as an Alkane Director by resolution passed in general meeting. Mr Quinn seeks election as a non-executive Chair subject to Alkane Shareholders approving Resolution 5.

If approved by shareholders at the Meeting, the appointment will not require the director to be put forward for election at the next annual general meeting for the purposes of Listing Rule 14.4. The director would subsequently be subject to requirements for re-election by rotation pursuant to Listing Rule 14.5 and the Company's Constitution,

### 15.2 Andrew James Quinn

Mr Quinn is a chartered mining engineer and an highly experienced investment banker and company director. He was head of Mining Investment Banking for Europe and Africa at the Canadian Imperial Bank of Commerce for 15 years prior to his retirement in 2011.

From 2011 until 2018 he served as a non-executive director of London listed FTSE 100 company Randgold Resources, including roles as Senior Independent Director, Chair of the Remuneration Committee and member of the Audit Committee. Upon the merger with TSX and NYSE listed Barrick Gold in 2019, he joined that board as non-executive director and served as a member of the Audit Committee. He retired from the board of Barrick Gold in May 2025.

Since 2016 Mr Quinn has served as a non-executive director of the London Bullion Market Association, the international trade association which oversees and regulates the OTC market for precious metals. He chairs the Remuneration Committee, serves on the Finance Committee, and sits on several other committees. He will be retiring from the LBMA in October 2025.

He has almost 50 years of experience in the mining and financial industries, including positions at Anglo American, Greenbushes Tin and The Mining Journal. Prior to joining CIBC, he worked for 12 years at James Capel & Co (later HSBC Investment Banking) as an investment analyst, in equity sales and in corporate finance and investment banking.

He holds an undergraduate degree in Mineral Exploitation (Mining Engineering) from Cardiff University, is Member of the Institute of Materials, Minerals & Mining and is a registered Chartered Engineer.

### 15.3 Alkane Directors' Recommendation

The Alkane Directors recommend that Alkane Shareholders vote in favour of Resolution 5.

# Explanatory Memorandum

## 16. Information on Resolution 6 – Increase in Fee Pool for Non-Executive Alkane Directors

### 16.1 Background

Listing Rule 10.17 provides that an entity must not increase the aggregate amount of the remuneration payable by it or its child entities as directors' fees to non-executive directors without the approval of shareholders of its ordinary securities. This requirement is reflected in rule 10.2 of the Constitution.

Executive Alkane Directors receive salary and other remuneration in accordance with the terms of their employment agreements, but do not receive directors' fees. The remuneration paid by the Company to the executive Alkane Directors is not included in the maximum aggregate amount of Alkane Directors' fees for the purpose of this Resolution 6. The relevant remuneration is all fees payable to a non-executive Alkane Director for acting as a director of the Company (including attending and participating in any Board committee meetings) and includes superannuation contributions for the benefit of a non-executive Alkane Director and any fees which a non-executive Alkane Director agrees to sacrifice for other benefits.

The current maximum aggregate remuneration available for non-executive Alkane Directors set at A\$950,000 was approved by Alkane Shareholders at the Annual General Meeting held on 17 November 2021.

Resolution 6 seeks approval (subject to Resolution 1 being passed and completion of the Transaction) to increase the total aggregate remuneration available for non-executive Alkane Directors by A\$550,000 from the existing limit of A\$950,000 to A\$1,500,000.

The current remuneration of the non-executive Alkane Directors is set out in the table below:

Director	Committee Roles	FY25 Alkane Directors' Fees (A\$) <sup>1,2</sup>
Ian Jeffrey Gandel	Member of the Audit, Remuneration and Nomination Committees	191,000
Anthony Lethlean	Chair of the Audit and Risk Committees Member of the Remuneration and Nomination Committees	115,000
Gavin Smith	Member of the Audit and Risk Committees Chair of the Remuneration and Nomination Committees	122,500
<b>Total</b>		<b>428,500</b>

**Notes:**

1. Including statutory superannuation.
2. Includes fees for any additional role on a Board committee.

Pursuant to the terms of the Arrangement Agreement, Mr Chalmers, Mr Lethlean and Mr Smith will resign from the Board on completion of the Transaction and Mr Quinn, Mr Mills, Mr Duffy and Mr Bouchier will be appointed as non-executive Alkane Directors. The proposed increase in the total aggregate remuneration available for non-executive Alkane Directors will enable the Company to accommodate these changes to the Board and enable the Company to appoint additional non-executive Alkane Directors if necessary to broaden the skills and experience of the Board.

# Explanatory Memorandum

The expected remuneration of the non-executive Alkane Directors on completion of the Transaction are set out in the table below:

Director	FY26 Alkane Directors' Fees (A\$) <sup>1,2</sup>
Ian Jeffrey Gandel	125,000
Bradford Allan Mills	125,000
Frazer William Bouchier	125,000
Dominic Francis Duffy	125,000
Andrew James Quinn (Chair)	225,000
<b>Total</b>	<b>725,000</b>

**Notes:**

1. Excluding statutory superannuation.
2. Other than the chair, any additional role on a Board committee will attract a further fee that is currently:
  - a. Audit Committee – chair (A\$20,000)
  - b. Audit Committee – member (A\$15,000)
  - c. Each of the Nomination Committee, Remuneration Committee and Risk Committee – chair (A\$15,000)
  - d. Each of the Nomination Committee, Remuneration Committee and Risk Committee – member (A\$10,000)

Although the total fees payable to non-executive Alkane Directors for the financial year ending 30 June 2026, being A\$880,000, is less than the current limit (being A\$950,000) the Board considers that it is reasonable and appropriate at this time to seek an increase to the aggregate remuneration pool for its non-executive Alkane Directors for the following reasons:

- (a) to ensure the Company continues to have capacity to remunerate its Alkane Directors in accordance with market rates for companies of similar size and complexity having regard to the duties and responsibilities of that position;
- (b) to ensure the Company maintains the ability to remunerate competitively and attract and retain non-executive Alkane Directors with the skills and experience appropriate for the Company's business;
- (c) to allow for growth in non-executive Alkane Directors' remuneration in the future to reflect performance and market conditions;
- (d) to allow for the appointment of additional non-executive Alkane Directors; and
- (e) to allow for sufficient overlap and transition between tenure of non-executive Alkane Directors.

## 16.2 Listing Rule 10.17 and Article 10.2 of the Constitution

The proposed new fee limit does not mean that the Company must pay the entire amount approved as fees in each year. The Board does not intend to fully utilise the increase in the total fees payable to non-executive Alkane Directors in the near-term. The proposed increase is being sought by the Board for the reasons set out in section 16.1.

If Alkane Shareholders approve Resolution 6 (subject to Resolution 1 being passed and completion of the Transaction), the maximum aggregate amount of fees that may be paid to all of the Company's non-executive Alkane Directors each year will be increased to A\$1,500,000. If Alkane Shareholders do not approve Resolution 6 (subject to Resolution 1 being passed and completion of the Transaction), then the maximum aggregate amount of fees that may be paid to all of the Company's non-executive Alkane Directors each year will remain at A\$950,000.

## Explanatory Memorandum

Listing Rule 10.17 requires that the following information be provided to Alkane Shareholders in relation to Resolution 6:

- (a) the amount of the proposed increase is A\$550,000 (from A\$950,000 to A\$1,500,000);
- (b) if Resolution 6 is approved by Alkane Shareholders, the maximum aggregate amount of fees that may be paid to all of the Company's non-executive Alkane Directors each year will be A\$1,500,000;
- (c) within the last 3 years, no securities have been issued to non-executive Alkane Directors under Listing Rule 10.11 or 10.14; and
- (d) a voting exclusion statement as set out in the Notice.

### 16.3 Alkane Directors' Recommendation

Given the interest of the non-executive Alkane Directors in this Resolution, the Board makes no recommendation to Alkane Shareholders regarding this Resolution.

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# Explanatory Memorandum

## 17. Glossary

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**15% Capacity** has the meaning given to that term in section 11.2 of the Notice.

**AcquireCo** means 1536968 B.C. Ltd.

**Alkane Director** means a director of the Company.

**Alkane Financial Statements** means the audited consolidated financial statements of Alkane for the financial years ended 30 June 2023 and 30 June 2024, and the auditor reviewed consolidated financial statement of Alkane for the half year periods ended 31 December 2023 and 31 December 2024.

**Alkane Shareholders** means a holder of Shares in the Company.

**Ancillary Resolutions** has the meaning given to the term in section 2.

**Alkane TCG** has the meaning given to the term in section 3.5.

**Arrangement** means an arrangement under the provisions of Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan, subject to any amendments or variations to the Plan made in accordance with the terms of the Arrangement Agreement or made at the direction of the court in the final order with the prior written consent of Mandalay and Alkane, each acting reasonably.

**Arrangement Agreement** has the meaning given to the term in section 3.2.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as applicable).

**Aust Hold Co** means Aust Hold Co Pty Ltd ACN 686 349 002.

**AWST** means Australian Western Standard Time.

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

**Canadian Securities Laws** means the *Securities Act* (Ontario) and its equivalent in each of the other provinces and territories of Canada in which Mandalay is a reporting issuer.

# Explanatory Memorandum

**Cash Election** has the meaning given to the term in the Mandalay Omnibus Plan, being:

In lieu of exercising Mandalay Options which a participant is entitled to exercise together with payment of the exercise price for Mandalay Shares or pursuant to a cashless exercise, at the participant's discretion, the participant may elect (a "Cash Election") to surrender such Mandalay Options in lieu of exercising same, and to receive upon such surrender, instead of Mandalay Shares, a cash amount equal to the following, after deduction of any withholding taxes and other withholding liabilities required by law to be withheld, for the number of Mandalay Shares underlying the Mandalay Options surrendered by the participant, all as determined by the plan administrator in good faith and in its sole discretion:

$$X = Y(A - B)$$

Where

X= the cash amount to be paid to the participant upon such Cash Election

Y= the number of Mandalay Shares underlying the Mandalay Options being exercised

A= the market price as at the date of such cashless exercise notice, if such Market Price is greater than the exercise price

B= the exercise price of the Mandalay Options being exercised.

**Chair** means the person who chairs the Meeting.

**CIM** means the Canadian institute of Mining, Metallurgy and Petroleum

**CIM Definition Standards** means the CIM Definition Standards of the Mineral Resources and Mineral Reserves.

**Combined Company** means the group of companies resulting from the combination of Mandalay and the Company upon completion of the Transaction.

**Company** or **Alkane** means Alkane Resources Limited ACN 000 689 216

**Consideration Shares** has the meaning given to the term in section 3.2.

**Constitution** means the constitution of the Company from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time.

**DEECA** means The Department of Energy, Environment and Climate Action.

**DSU** means the outstanding deferred share units of Mandalay issued under the Mandalay Omnibus Plan.

**Effective Date** means the date upon which the Arrangement becomes effective in accordance with section 2.7(a) of the Arrangement Agreement.

**Effective Time** means 3:01 am (Toronto time) on the Effective Date.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Meeting.

**FATA** means *Foreign Acquisitions and Takeovers Act 1975* (Cth).

# Explanatory Memorandum

**FIRB** Foreign Investment Review Board of Australia.

**FIRB Approval** means the Treasurer (or their delegate): (i) provides written notice that there are no objections under FATA to the acquisition of the Mandalay Shares by Alkane under the Arrangement Agreement or the Arrangement, and if any conditions are imposed by the Treasurer (or their delegate) to such non-objection, they are: (A) tax-related conditions which are in the form, or substantially in the form of those set out under the heading 'Standard tax conditions' in Section D of version 4 of FIRB's Guidance Note 12 on 'Tax Conditions' (in the form last updated on March 14, 2025); or (B) such other conditions as are acceptable to Alkane acting reasonably; or (ii) provides written confirmation that the acquisition of the Mandalay Shares by Alkane under this Agreement or the Arrangement does not require notification under the FATA, is not subject to the FATA or can proceed without the issuance of a no objection notice under the FATA; or (iii) (following notice of the acquisition of the Mandalay Shares by Alkane under the Arrangement Agreement or the Arrangement having been given under the FATA) becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the acquisition of the Mandalay Shares by Alkane under the Arrangement Agreement or the Arrangement, whichever first occurs.

**Former Mandalay Shareholder** means the holders of Mandalay Shares (other than Alkane and its affiliates) immediately prior to the Effective Time.

**JORC or JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Council of Australia, effective December 2012.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Alkane Director, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rule** means the official listing rules of the ASX as amended from time to time.

**Mandalay** means Mandalay Resources Corporation.

**Mandalay Australia** means Mandalay Resources Australia Pty Ltd ACN 005 482 815.

**Mandalay Costerfield** means Mandalay Resources Costerfield Operations Pty Ltd ACN 006 711 119.

**Mandalay Circular** means the notice of special meeting and management information circular relating to the Transaction to be issued to Mandalay Shareholders on or about the date of this Notice.

**Mandalay Director** means the board of directors of Mandalay.

**Mandalay Financial Statements** means the audited consolidated financial statements of Mandalay for the financial years ended 31 December 2023 and 31 December 2024.

**Mandalay Group** means Mandalay and its subsidiaries.

**Mandalay Omnibus Plan** means the omnibus equity incentive plan of Mandalay, which was approved by Mandalay Shareholders at the annual general and special meeting on 20 May 2020.

# Explanatory Memorandum

**Mandalay Option** means the outstanding options of Mandalay to purchase Mandalay Shares issued under the Mandalay Plans.

**Mandalay Plan** means, collectively, the Mandalay Omnibus Plan and the Mandalay Stock Option Plan.

**Mandalay Shares** means the common shares in the capital of Mandalay.

**Mandalay Shareholders** means holders of Mandalay Shares.

**Mandalay Stock Option Plan** means the second amended and restated stock option plan of Mandalay dated 14 March 2014.

**Material Investor** means in relation to the Company:

- (a) a related party
- (b) Key Management Personnel;
- (c) a substantial Alkane Shareholder;
- (d) an adviser; or
- (e) an associate of the above,

who received Shares which constituted more than 1% of the Company's issued capital at the time of issue.

**Meeting or General Meeting** means the general meeting to be held at the Quest Kings Park, 54 Kings Park Road, West Perth WA 6005 on 28 July 2025 as convened by the accompanying Notice of Meeting.

**MND AmaCo** has the meaning given to the term in section 3.5.

**NI 43-101** means National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

**PSU** means the outstanding performance share units of Mandalay issued under the Mandalay Omnibus Plan.

**Relevant Interest** has the meaning given to that term in sections 608 and 609 of the Corporations Act.

**Resolution** means a resolution as set out in the Notice of Meeting.

**RSU** means the outstanding restricted share units of Mandalay issued under the Mandalay Omnibus Plan.

**SEDAR+** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.

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

## Explanatory Memorandum

**Swedish FDI Application** means the application made by AcquireCo for the Swedish FDI Approval.

**Swedish FDI Approval** means the approval of the Arrangement by the Swedish Inspectorate of Strategic Products pursuant to the Swedish Screening of Foreign Direct Investments Act (2023:560).

**TCG** has the meaning given to the term in section 3.5.

**Transaction** means the implementation of the terms of the Arrangement Agreement. Pursuant to which the Company will acquire all of the issued and outstanding common shares of Mandalay by plan of arrangement under the *Business Corporations Act (British Columbia)*.

**TSX** means the Toronto Stock Exchange.

For personal use only

# Explanatory Memorandum

## Schedule 1 Summary of the Arrangement Agreement

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The description of the Arrangement Agreement, both below, is a summary only, is not exhaustive, is not intended as a substitute for reviewing the Arrangement Agreement and is qualified in its entirety by reference to the full text of the Arrangement Agreement, which can be found on ASX under Alkane's announcements or under Mandalay's issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The description of the Arrangement Agreement has been included in this Notice to provide Alkane Shareholders with information regarding terms of the Arrangement. It is not intended to provide any other factual information about the parties to the Arrangement Agreement or their respective subsidiaries or affiliates.

Unless otherwise defined in section 17, capitalised terms in this Schedule 1 have the meaning given to those terms in the Mandalay Circular.

### **1. Effective Date and Conditions of Arrangement**

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If the Arrangement Resolution is passed, the Final Order approving the Arrangement is obtained, every requirement of the BCBCA relating to the Arrangement has been complied with and all other conditions to the Arrangement Agreement are satisfied or waived, the Arrangement will become effective on the Effective Date commencing at the Effective Time.

### **2. Representations and Warranties**

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The Arrangement Agreement contains representations and warranties made by Mandalay to Alkane and representations and warranties made by each of Alkane and AcquireCo to Mandalay. The representations and warranties were made solely for purposes of the Arrangement Agreement and are subject to important qualifications, limitations and exceptions agreed to by the Parties in connection with negotiating its terms. In particular, some of the representations and warranties are subject to a contractual standard of materiality or Material Adverse Effect standard, which is different from that generally applicable to public disclosure to Mandalay Shareholders or may have been used for the purpose of allocating risk between the Parties to the Arrangement Agreement.

Mandalay Shareholders are not third-party beneficiaries under the Arrangement Agreement and should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

### **3. Representations and Warranties of Mandalay**

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The representations and warranties provided by Mandalay in favour of Alkane relate to, among other things, organization, authorization and validity of the Arrangement Agreement, execution and binding obligations, consents and approvals and no violations, required approvals, subsidiaries, compliance with Laws and Constating Documents, permits, capitalization, shareholders' and similar agreements, reporting issuer status and stock exchange compliance, reports, unresolved comments, reviews and audits, financial statements, undisclosed liabilities, no hedging, Competition Act and anti-trust matters, environmental matters, indigenous matters, employment matters, absence of certain changes or events, litigation and orders, taxes, Books and Records of Mandalay, minute books, insurance, non-arm's length transactions, benefit plans, restrictions on business activities, Material Contracts, real property and personal property, title to the assets, sufficiency of assets, no options to purchase assets, interest in mineral rights, mineral resources and reserves, operational matters, corrupt practices legislation compliance with sanction legislation, intellectual property, privacy, data protection and cybersecurity, brokers and expenses, opinions of financial advisors, and personal property registry registrations.

# Explanatory Memorandum

## 4. Representations and Warranties of Alkane and AcquireCo

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The representations and warranties provided by Alkane and AcquireCo in favour of Mandalay relate to, among other things, organization, authorization and validity of the Arrangement Agreement, execution and binding obligations, consents and approvals and no violations, required approvals, subsidiaries, compliance with Laws and Constatng Documents, permits, capitalization, shareholders' and similar agreements, securities laws matters, financial statements, no undisclosed liabilities, no hedging, Competition Act, environmental matters, indigenous matters, employment matters, absence of certain changes or events, litigation and orders, taxes, Books and Records of Alkane, minute books, insurance, non-arm's length transactions, benefit plans, restrictions on business activities, Material Contracts, real property and personal property, title to the assets, sufficiency of assets, no options to purchase assets, interest in mineral rights, mineral resources and ore reserves, operational matters, corrupt practices legislation, compliance with sanction legislation, intellectual property, privacy, data protection and cybersecurity, Investment Canada Act, brokers and expenses, and personal property registry registrations.

## 5. Conditions to the Arrangement Becoming Effective

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In order for the Arrangement to become effective, certain conditions precedent must have been satisfied or waived, which conditions are summarized below.

### 5.1 Mutual Conditions Precedent

The obligations of the Parties to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment, on or before the Effective Date, of each of the following conditions precedent, each of which is for the mutual benefit of the Parties and which may only be waived with the mutual consent of the Parties at any time, in whole or in part:

- (a) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, in form and substance satisfactory to each of Mandalay and Alkane, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Mandalay or Alkane, acting reasonably, on appeal or otherwise;
- (b) the Mandalay Shareholder Approval shall have been obtained at the Meeting in accordance with the Interim Order and applicable Laws;
- (c) Alkane Shareholder Approval shall have been obtained at the Alkane Meeting in accordance with applicable Laws;
- (d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, against Alkane or Mandalay which prevents the consummation of the Arrangement;
- (e) no Proceeding shall be pending or threatened by any Governmental Entity in any jurisdiction that is reasonably likely to (i) cease trade, enjoin, prohibit, or impose any material limitations, damages, or conditions on Alkane's ability to acquire, hold, or exercise full rights of ownership over any Mandalay Shares, including the right to vote the Mandalay Shares, or (ii) prohibit or enjoin Mandalay or Alkane from consummating the Arrangement;
- (f) the Arrangement Agreement shall not have been terminated in accordance with its terms;
- (g) the distribution of the securities pursuant to the Arrangement shall either: (i) be exempt from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief granted from the securities regulatory authorities of Australia (including in

# Explanatory Memorandum

respect of the on- sale disclosure obligations imposed by subsections 707(3) and (4) of the Corporations Act for the on-sale of Alkane Shares following implementation of the Arrangement) and each of the provinces and territories of Canada or by virtue of applicable exemptions under Securities Laws and shall not be subject to resale or on-sale restrictions or disclosure obligations under applicable Securities Laws (other than as applicable to control persons or pursuant to Section 2.6 of NI 45- 102); or (ii) if exemptive relief from the prospectus and registration requirements under applicable Australian Securities Laws is not granted by the securities regulatory authorities of Australia, Alkane shall have filed a cleansing statement in connection with the issuance of the Alkane Shares to be issued pursuant to the Arrangement;

- (h) conditional approval (or equivalent approval) of the listing or official quotation of the Alkane Shares issuable pursuant to the Arrangement on the ASX shall have been obtained by Alkane;
- (i) the FIRB Approval and Swedish FDI Approval shall have been obtained;
- (j) confirmation having been obtained by Alkane from the ASX that the ASX will not exercise its discretion under ASX Listing Rule 11.1.3 in respect of any transaction contemplated under the Arrangement Agreement and the Plan of Arrangement; and
- (k) the issuance and distribution of the Consideration pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and shall be exempt from the registration or qualification requirements of any applicable (Blue Sky) securities laws of any state of the United States.

## 5.2 Additional Conditions Precedent for the Benefit of Alkane and AcquireCo

The obligations of Alkane and AcquireCo to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the fulfillment, on or before the Effective Date, of certain conditions precedent, including but not limited to the following (each of which is for the exclusive benefit of Alkane and AcquireCo and may be waived by Alkane on behalf of itself and AcquireCo at any time, in whole or in part, in its sole discretion and without prejudice to any other rights that Alkane and AcquireCo may have):

- (a) all covenants of Mandalay under the Arrangement Agreement to be performed on or before the Effective Time which have not been waived by Alkane shall have been duly performed by Mandalay in all material respects, and Alkane shall have received a certificate of Mandalay addressed to Alkane and dated the Effective Time, signed on behalf of Mandalay by an executive officer (without personal liability), confirming the same as at the Effective Date;
- (b) (i) the representations and warranties of Mandalay set forth in Section 1 [*Organization*], Section 2 [*Authorization; Validity of Agreement*], Section 3 [*Execution and Binding Obligations*], Section 4(a)(i) [*Consents and Approvals; No Violations*] and Section 9 [*Capitalization*] of Schedule "C" to the Arrangement Agreement shall be true and correct in all respects (except for de minimis errors) as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), and (ii) all other representations and warranties of Mandalay set forth in the Arrangement Agreement; since the date of the Arrangement Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Mandalay, and Alkane shall have received a certificate of Mandalay addressed to Alkane and dated the Effective Time, signed by two executive officers on behalf of Mandalay (on Mandalay's behalf and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect on Mandalay which is continuing; and

# Explanatory Memorandum

- (d) holders of no more than 10% of the Mandalay Shares shall have exercised Dissent Rights.

## 5.3 Additional Conditions Precedent for the Benefit of Mandalay

The obligations of Mandalay to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the fulfillment, on or before the Effective Date, of each of the following conditions precedent (each of which is for the exclusive benefit of Mandalay and may be waived by Mandalay at any time, in whole or in part, in its sole discretion and without prejudice to any other rights that Mandalay may have):

- (a) all covenants of Alkane and AcquireCo under the Arrangement Agreement to be performed on or before the Effective Date which have not been waived by Mandalay shall have been duly performed by Alkane and AcquireCo in all material respects, and Mandalay shall have received a certificate of Alkane, addressed to Mandalay and dated the Effective Date, signed on behalf of Alkane by an executive officer of Alkane (without personal liability), confirming the same as at the Effective Date;
- (b) (i) the representations and warranties of Alkane set forth in Section 1 [*Organization and Qualification*], Section 2 [*Authorization; Validity of Agreement*], Section 3 [*Execution and Binding Obligations*], Section 4(a)(i) [*Consents and Approvals; No Violations*] and Section 9 [*Capitalization*] of Schedule "D" to the Arrangement Agreement shall be true and correct in all respects (except for de minimis errors) as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), and (ii) all other representations and warranties of Mandalay set forth in the Arrangement Agreement shall be true and correct as of the Effective Time (except for representations and warranties made as of a specified date, which representations and warranties shall be true and correct in all respects as of such date), except to the extent that the failure or failures of such representations and warranties in this subparagraph (ii) to be so true and correct, individually or in the aggregate, has not had or would not reasonably be expected to have a Material Adverse Effect on Mandalay (and, for the purpose of this subparagraph (ii), any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored), and Alkane shall have delivered a certificate confirming same to Mandalay, executed by two senior officers of Alkane (in each case, in their capacity as officers of Alkane and without personal liability) and addressed to Mandalay and dated the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect on Alkane which is continuing;
- (d) all documents and instruments necessary to effect, as and from the Effective Time, that the Alkane Board will be constituted of two current directors of Alkane, three directors nominated by Mandalay, and a new independent non-executive director to be appointed by Alkane, shall have been tabled in escrow, subject only to occurrence of the Effective Time; provided all such members of the Alkane Board consent to act as director on the Alkane Board, meet the qualification requirements to serve as a director under the rules and policies of the Exchange and the Corporations Act, hold a director identification number and shall be eligible under applicable Law to serve as a director; and
- (e) Alkane shall have complied with its obligations under Section 2.8 of the Arrangement Agreement and the Depositary shall have confirmed receipt of the Alkane Shares contemplated thereby.

# Explanatory Memorandum

## 6. Covenants of Mandalay

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### 6.1 Covenants Relating to Conduct of Business

Mandalay has made certain covenants to Alkane, including that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement or the Plan of Arrangement, as set out in the Mandalay Disclosure Letter (which, for greater certainty, do not require the consent of Alkane or AcquireCo), as required by applicable Laws or any Governmental Entities, or as consented to by Alkane in writing (such consent not to be unreasonably withheld or delayed), Mandalay shall, and shall cause each of its subsidiaries to:

- (a) conduct its business and affairs and maintain its assets, properties and facilities in, and not take any action except in accordance with Good Mining Practices and where consistent with Good Mining Practices in the ordinary course of business consistent with past practice;
- (b) use commercially reasonable efforts to preserve intact its present business organization, assets, Permits and goodwill, maintain the Mandalay Mineral Rights and its real property interests (including title to, and leasehold interests in respect of, any real property) in good standing, keep available the services of its officers and employees as a group and preserve the current material relationships with suppliers, distributors, employees, independent contractors, consultants, customers and others having business relationships with it;
- (c) comply in all material respects with all applicable Laws, including Securities Laws and Tax Laws; and
- (d) keep Alkane fully informed as to material decisions or actions made or required to be made with respect to, and material developments relating to, the operation of its businesses and consult with Alkane, as Alkane may reasonably request, to allow Alkane to monitor and provide input with respect to the direction and control of, any such material decisions or actions or developments.

Without limiting the generality of the foregoing, Mandalay has also covenanted to Alkane and agreed that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required by Law, required or permitted by the Arrangement Agreement or the Plan of Arrangement, or as set out in the Mandalay Disclosure Letter (which, for greater certainty, do not require the consent of Alkane or AcquireCo), Mandalay shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of Alkane (which consent shall not be unreasonably withheld or delayed):

- (a) amend, restate, rescind, alter, enact, or adopt all or any portion of any of Mandalay's Constatng Documents or the Constatng Documents of any of its subsidiaries;
- (b) issue, sell, pledge, lease, dispose of or encumber, or agree to issue, sell, pledge, lease, dispose of or encumber, any securities of or any securities convertible into securities of Mandalay (other than in connection with the exercise, redemption or conversion, in accordance with their respective terms, of outstanding Mandalay Options, Mandalay DSUs, Mandalay PSUs or Mandalay RSUs) or except as provided for in the Arrangement Agreement, amend, extend or terminate, or agree to amend, extend or terminate, any of the terms of, or agreements governing, any outstanding securities of Mandalay or right that is linked in any way to the price of any securities of Mandalay;
- (c) split, consolidate or reclassify, or propose to split, consolidate or reclassify, any of its shares or undertake or propose to undertake any other capital reorganization or change in its common shares, any other of its securities or its share capital;

## Explanatory Memorandum

- (d) reduce the stated capital of any of its securities;
- (e) make, declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) on, or purchase, redeem, repurchase or otherwise acquire, any securities of Mandalay or any of its subsidiaries;
- (f) create any subsidiary;
- (g) adopt a plan of complete or partial liquidation, arrangement, dissolution, amalgamation, merger, consolidation, restructuring, recapitalization, winding-up or other reorganization of Mandalay or any of its subsidiaries (other than pursuant to the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement), or file a petition in bankruptcy under any applicable Law on behalf of Mandalay or any of its subsidiaries, or consent to the filing of any bankruptcy petition against Mandalay or any of its subsidiaries under any applicable Law;
- (h) sell, sell and lease back, pledge, licence, lease, sublease, alienate, dispose, swap, transfer or voluntarily lose the right to use, in whole or in part, or otherwise dispose of, or subject to any Lien (other than Permitted Liens), any asset or any interest in any asset, or waive, cancel, release or assign to any person (other than Mandalay or any of its subsidiaries) any material right or claim (including indebtedness owed to Mandalay or any of its subsidiaries), in either case having a value greater than A\$4,000,000, except for (i) assets sold, leased, disposed of or otherwise transferred in the ordinary course and that are not, individually or in the aggregate, material to Mandalay or any of its subsidiaries, (ii) obsolete, damaged or destroyed assets in the ordinary course of business and that are not, individually or in the aggregate, material to Mandalay or any of its subsidiaries, (iii) returns of leased assets at the end of the lease term, (iv) transfers of assets between Mandalay and a subsidiary of Mandalay, and (v) as required pursuant to the terms of any Material Contract in effect on the date of the Arrangement Agreement and set out in the Mandalay Disclosure Letter;
- (i) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise) any company, partnership or other business organization or division, or incorporate or form, or agree to incorporate or form, any company, partnership or other business organization or make or agree to make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of, any property or assets of any other person, company, partnership or other business organization having a value greater than A\$4,000,000 in the aggregate;
- (j) enter into or agree to the terms of any joint venture or similar agreement, arrangement or relationship;
- (k) make any capital expenditures or commitments other than (i) capital expenditures that are included in the Mandalay Budget, or (ii) any other capital expenditures that do not exceed A\$4,000,000 in the aggregate per mine site;
- (l) make, rescind or amend any material Tax election, information schedule, return or designation, settle or compromise any material Tax claim, assessment, reassessment or liability, or change any of its methods of reporting income, deductions or accounting for income Tax purposes;
- (m) take any action inconsistent with past practice relating to the filing of any Tax Return or the withholding, collecting, remitting and payment of any Tax;

## Explanatory Memorandum

- (n) enter into any Tax sharing, Tax allocation, Tax related waiver or Tax indemnification agreement, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;
- (o) fail to pay or cause to be paid all accounts when due or invoices promptly upon receipt, in any way related to the business, operations and assets of Mandalay or any of its subsidiaries, in each case in the ordinary course of business, consistent with past practice;
- (p) pay, discharge or satisfy any material claims, liabilities or obligations other than (i) the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Mandalay Financial Statements, (ii) as reflected in the Mandalay Budget, (iii) any other claims, liabilities, obligations or expenditures that do not exceed A\$4,000,000 in the aggregate, or (iv) incurred in the ordinary course of business consistent with past practice;
- (q) waive, release, grant or transfer any rights of value or modify or change in any material respect any existing material licence, lease, Permit, Material Contract or other material document; except as may be required by the terms of any written employment Contract, written consulting Contract, Mandalay Benefit Plan or Collective Agreement existing on the date of the Arrangement Agreement, (i) enter into or modify any employment, consulting, severance, change of control, retention or similar agreements or arrangements with, grant any salary or fee increases to, or grant or increase any bonuses, severance, termination pay, change of control entitlements, retention bonuses or any other benefit or entitlement to or of, any officers or directors; or (ii) in the case of Employees or Independent Contractors who are not officers or directors, take any action other than in the ordinary, regular and usual course of business and consistent with past practice with respect to salary or fee increases or the grant or increase of any bonuses, severance, termination pay, change of control entitlements, retention bonuses or any other benefits or entitlements; provided, however, that: (A) Mandalay shall take such action as may be required in order to ensure that the provisions of Section 2.11 of the Arrangement Agreement are complied with; (B) Mandalay shall abide by the terms and conditions of any employment agreements and consulting agreements in respect of any person who will no longer be employed or retained by Alkane or Mandalay, as the case may be, after the Arrangement, including with respect to the payments of any severance amounts or change of control payments, if applicable; or (C) if any material amendments or revisions are to be made by Mandalay to the terms and conditions of any employment agreement and consulting agreement, such amendments and revisions shall only be made with the prior written consent of Alkane;
- (r) (i) hire any new employee or any new individual independent contractor, consultant or service provider, or such individual's personal services company, as applicable, of Mandalay or any of its subsidiaries with total annual remuneration exceeding A\$250,000 or who will be a director or officer of Mandalay or any of its subsidiaries; (ii) promote any Employee or Independent Contractor to an annual base compensation level greater than A\$250,000; (iii) remove any director or terminate any officer other than for cause; (iv) terminate any Employee or Independent Contractor who is not an officer or director without cause, unless such Employee or Independent Contractor has an annual base compensation of less than A\$250,000; (v) give notice of termination to Employees that requires the delivery of a group notice of termination to a Governmental Entity; or (vi) other than in the ordinary, regular and usual course of business and consistent with past practice, place any Employee on a temporary layoff;
- (s) (i) incur, create, assume or otherwise become liable for any indebtedness, other than: (A) indebtedness under credit cards incurred in the ordinary course of business and lines of credit and factoring agreements incurred in the ordinary course of the business; (B) as contemplated in the Mandalay Budget; or (C) any other loans or, advances guarantees or other obligations, individually or in the aggregate, in an amount not to exceed A\$4,000,000 or (ii) incur, create, assume or otherwise become liable for any other material liability or obligation, other than in the ordinary course of business; or (iii) issue any debt securities, or guarantee, endorse or

## Explanatory Memorandum

otherwise become responsible for, the obligations of any other person; or make any loans or advances to any other person, other than loans or advances made by Mandalay to a subsidiary of Mandalay, or by a subsidiary to Mandalay, or pursuant to transactions contemplated in the Arrangement Agreement;

- (t) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts, off-take, royalty or similar financial instruments including any streaming transactions;
- (u) commence, pay, discharge, settle, satisfy, compromise, waive, assign or release any claims, rights, liabilities or obligations relating to any Proceeding or threatened Proceeding (i) by any Governmental Entity; or (ii) the settlement of which would result in any relief, other than the payment by Mandalay or any of its subsidiaries of an amount in cash, including debarment, corporate integrity agreements, any undertaking restricting the operations of Mandalay or any of its subsidiaries' business or the granting of licenses, deferred prosecution agreements, consent decrees, plea agreements or mandatory or permissive exclusion, seizure or detention of product, or notification, repair or replacement; other than the payment, discharge, settlement, or satisfaction of liabilities reflected or reserved against in Mandalay's consolidated annual financial statements, or payment of any fees related to the Arrangement;
- (v) enter into or adopt any shareholder rights plan or similar agreement or arrangement;
- (w) enter into, modify or terminate or cancel any Collective Agreement, or enter into any Contract that would be a Collective Agreement if in effect on the date hereof or grant recognition to any labour union or similar labour organization for purposes of collective bargaining;
- (x) engage in any transaction with any senior management Employee, vice-president, director or any of their immediate family members (including spouses) or any related party (within the meaning of MI 61-101), other than (i) expense reimbursements and advances in the ordinary course of business, (ii) employment Contracts with Employees hired in accordance with Section 5.1(b)(xviii) of the Arrangement Agreement, or (iii) transactions between Mandalay and a subsidiary of Mandalay;
- (y) prepay any long-term indebtedness before its scheduled maturity;
- (z) enter into any agreement or arrangement that would limit or restrict in any material respect Mandalay and the subsidiaries of Mandalay from competing or carrying on any business in any manner;
- (aa) materially change the business carried on by Mandalay and the subsidiaries of Mandalay, taken as a whole;
- (bb) enter into or amend any Contract with any broker, finder or investment banker, including any amendment to certain Contracts listed in the Mandalay Disclosure Letter;
- (cc) amend any existing material Permit of Mandalay or any of its subsidiaries, or abandon or fail to diligently pursue any application for or renewal of any required material Permit, or take or omit to take any action that would reasonably be expected to lead to the termination of, or imposition of conditions on, any such material Permit of Mandalay or any of its subsidiaries;
- (dd) conduct any write-off, capitalisation or other action in respect of any intercompany loans and balances between Mandalay and/or between any other wholly owned subsidiary of Mandalay

## Explanatory Memorandum

except in the ordinary course of business consistent with past practice or in connection with the Arrangement Agreement or the transactions contemplated thereby;

- (ee) take any action that could reasonably be expected to interfere with or be inconsistent with the completion of the Arrangement or the transactions contemplated in the Arrangement Agreement; or
- (ff) authorize, agree, resolve or otherwise commit, whether or not in writing, directly or indirectly, to do any of the foregoing.

Mandalay shall use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by Mandalay or any of its subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, subject to certain exceptions set forth in the Arrangement Agreement, none of Mandalay or any of its subsidiaries shall obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.

Mandalay shall promptly notify Alkane in writing of any circumstance or development that, to the knowledge of Mandalay, has or could reasonably be expected to have a Material Adverse Effect on Mandalay.

Mandalay has also agreed with Alkane that, prior to the Effective Time, Mandalay shall exercise, consistent with the terms of the Arrangement Agreement, control and supervision over its business and operations.

### 6.2 Covenants Relating to the Arrangement

Mandalay has covenanted to Alkane and agreed that it shall, and shall cause its subsidiaries to, perform all obligations required to be performed by Mandalay or any of its subsidiaries under the Arrangement Agreement, cooperate with Alkane in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement and, without limiting the generality of the foregoing, Mandalay shall and, where applicable, shall cause its subsidiaries to:

- (a) use commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement and take all steps set forth in the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law applicable to it or its subsidiaries with respect to the Arrangement Agreement or the Arrangement;
- (b) apply for and use its commercially reasonable efforts to, as soon as reasonably practicable, obtain and maintain all Regulatory Approvals, third party notices or other notices and consents, waivers, Permits, exemptions, orders, approvals, agreements, amendments or confirmations that are reasonably required or reasonably requested by Alkane relating to Mandalay or any of its subsidiaries in connection with the Arrangement or the other transactions contemplated by the Arrangement Agreement (including the consents reasonably required under any Contract to which Mandalay or a subsidiary of Mandalay is a party or those needed to maintain in full force and effect any Permit held by the Mandalay or a subsidiary of Mandalay) provided, that the Parties agree that it shall not be a condition to closing of the Arrangement that such waivers, consents and approvals are obtained other than as set out in Article 6 of the Arrangement Agreement, in each case on terms that are reasonably satisfactory to Alkane and without paying, and without committing itself or Alkane to pay, any consideration or incur any liability or obligation without the prior written consent of Alkane and, in doing so, keep Alkane reasonably informed as to the status of the proceedings related to obtaining such approvals, including

## Explanatory Memorandum

providing Alkane with copies of all related applications, notices and notifications, in draft form, in order for Alkane to provide its reasonable comments thereon, which shall be given due and reasonable consideration;

- (c) defend all lawsuits or other legal, regulatory or other Proceedings against Mandalay challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated thereby;
- (d) until the earlier of the Effective Time and termination of the Arrangement Agreement, subject to applicable Law, make available and cause to be made available to Alkane, information reasonably requested by Alkane for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Alkane and Mandalay following the Effective Date and confirming the representations and warranties of Mandalay set out in the Arrangement Agreement;
- (e) use its commercially reasonable efforts to assist in obtaining the resignations and mutual releases (in forms satisfactory to Alkane, acting reasonably) of each member of the Mandalay Board and the board of directors of each of its wholly owned subsidiaries, and Mandalay's or its subsidiaries' designated or nominated directors on the board of directors (or equivalent body) of each of its non-wholly owned subsidiaries, (in each case to the extent requested by Alkane) and causing them to be replaced by Persons designated or nominated, as applicable, by Alkane effective as of the Effective Time; and
- (f) promptly notify Alkane of:
- (1) any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person (or another person) is or may be required in connection with the Arrangement, the Arrangement Agreement or any of the transactions contemplated thereby;
  - (2) unless prohibited by Law, any notice or other communication from any person in connection with the transactions contemplated by the Arrangement Agreement (and Mandalay shall contemporaneously provide a copy of any such written notice or communication to Alkane);
  - (3) any breach or default, or any notice of alleged breach or default, by Mandalay or its subsidiaries of any Material Contract or Permit to which it is a party or by which it is bound;
  - (4) any written notice or other communication from any Governmental Entity in connection with the Arrangement Agreement (and Mandalay shall contemporaneously provide a copy of any such written notice or communication to Alkane); and
  - (5) any (A) Proceedings commenced or, to the knowledge of Mandalay, threatened against, relating to or involving or otherwise affecting the Arrangement, the Arrangement Agreement or any of the transactions contemplated thereby, and (B) material Proceedings commenced or, to the knowledge of Mandalay, threatened against, relating to or involving or otherwise affecting Mandalay or its subsidiaries.

# Explanatory Memorandum

## 7. Covenants of Alkane

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### 7.1 Covenants Relating to Conduct of Business

Alkane has made certain covenants to Mandalay, including that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement or the Plan of Arrangement, or as set out in the Alkane Disclosure Letter (which, for greater certainty, do not require the consent of Mandalay), as required by applicable Laws or any Governmental Entities and subject to certain exceptions set out in the Arrangement Agreement or as consented to by Mandalay in writing (such consent not to be unreasonably withheld or delayed), Alkane shall, and shall cause each of its subsidiaries to:

- (a) conduct its business and affairs and maintain its assets, properties and facilities in, and not take any action except in accordance with Good Mining Practices and where consistent with Good Mining Practices in the ordinary course of business consistent with past practice;
- (b) use commercially reasonable efforts to preserve intact its present business organization, assets, Permits and goodwill, maintain the Alkane Mineral Rights and its real property interests (including title to, and leasehold interests in respect of, any real property) in good standing, keep available the services of its officers and employees as a group and preserve the current material relationships with suppliers, distributors, employees, independent contractors, consultants, customers and others having business relationships with it;
- (c) comply in all material respects with all applicable Laws, including Securities Laws and Tax Laws;
- (d) keep Mandalay fully informed as to material decisions or actions made or required to be made with respect to, and material developments relating to, the operation of its businesses and consult with Mandalay, as Mandalay may reasonably request, to allow Mandalay to monitor and provide input with respect to the direction and control of, any such material decisions or actions or developments.

Without limiting the generality of the foregoing, Mandalay has also covenanted to Alkane and agreed that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required by Law, required or permitted by the Arrangement Agreement or the Plan of Arrangement, or as set out in the Alkane Disclosure Letter (which, for greater certainty, do not require the consent of Mandalay), Alkane shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of Mandalay (which consent shall not be unreasonably withheld or delayed):

- (a) amend, restate, rescind, alter, enact or adopt all or any portion of any of the Constatting Documents of Alkane or any of its subsidiaries;
- (b) (i) issue, sell, pledge, lease, dispose of or encumber, or agree to issue, sell, pledge, lease, dispose of or encumber, any securities of or any securities convertible into securities of Alkane (other than in connection with the exercise or conversion, in accordance with their respective terms, of outstanding options, warrants or other convertible securities or right that is linked in any way to the price of any securities of Alkane) or except as provided for in the Arrangement Agreement, amend, extend or terminate, or agree to amend, extend or terminate, any of the terms of, or agreements governing, any outstanding securities of Alkane or right that is linked in any way to the price of any securities of Alkane or (ii) issue any Alkane Shares or other securities pursuant to the Alkane Bonus Share Plan;

## Explanatory Memorandum

- (c) split, consolidate or reclassify, or propose to split, consolidate or reclassify, any of its shares or undertake or propose to undertake any other capital reorganization or change in its common shares, any other of its securities or its share capital;
- (d) reduce the stated capital of any of its securities;
- (e) accelerate the vesting of any of the Alkane Performance Rights or waive any vesting conditions or vesting periods applying to any or all of the Alkane Performance Rights;
- (f) make, declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) on, or purchase, redeem, repurchase or otherwise acquire, any securities of Alkane or a subsidiary of Alkane;
- (g) create any subsidiary;
- (h) adopt a plan of complete or partial liquidation, arrangement, dissolution, amalgamation, merger, consolidation, restructuring, recapitalization, winding-up or other reorganization of Alkane or any of its subsidiaries (other than pursuant to the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement), or file a petition in bankruptcy under any applicable Law on behalf of Alkane or any of its subsidiaries, or consent to the filing of any bankruptcy petition against Alkane or any of its subsidiaries under any applicable Law;
- (i) sell, sell and lease back, pledge, licence, lease, sublease, alienate, dispose, swap, transfer or voluntarily lose the right to use, in whole or in part, or otherwise dispose of, or subject to any Lien (other than Permitted Liens), any asset or any interest in any asset, or waive, cancel, release or assign to any person (other than Alkane or a subsidiary of Alkane) any material right or claim (including indebtedness owed to Alkane or a subsidiary of Alkane) in either case having a value greater than A\$4,000,000, except for (i) assets sold, leased, disposed of or otherwise transferred in the ordinary course of business and that are not, individually or in the aggregate, material to Alkane or a subsidiary of Alkane, (ii) obsolete, damaged or destroyed assets in the ordinary course of business and that are not, individually or in the aggregate, material to Alkane or a subsidiary of Alkane, (iii) returns of leased assets at the end of the lease term, (iv) transfers of assets between Alkane and a subsidiary of Alkane, and (v) as required pursuant to the terms of any Alkane Material Contract in effect on the date of the Arrangement Agreement as set out in the Alkane Disclosure Letter;
- (j) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise) any company, partnership or other business organization or division, or incorporate or form, or agree to incorporate or form, any company, partnership or other business organization or make or agree to make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of, any property or assets of any other person, company, partnership or other business organization having a value greater than A\$4,000,000 in the aggregate;
- (k) enter into or agree to the terms of any joint venture or similar agreement, arrangement or relationship;
- (l) make any capital expenditures or commitments other than (i) capital expenditures that are included in the Alkane Budget, or (ii) any other capital expenditures that do not exceed A\$4,000,000 in the aggregate;
- (m) make, rescind or amend any material Tax election, information schedule, return or designation, settle or compromise any material Tax claim, assessment, reassessment or liability, or change any of its methods of reporting income, deductions or accounting for income Tax purposes;

## Explanatory Memorandum

- (n) take any action inconsistent with past practice relating to the filing of any Tax Return or the withholding, collecting, remitting and payment of any Tax;
- (o) enter into any Tax sharing, Tax allocation, Tax related waiver or Tax indemnification agreement, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;
- (p) fail to pay or cause to be paid all accounts when due or invoices promptly upon receipt, in any way related to the business, operations and assets of Alkane or a subsidiary of Alkane, in each case in the ordinary course of business, consistent with past practice;
- (q) pay, discharge or satisfy any material claims, liabilities or obligations other than (i) the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Alkane Financial Statements, (ii) as reflected in the Alkane Budget, (iii) any other claims, liabilities, obligations or expenditures that do not exceed A\$4,000,000 in the aggregate, or (iv) incurred in the ordinary course of business consistent with past practice;
- (r) waive, release, grant or transfer any rights of value or modify or change in any material respect any existing material licence, lease, Permit, Material Contract or other material document;
- (s) except as may be required by the terms of any written employment Contract, written consulting Contract, Alkane Benefit Plan or Collective Agreement existing on the date of the Arrangement Agreement, (i) enter into or modify any employment, consulting, severance, change of control, retention or similar agreements or arrangements with, grant any salary or fee increases to, or grant or increase any bonuses, severance, termination pay, change of control entitlements, retention bonuses or other benefits of entitlement to or of any officers or directors; or (ii) in the case of Employees or Independent Contractors who are not officers or directors, take any action other than in the ordinary, regular and usual course of business and consistent with past practice with respect to salary or fee increases or the grant or increase of any bonuses, severance, termination pay, change of control entitlements, retention bonuses or any other benefits or entitlements; provided, however, that Alkane shall abide by the terms and conditions of any employment agreements and consulting agreements in respect of any person who will no longer be employed or retained by Mandalay or Alkane, as the case may be, after the Arrangement, including with respect to the payments of any severance amounts or change of control payments, if applicable, or if any material amendments or revisions are to be made by Alkane to the terms and conditions of any employment agreement and consulting agreement, such amendments and revisions shall only be made with the prior written consent of Mandalay;
- (t) (i) hire any new employee or any new individual independent contractor, consultant or service provider, or such individual's personal services company, as applicable, of Alkane or any of its subsidiaries with total annual remuneration exceeding A\$250,000 or who will be a director or officer of Alkane; (ii) promote any Employee or Independent Contractor to an annual base compensation level greater than A\$250,000; (iii) remove any director or terminate any officer other than for cause; (iv) terminate any Employee or Independent Contractor who is not an officer or director without cause, unless such Employee or Independent Contractor has an annual base compensation of less than A\$250,000; (v) give notice of termination to Employees that requires the delivery of a group notice of termination to a Governmental Entity; or (vi) other than in the ordinary, regular and usual course of business and consistent with past practice, place any Employee on a temporary layoff;
- (u) (i) incur, create, assume or otherwise become liable for any indebtedness, other than: (A) indebtedness under credit cards incurred in the ordinary course of business and lines of credit and factoring agreements incurred in the ordinary course of business; (B) as contemplated in the Mandalay Budget; or (C) any other loans or, advances guarantees or other obligations, individually or in the aggregate, in an amount not to exceed A\$4,000,000; (ii) incur, create,

## Explanatory Memorandum

assume or otherwise become liable for any other material liability or obligation, other than in the ordinary course of business; or (iii) issue any debt securities, or guarantee, endorse or otherwise become responsible for, the obligations of any other person; or make any loans or advances to any other person, other than loans or advances made by Mandalay to a subsidiary of Mandalay, or by a subsidiary to Mandalay, or pursuant to transactions contemplated in the Arrangement Agreement;

- (v) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts, off-take, royalty or similar financial instruments including any streaming transactions;
- (w) commence, pay, discharge, settle, satisfy, compromise, waive, assign or release any claims, rights, liabilities or obligations, relating to any Proceeding or threatened Proceeding (i) by any Governmental Entity; or (ii) the settlement of which would result in any relief, other than the payment by Alkane or a subsidiary of Alkane of an amount in cash, including debarment, corporate integrity agreements, any undertaking restricting the operations of Alkane or a subsidiary of Alkane's business or the granting of licenses, deferred prosecution agreements, consent decrees, plea agreements or mandatory or permissive exclusion, seizure or detention of product, or notification, repair or replacement; other than the payment, discharge, settlement, or satisfaction of liabilities reflected or reserved against in Alkane's consolidated annual financial statements, or payment of any fees related to the Arrangement;
- (x) enter into or adopt any shareholder rights plan or similar agreement or arrangement;
- (y) enter into, modify or terminate or cancel any Collective Agreement, or enter into any Contract that would be a Collective Agreement if in effect on the date hereof or grant recognition to any labour union or similar labour organization for purposes of collective bargaining;
- (z) engage in any transaction with any senior management Employee, vice-president, director or any of their immediate family members (including spouses) or any related party (within the meaning of MI 61-101), other than (i) expense reimbursements and advances in the ordinary course of business, (ii) employment Contracts with Employees hired in accordance with Section 5.2(b)(xx) of the Arrangement Agreement, or (iii) transactions between Alkane and a subsidiary of Alkane;
- (aa) prepay any long-term indebtedness before its scheduled maturity;
- (bb) enter into any agreement or arrangement that would limit or restrict in any material respect Alkane and the subsidiaries of Alkane from competing or carrying on any business in any manner;
- (cc) materially change the business carried on by Alkane and the subsidiaries of Alkane, taken as a whole;
- (dd) except as set forth in the Alkane Disclosure Letter, enter into or amend certain Contract with any broker, finder or investment banker, including any amendment to any Contracts listed in the Alkane Disclosure Letter;
- (ee) amend any existing material Permit of Alkane or a subsidiary of Alkane, or abandon or fail to diligently pursue any application for or renewal of any required material Permit, or take or omit to take any action that would reasonably be expected to lead to the termination of, or imposition of conditions on, any such material Permit of Alkane or a subsidiary of Alkane;

## Explanatory Memorandum

- (ff) conduct any write-off, capitalisation or other action in respect of any intercompany loans and balances between Mandalay and/or between any other wholly owned subsidiary of Mandalay except in the ordinary course of business consistent with past practice or in connection with the Arrangement Agreement or the transactions contemplated thereby;
- (gg) take any action that could reasonably be expected to interfere with or be inconsistent with the completion of the Arrangement or the transactions contemplated in the Arrangement Agreement; or
- (hh) authorize, agree, resolve or otherwise commit, whether or not in writing, directly or indirectly, to do any of the foregoing.

Alkane shall use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by Alkane or any of its subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

Alkane shall promptly notify Mandalay in writing of any circumstance or development that, to the knowledge of Alkane, has or could reasonably be expected to have a Material Adverse Effect on Alkane.

Alkane has also agreed with Mandalay that, prior to the Effective Time, Alkane shall exercise, consistent with the terms of the Arrangement Agreement, control and supervision over its business and operations.

### 7.2 Covenants Relating to the Arrangement

Alkane has covenanted to Mandalay and agreed that it shall, and shall cause its subsidiaries to, perform all obligations required to be performed by Alkane or any of its subsidiaries under the Arrangement Agreement, cooperate with Mandalay in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement and, without limiting the generality of the foregoing, Alkane shall and, where applicable, shall cause its subsidiaries to:

- (a) use commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement and take all steps set forth in the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law applicable to it or its subsidiaries with respect to the Arrangement Agreement or the Arrangement;
- (b) apply for and use its commercially reasonable efforts to, as soon as reasonably practicable following the date hereof, obtain and maintain all Regulatory Approvals, third party notices or other notices and consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are reasonably required or reasonably requested by Mandalay relating to Alkane or any of its subsidiaries in connection with the Arrangement or the other transactions contemplated thereby (including the consents reasonably required under any Contract to which Alkane or a subsidiary of Alkane is a party or those needed to maintain in full force and effect any Permit held by the Alkane or a subsidiary of Alkane) provided, that the Parties agree that it shall not be a condition to closing of the Arrangement that such waivers, consents and approvals are obtained other than as set out in Article 6 of the Arrangement Agreement, in each case on terms that are reasonably satisfactory to Mandalay and without paying, and without committing itself or Mandalay to pay, any consideration or incur any liability or obligation without the prior written consent of Mandalay and, in doing so, keep Mandalay reasonably informed as to the status of the proceedings related to obtaining such approvals,

## Explanatory Memorandum

including providing Mandalay with copies of all related applications, notices and notifications, in draft form, in order for Mandalay to provide its reasonable comments thereon, which shall be given due and reasonable consideration;

- (c) subject to the terms and conditions of the Arrangement Agreement and of the Plan of Arrangement and applicable Laws, issue the Alkane Shares to be issued pursuant to the Arrangement at the time provided therein;
- (d) defend all lawsuits or other legal, regulatory or other Proceedings against Alkane challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated thereby;
- (e) until the earlier of the Effective Time and termination of the Arrangement Agreement, subject to applicable Law, make available and cause to be made available to Mandalay, information reasonably requested by Mandalay for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Alkane and Mandalay following the Effective Date and confirming the representations and warranties of Alkane set out in the Arrangement Agreement; and
- (f) promptly notify Mandalay of:
  - (1) any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person (or another person) is or may be required in connection with the Arrangement, the Arrangement Agreement or any of the transactions contemplated thereby;
  - (2) unless prohibited by Law, any notice or other communication from any person in connection with the transactions contemplated by the Arrangement Agreement (and Alkane shall contemporaneously provide a copy of any such written notice or communication to Mandalay);
  - (3) any breach or default, or any notice of alleged breach or default, by Alkane or a subsidiary of Alkane of any Material Contract or material Permit to which it is a party or by which it is bound;
  - (4) any written notice or other communication from any Governmental Entity in connection with the Arrangement Agreement (and Alkane shall contemporaneously provide a copy of any such written notice or communication to Mandalay); and
  - (5) any (A) Proceedings commenced or, to the knowledge of Alkane, threatened against, relating to or involving or otherwise affecting the Arrangement, the Arrangement Agreement or any of the transactions contemplated thereby, and (B) material Proceedings commenced or, to the knowledge of Alkane, threatened against, relating to or involving or otherwise affecting Alkane, its subsidiaries.

Mandalay has also agreed with Alkane that despite any provision to the contrary in the Arrangement Agreement (except as provided for in Section 2.9(b)(ii) of the Arrangement Agreement or the Plan of Arrangement), Alkane and AcquireCo will not, and shall procure that the Depository, and their respective agents will not, withhold or deduct any amount from any Consideration or any other amount payable or otherwise deliverable to any Mandalay Shareholder under the Arrangement Agreement and the Plan of Arrangement, under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth).

# Explanatory Memorandum

## 8. Mutual Covenants

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Each of the Parties have also agreed that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as contemplated in the Arrangement Agreement:

- (a) it shall, and shall cause its subsidiaries to, use commercially reasonable efforts to take, or cause to be taken, as promptly as practicable, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Plan of Arrangement, including using its commercially reasonable efforts to cooperate with the other Parties in connection with the performance by it and its subsidiaries of their obligations under the Arrangement Agreement, including giving the other Parties a reasonable opportunity to review and comment on any filing or submission being made to a Governmental Entity in connection with the Regulatory Approvals, which comments the receiving Party shall give due consideration to, and providing the other Parties with a final copy of any filing or submission made to a Governmental Entity (where a Party regards any information in a filing or submission to be both confidential and competitively sensitive, the supplying Party may restrict the supply of such information to the receiving Party's outside legal counsel only and such receiving Party shall not request or receive such information from its outside legal counsel without the supplying Party's written consent);
- (b) it shall not take any action, refrain from taking any commercially reasonable action, or permit any action that is within its control to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to significantly impede the making or completion of the Plan of Arrangement except as permitted by the Arrangement Agreement; and
- (c) it shall use its commercially reasonable efforts to ensure that the Section 3(a)(10) Exemption is available for the issuance of the Consideration to the Mandalay Securityholders in exchange for their Mandalay Shares, pursuant to the Plan of Arrangement,

provided, however, that the foregoing shall not require Alkane to take any steps or actions that would, in its sole discretion, acting reasonably, affect Alkane's or its subsidiaries' right to own, use or exploit its business, operations or assets or those of Mandalay or any of its subsidiaries including, for greater certainty, divesting or agreeing to divest of any assets of Alkane, Mandalay or any of their respective subsidiaries, terminating any existing relationships, contractual rights or obligations of Alkane, Mandalay or any of their respective subsidiaries or effecting any change or restructuring of Alkane, Mandalay or any of their respective subsidiaries in order to obtain the Regulatory Approvals prior to the Outside Date.

## 9. Non-Solicitation Covenant

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Each Party has covenanted and agreed that, except as permitted in accordance with the Arrangement Agreement, it shall not, and shall not authorize or permit any of its Representatives or its subsidiaries, directly or indirectly, to:

- (a) make, solicit, initiate, entertain, knowingly encourage, promote or otherwise knowingly facilitate, including by way of furnishing information, permitting any visit to its facilities or properties or entering into any form of agreement, arrangement or understanding (other than a confidentiality agreement permitted pursuant to Section 7.2 of the Arrangement Agreement), any inquiries or the making of any proposals regarding an Acquisition Proposal or that could reasonably be expected to constitute or lead to an Acquisition Proposal;
- (b) enter into, engage in or participate, directly or indirectly, in any discussions or negotiations regarding, or furnish to any person any information or otherwise cooperate with, respond to,

## Explanatory Memorandum

assist or participate in any Acquisition Proposal or any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, provided however that a Party may communicate and participate in discussions with a third party for the purpose of (i) advising such third party of the non-solicitation restrictions set forth in Section 7.2 of the Arrangement Agreement, (ii) clarifying the terms of any proposal in order to determine if it would reasonably be expected to result in a Superior Proposal, and (iii) advising such third party that an Acquisition Proposal does not constitute a Superior Proposal or is not reasonably expected to constitute or lead to a Superior Proposal;

- (c) remain neutral with respect to, or agree to, approve or recommend any publicly announced Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly disclosed Acquisition Proposal for five (5) Business Days following public disclosure of such Acquisition Proposal, or, in the event the Meeting (in the event Mandalay is the Solicited Party) or the Alkane Meeting (in the event Alkane is the Solicited Party) is scheduled to occur within such five (5) Business Day period, prior to the third (3rd) Business Day before the date of such meeting (or, if the public announcement were made less than three (3) Business Days prior to the Meeting (in the event Mandalay is the Solicited Party) or the Alkane Meeting (in the event Alkane is the Solicited Party), prior to the first (1st) Business Day before the date of such meeting) shall not be considered to be a violation of Section 7.2(b)(iii) of the Arrangement Agreement, provided that the board of directors of the Solicited Party has rejected such Acquisition Proposal and, as applicable, affirmed its recommendation by press release before the end of such period);
- (d) make a Change in Recommendation (it being understood that failing to publicly affirm the approval or recommendation of its board of directors of the Arrangement and the transactions contemplated in the Arrangement Agreement or the Share Issuance Resolution, as applicable (without qualification) within five (5) Business Days after an Acquisition Proposal relating to such Party has been publicly announced (or, in the event the Meeting (in the event Mandalay is the Solicited Party) or the Alkane Meeting (in the event Alkane is the Solicited Party) is scheduled to occur within such five (5) Business Day period, prior to the third (3rd) Business Day before the date of such meeting (or, if the public announcement were made less than three (3) Business Days prior to the Meeting (in the event Mandalay is the Solicited Party) or the Alkane Meeting (in the event Alkane is the Solicited Party), prior to the first (1st) Business Day before the date of such meeting)) shall be considered an adverse modification);
- (e) accept or enter into any agreement, arrangement, letter of intent or understanding related to any Acquisition Proposal (other than an Acceptable Confidentiality Agreement); or
- (f) make any public announcement to do any of the foregoing.

Each Party has covenanted that it shall, and shall and shall direct and cause its subsidiaries and Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, activity, discussion or negotiation with any parties (other than the other Parties, their respective subsidiaries and their respective Representatives) that may be ongoing with respect to any inquiry, proposal or offer that constitutes, or could be reasonably expected to constitute or lead to an Acquisition Proposal whether or not initiated by such Party, and in connection therewith each Party shall immediately discontinue access to, and disclosure of, all information regarding such Party and such Party's subsidiaries (including access to the Alkane Data Room or the Mandalay Data Room, as applicable) and promptly, and in any event within two Business Days after the date of the Arrangement Agreement, request the return or destruction of information regarding such Party and its respective subsidiaries previously provided to such parties since January 1, 2024 and shall request the destruction of all materials including or incorporating any confidential information regarding such Party and its subsidiaries.

Each Party has further covenanted and agreed that (a) it shall use commercially reasonable best efforts to enforce each confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant to which it or a subsidiary is a party, and (b) neither it, nor its subsidiary nor any

## Explanatory Memorandum

of their respective Representatives have released or shall, without the prior written consent of the other Party (which may be withheld or delayed at the other Party's sole and absolute discretion), release any person from, or waive, amend, suspend or otherwise modify, such person's obligations under any confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant to which it or its subsidiary is a party and that remains in effect as of the date of the Arrangement Agreement (it being acknowledged that the automatic termination or release of any such agreement, restriction or covenant, including as a result of entering into the Arrangement Agreement shall not be a violation).

If a Party or any subsidiary of a Party or any of their respective Representative (in this section, the "**Solicited Party**") receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to such Solicited Party, including information, access or disclosure relating to the properties, facilities, books and records of such Solicited Party or any discussions or negotiations are sought to be initiated or continued with such Solicited Party in connection with an actual or potential Acquisition Proposal, the Solicited Party shall: (a) promptly notify the other Party, at first orally within 24 hours, and then promptly and in any event within 48 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all persons making the Acquisition Proposal, inquiry, proposal, offer or request, and copies of all written documents, material correspondence or other material received in respect of, from or on behalf of any such person; and (b) keep the other Party fully informed, on a prompt basis, of the status of all material developments with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any material changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall promptly provide to the other Party copies of all material correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material or substantive terms of such correspondence communicated to the Solicited Party by or on behalf of any person making such Acquisition Proposal, inquiry, proposal, offer or request.

The board of directors of a Solicited Party may, prior to the Mandalay Shareholder Approval (in the case of Mandalay as the Solicited Party) or the Alkane Shareholder Approval (in the case of Alkane as the Solicited Party) having been obtained, consider, participate in any discussions or negotiations with and provide information to, any person who has delivered a written Acquisition Proposal which was not solicited or encouraged by the Solicited Party after the date of the Arrangement Agreement, if and only if:

- (a) the board of directors of the Solicited Party first determines in good faith, after consultation with its financial advisor and outside legal counsel, such Acquisition Proposal constitutes or would reasonably be expected to constitute or lead to a Superior Proposal;
- (b) such person making the Acquisition Proposal was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant contained in any Contract entered into with the Solicited Party;
- (c) the Solicited Party has been and continues to be in compliance in all material respects with its obligations under the non-solicitation provisions of the Arrangement Agreement;
- (d) if the Solicited Party provides confidential non-public information to such person, prior to doing so, the Solicited Party obtains an Acceptable Confidentiality Agreement from the person making such Acquisition Proposal; and
- (e) prior to engaging in or participating in discussions or negotiations with such person regarding such Acquisition Proposal (excluding, for certainty, negotiations regarding the Acceptable Confidentiality Agreement that do not relate to the terms and conditions of the Acquisition Proposal) or providing any such copies, access or disclosure, the Solicited Party provides the other Party with:

## Explanatory Memorandum

- (1) written notice stating the Solicited Party's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure and that the board of directors of the Solicited Party has determined that failure to take such action would be inconsistent with its fiduciary duties;
- (2) promptly, a copy of any such Acceptable Confidentiality Agreement; and
- (3) a list of the information provided to such person and is immediately provided with access to similar information to which such person was provided (to the extent that such information had not previously been provided or otherwise made available to the other Party).

However, nothing contained in the Arrangement Agreement shall prohibit the Mandalay Board or the Alkane Board, as applicable, from:

- (a) responding through a directors' circular or otherwise making disclosure to Mandalay Shareholders or Alkane Shareholders, as applicable, (i) as required by Law in response to an Acquisition Proposal; or (ii) if the Mandalay Board or the Alkane Board, as applicable, has determined acting in good faith and upon the advice of outside legal counsel, that the failure to make such disclosure would be inconsistent with the exercise of its fiduciary duties; provided that it is understood that except in circumstances where the Mandalay Board or the Alkane Board, as applicable, is permitted to make a Change in Recommendation in accordance with the terms of the Arrangement Agreement, the applicable Party shall provide the other Party and its external legal counsel with a reasonable opportunity to review and comment on the form and content of any disclosure to be made pursuant to this paragraph, and shall give reasonable consideration to comments made by the other Party and its external legal counsel; or
- (b) calling and/or holding a meeting of Mandalay Shareholders or Alkane Shareholders, as applicable, requisitioned in accordance with applicable Laws or taking any other action with respect to an Acquisition Proposal to the extent ordered or otherwise mandated by a Governmental Entity or court of competent jurisdiction in accordance with Law.

Each Party has covenanted that it shall ensure that its officers, directors and employees and its subsidiaries and their officers, directors, employees and any financial advisors or other advisors or Representatives retained by it are aware of the prohibitions set out in the non-solicitation provisions of the Arrangement Agreement and it shall be responsible for any breach of the non-solicitation provisions of the Arrangement Agreement by such officers, directors, employees, financial advisors or other advisors or Representatives.

### 9.2 Right to Accept Superior Proposal and Right to Match

If a Party receives an Acquisition Proposal that constitutes a Superior Proposal prior to the Mandalay Shareholder Approval having been obtained, in the case of Mandalay, or the Alkane Shareholder Approval having been obtained, in the case of Alkane, such party (the "**Terminating Party**") may make a Change in Recommendation in respect of such Superior Proposal, may approve, recommend or enter into a definitive agreement with respect to such Superior Proposal and terminate the Arrangement Agreement if, and only if:

- (a) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant contained in any Contract entered into with the Terminating Party or a subsidiary of the Terminating Party;
- (b) the Terminating Party has been, and continues to be, in compliance with its obligations under the non-solicitation covenants in the Arrangement Agreement in all material respects;

## Explanatory Memorandum

- (c) the Terminating Party has provided the other Party with a copy of all documentation required pursuant to the Arrangement Agreement;
- (d) the Terminating Party has delivered to the other Party a written notice advising it that the Terminating Party's board of directors has resolved to make a Change in Recommendation or to terminate the Arrangement Agreement or to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal subject only to Section 7.3 of the Arrangement Agreement (including a notice as to the value in financial terms that the board of directors has, in consultation with its financial advisors, determined should be ascribed to any non-cash consideration offered under the Superior Proposal) (a "**Superior Proposal Notice**");
- (e) at least five full Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the other Party received the Superior Proposal Notice and the date on which the other Party received all of the materials referred required pursuant to the Arrangement Agreement;
- (f) during any Matching Period, the other Party has had the opportunity (but not the obligation), to offer to amend the Arrangement Agreement in order for such Acquisition Proposal to cease to be a Superior Proposal;
- (g) after the Matching Period, the board of directors of the Terminating Party has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended), and determined in good faith, after consultation with its outside legal counsel that the failure by the board of directors of the Terminating Party to approve, recommend or enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and
- (h) prior to or concurrently with the entering into such definitive agreement or making a Change in Recommendation, the Terminating Party terminates the Arrangement Agreement and pays the Termination Fee of A\$17 million, as applicable.

Each Party has covenanted that, during any Matching Period or such longer period as the Terminating Party may approve, in its sole discretion: (a) the other Party has the opportunity (but not the obligation) to offer to amend the Arrangement Agreement in order for such Acquisition Proposal to cease to be a Superior Proposal and the board of directors of the Terminating Party will review any written proposal to amend the terms of the Arrangement Agreement in good faith in order to determine, in the exercise of its fiduciary duties, whether the amended proposal would, upon acceptance by the Terminating Party, result in such Superior Proposal ceasing to be a Superior Proposal; and (b) the Terminating Party shall, and shall cause its Representatives to, negotiate in good faith with the other Party to make such mutually agreed amendments to the terms of the Arrangement Agreement and the Plan of Arrangement as would enable the other Party to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the board of directors of the Terminating Party so determines, the Terminating Party will enter into an amended agreement with the other Party reflecting the amended proposal as mutually agreed and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing. If the board of directors of the Terminating Party does not so determine, the Terminating Party may accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.

Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Terminating Party's securityholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal, and the other Party shall be afforded a new full five Business Day Matching Period from the later of the date on which the other Party received the Superior Proposal Notice and the date on which the other Party received a copy of the proposed definitive agreement and all supporting materials with respect to each new Acquisition Proposal from the Terminating Party.

# Explanatory Memorandum

The board of directors of the Terminating Party shall promptly reaffirm its recommendation of the Arrangement (which in the case of Mandalay shall be the Mandalay Board Recommendation and in the case of Alkane shall be the Alkane Board Recommendation) by news release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Terminating Party determines that a proposed amendment to the terms of the Arrangement Agreement would result in an Acquisition Proposal constituting a Superior Proposal no longer being a Superior Proposal. The Terminating Party shall provide the other Party and its outside legal counsel with a reasonable opportunity to review the form and content of any such news release and shall make all reasonable amendments to such news release as requested by the other Party and its outside legal counsel.

If the Meeting is to be held during a Matching Period, (i) Mandalay shall at the request of Alkane, postpone or adjourn the Meeting to a date that is not more than fifteen (15) days after the scheduled date of the Meeting, but in any event the Meeting shall not be postponed or adjourned to a date that would prevent the Effective Date from occurring prior to the Outside Date.

If the Alkane Meeting is to be held during a Matching Period, Alkane shall at the request of Mandalay, postpone or adjourn the Alkane Meeting to a date that is not more than fifteen (15) days after the scheduled date of the Alkane Meeting, but in any event the Alkane Meeting shall not be postponed or adjourned to a date that would prevent the Effective Date from occurring prior to the Outside Date.

## 10. Other Covenants

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### 10.1 Pre-Closing Reorganization

Mandalay has agreed that, upon request of Alkane, Mandalay shall use commercially reasonable efforts to: (i) perform such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as Alkane may request, acting reasonably (each a “**Pre-Closing Reorganization**”), and (ii) cooperate with Alkane and its advisors to determine the nature of the Pre-Closing Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken; and (iii) cooperate with Alkane and its advisors to seek to obtain any consents, approvals, waivers or similar authorizations which are reasonably required by Alkane (based on the terms of any Contract or Permit) in connection with the Pre-Closing Reorganizations, if any, provided that such consents, approvals, waivers or similar authorizations have been sent out in the notice delivered to Mandalay pursuant to the pre-closing reorganization provisions of the Arrangement Agreement.

Mandalay will not be obligated to participate in any Pre-Closing Reorganization unless Mandalay determines, acting reasonably, that such Pre-Closing Reorganization:

- (a) can be completed as close as reasonably practicable prior to the Effective Time, and can be unwound in the event the Arrangement is not consummated without adversely affecting Mandalay, any of its subsidiaries, or the Mandalay Securityholders in any material respect;
- (b) is not prejudicial to Mandalay or the Mandalay Securityholders in any material respect;
- (c) does not require the approval of the Mandalay Securityholders to proceed absent any required consent of any third party where the failure to obtain such consent would reasonably be expected to have a material adverse impact upon Mandalay and its subsidiaries (including any Regulatory Approval);
- (d) does not require Mandalay or its subsidiaries to take any action that could reasonably be expected to result in Taxes being imposed on, or any adverse Tax or other consequences to, any Mandalay Securityholders incrementally greater than the Taxes or other consequences to such Person in connection with the completion of the Arrangement in the absence of action being taken pursuant to the pre-closing reorganization provisions of the Arrangement Agreement;

## Explanatory Memorandum

- (e) does not result in (i) any material breach by Mandalay or any of its subsidiaries of any Material Contract, (ii) any breach by Mandalay of Mandalay's Constatng Documents or Law, or (iii) any breach by any of Mandalay's subsidiaries of its Constatng Documents or Law;
- (f) does not impair the ability of Mandalay to consummate, and will not materially delay the consummation of, the Arrangement and would not reasonably be expected to prevent any person from making a Superior Proposal;
- (g) does not reduce or change the form of the Consideration provided for under the Arrangement;
- (h) does not unreasonably interfere with Mandalay's material operations prior to the Effective Time; and
- (i) does not require the directors, officers, employees or agent of Mandalay or its subsidiaries to take any action in any capacity other than as director, officer, employee or agent or that would reasonably be expected to result in such Person incurring personal liability.

Alkane must provide written notice to Mandalay of any proposed Pre-Closing Reorganization at least ten (10) Business Days prior to the Effective Date. Upon receipt of such notice, Mandalay and Alkane shall work cooperatively and use their commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Closing Reorganization, including any amendment to the Arrangement Agreement or the Plan of Arrangement and shall seek to have any such Pre-Closing Reorganization made effective as of the last moment of the Business Day ending immediately prior to the Effective Date (but after Alkane has waived or confirmed that all of the conditions set out in Section 6.1 and Section 6.2 of the Arrangement Agreement have been satisfied).

Alkane has agreed that it will be responsible for all costs and expenses associated with any Pre-Closing Reorganization to be carried out at its request and shall indemnify and save harmless Mandalay and its affiliates and Representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgements and penalties suffered or incurred by any of them in connection with or as a result of any such Pre-Closing Reorganization (including in respect of any reversal, modification or termination of a Pre-Closing Reorganization) and that any Pre-Closing Reorganization will not be considered in determining whether a representation or warranty of Mandalay under the Arrangement Agreement has been breached (including where any such Pre-Closing Reorganization requires the consent of any third party under a Contract).

### 10.2 Public Communications

Except as required by applicable Law, no Party shall issue any news release, make any filing with any Governmental Entity or Exchange, or make any other public statement or disclosure with respect to the Arrangement Agreement or the transactions contemplated thereby without the prior written consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed); provided that, any Party that, in the opinion of outside legal counsel, is required to make disclosure by applicable Law shall use commercially reasonable efforts to give the other Parties prior oral or written notice and a reasonable opportunity to review or comment on such disclosure (other than with respect to confidential information contained in such disclosure) and if such prior notice is not permitted by applicable Law, shall give such notice immediately following the making of such disclosure. The Party making such disclosure shall give reasonable consideration to any comments made by the other Parties or their counsel.

### 10.3 Insurance and Indemnification

Prior to the Effective Date, Mandalay shall, in consultation with Alkane, purchase customary "tail" or "run off" directors' and officers' liability insurance from an insurance company of nationally recognized

# Explanatory Memorandum

standing providing protection no less favourable in the aggregate to the protection provided by the policies maintained by Mandalay and its subsidiaries which are in effect immediately prior to the Effective Time and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Time and Alkane shall, or shall cause Mandalay and its subsidiaries to maintain such tail policies in effect without any reduction in scope or coverage for six years after the Effective Date; provided that Alkane shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 250% of Mandalay's and its subsidiaries' current annual aggregate premium for directors' and officers' liability insurance policies currently maintained by Mandalay or its subsidiaries.

Alkane has acknowledged that the rights to indemnification or exculpation existing as of the date of the Arrangement Agreement in favour of present and former Employees, officers and directors of Mandalay and its subsidiaries under applicable Law, Contracts that are disclosed in the Mandalay Disclosure Letter or set forth in Mandalay's Constatng Documents, shall, in accordance with their terms, survive the completion of the Plan of Arrangement and shall continue in full force and effect for a period of not less than six years after the Effective Date.

The insurance and indemnification provisions contained in Section 5.8 of the Arrangement Agreement shall survive the termination of the Arrangement Agreement as a result of the occurrence of the Effective Date for a period of six years.

## 10.4 Exchange Delisting and Listing of Alkane Shares

Subject to applicable Law, each of Mandalay and Alkane have agreed to use its commercially reasonable efforts and cooperate with the other Party in taking, or causing to be taken, all actions necessary to enable (a) the delisting of the Mandalay Shares from the TSX (including, if requested by Alkane, such items as may be necessary to delist the Mandalay Shares promptly following the Effective Date, provided such delisting does not occur on the Effective Date), (b) Mandalay to cease being a reporting issuer under applicable Canadian Securities Laws, as soon as reasonably practicable following the Effective Time; and (c) the listing of Alkane and the Alkane Shares on the TSX on or promptly following the Effective Date of the Arrangement.

## 10.5 FIRB Approval

Alkane has made or caused to be made an application for the FIRB Approval (the "**FIRB Application**") and has covenanted to:

- (a) use commercially reasonable efforts to pursue and take all reasonable steps to obtain the FIRB Approval and to otherwise satisfy the condition precedent set out in Section 6.1(i) of the Arrangement Agreement;
- (b) respond in a timely manner to Mandalay's requests for updates as to the progress and processing of the FIRB Application; and
- (c) keep Mandalay informed in a timely manner of the progress of the FIRB Application and the status of any discussions or negotiations with FIRB in connection with the FIRB Application and/or the condition precedent set out in Section 6.1(i) of the Arrangement Agreement.

Mandalay has covenanted to:

- (a) promptly upon request by Alkane provide Alkane with such information reasonably available to Mandalay and as the Treasurer (or his delegate) may require for the purpose of considering the FIRB Application; and
- (b) promptly do all things reasonably required by Alkane to assist or allow Alkane to make the FIRB Application, including signing and returning as soon as reasonably practicable (but in any

# Explanatory Memorandum

event, not later than 10 Business Days) after a written request from Alkane all documents, objections, submissions, consents, plans and/or applications requested by Alkane in connection with the FIRB Application.

## 10.6 Swedish FDI Approval

AcquireCo has made or caused to be made an application for the Swedish FDI Approval (the “**Swedish FDI Application**”) and has covenanted to:

- (a) use commercially reasonable efforts to pursue the Swedish FDI Approval and to otherwise satisfy the condition precedent set out in Section 6.1(i) of the Arrangement Agreement;
- (b) provide to Mandalay a copy of the Swedish FDI Application;
- (c) respond in a timely manner to Mandalay’s requests for updates as to the progress and processing of the Swedish FDI Application; and
- (d) keep Mandalay informed in a timely manner of the progress of the Swedish FDI Application and the status of any request for supplementary information or discussions with the ISP in connection with the Swedish FDI Application and/or the condition precedent set out in Section 6.1(i) of the Arrangement Agreement.

Mandalay has covenanted to use commercially reasonable efforts to cause each Relevant Mandalay Shareholder to:

- (a) use commercially reasonable efforts to pursue the Swedish FDI Approval;
- (b) promptly, but in any event no later than the deadline set out by the ISP, upon request by AcquireCo or Alkane provide AcquireCo and Alkane with such information reasonably available to Mandalay and/or each Relevant Mandalay Shareholder as the ISP may require for the purpose of considering the Swedish FDI Application; and
- (c) promptly do all things reasonably required by AcquireCo or Alkane to assist Alkane to make the Swedish FDI Application.

If so required by the ISP as a result of AcquireCo’s Swedish FDI Application, Mandalay shall use commercially reasonable efforts to cause each Relevant Mandalay Shareholder to:

- (a) within 10 Business Days after receiving written notice of such requirement through AcquireCo pursuant to Section 5.11(a)(v) of the Arrangement Agreement, make or cause to be made a Swedish FDI Application to the ISP;
- (b) use commercially reasonable efforts to pursue the Swedish FDI Approval and to otherwise satisfy the condition precedent set out in Section 6.1(i) of the Arrangement Agreement;
- (c) provide to AcquireCo and Alkane a copy of the Swedish FDI Application;
- (d) respond in a timely manner to AcquireCo’s and Alkane’s requests for updates as to the progress and processing of the Swedish FDI Application; and
- (e) keep AcquireCo and Alkane informed in a timely manner of the progress of the Swedish FDI Application and the status of any request for supplementary information or discussions with the

# Explanatory Memorandum

ISP in connection with the Swedish FDI Application and/or the condition precedent set out in Section 6.1(i) of the Arrangement Agreement.

In addition, AcquireCo has covenanted to:

- (a) promptly (but in any event no later than the deadline set out by the ISP) upon request by Mandalay provide Mandalay and each Relevant Mandalay Shareholder with such information reasonably available to AcquireCo and as the ISP may require for the purpose of considering the Swedish FDI Application; and promptly do all things reasonably required by Mandalay to assist each Relevant Mandalay Shareholder to make the Swedish FDI Application.

## 10.7 Alkane Guarantee

Alkane has unconditionally and irrevocably guaranteed the due and punctual performance by AcquireCo of each and every covenant and obligation of AcquireCo arising under the Arrangement Agreement. Alkane has agreed that Mandalay shall not have to proceed first against AcquireCo before exercising its rights under the guarantee against Alkane, and Alkane agreed to be jointly and severally liable with AcquireCo for all guaranteed obligations as if it were the principal obligor of such obligations.

## 11. Certain Agreements

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Mandalay has covenanted to use its commercially reasonable efforts to, prior to the Effective Date: (i) obtain all waivers and consents as may be required under the BNS Credit Agreement and the BNS Letter of Credit in connection with the transactions contemplated by the Arrangement Agreement; or (ii) terminate the BNS Credit Agreement and the BNS Letter of Credit in a manner such that no event of default shall occur thereunder, any security interest granted thereunder shall be released, and no penalties or fees shall be incurred by Mandalay (or its successors) thereunder.

## 12. Post-Arrangement Amalgamation

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Acquireco and Mandalay have covenanted that, forthwith following the delisting of the Mandalay Shares from the TSX and the filing by Mandalay with the Canada Revenue Agency of the prescribed form of election under the Tax Act electing to cease being a public corporation for the purposes of the Tax Act, they will amalgamate to form one company under sections 269 and 273 of the BCBCA.

## 13. Termination

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The Arrangement Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding the approval of the Arrangement Agreement or the Arrangement Resolution by the Mandalay Shareholders, the approval of the Share Issuance Resolution by the Alkane Shareholders, or the approval of the Arrangement by the Court):

- (a) by mutual written agreement of Mandalay and Alkane; or
- (b) by either Mandalay or Alkane, if:
  - (1) the Effective Time has not occurred on or before the Outside Date, except that such right to terminate the Arrangement Agreement will not be available to any Party whose failure to fulfill any of its obligations or whose breach of any of its representations and warranties set forth in the Arrangement Agreement has been the principal cause of the failure of the Effective Time to occur by the Outside Date; or

## Explanatory Memorandum

- (2) after the date of the Arrangement Agreement, there shall be enacted, enforced, amended or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Mandalay or Alkane from consummating the Arrangement and such Law (if applicable) or joinder shall have become final and non-appealable provided that the Party seeking to terminate the Arrangement Agreement has used its commercially reasonable efforts, to, as applicable, prevent, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or
- (3) the Alkane Shareholder Approval is not obtained at the Alkane Meeting (including any adjournment or postponement thereof) provided that a Party may not terminate the Arrangement Agreement if the failure to obtain the approval of the Alkane Shareholders has been principally caused by a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement; or
- (4) the Mandalay Shareholder Approval is not obtained at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order provided that a Party may not terminate the Arrangement Agreement if the failure to obtain the approval of the Mandalay Shareholders has been principally caused by a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement; or
- (c) by Alkane, if:
- (1) the Mandalay Board makes a Change in Recommendation; or
- (2) prior to the approval of the Share Issuance Resolution at the Alkane Meeting, Alkane enters into a legally binding agreement with respect to a Superior Proposal (other than an Acceptable Confidentiality Agreement), provided that concurrently with such termination, Alkane pays the Termination Fee to Mandalay; or
- (3) subject to the notice and cure provisions of the Arrangement Agreement, Mandalay breaches any representation or warranty or fails to perform any covenant or agreement set forth in the Arrangement Agreement (other than as set forth in the non-solicitation provisions of the Arrangement Agreement), which breach would cause the mutual conditions precedent or the conditions precedent to the obligations of Alkane in the Arrangement Agreement not to be satisfied, and such conditions are incapable of being cured or satisfied by the Outside Date; provided that any Willful Breach shall be deemed to be incapable of being cured and provided further that Alkane is not then in breach of the Arrangement Agreement so as to directly or indirectly cause any of the mutual conditions precedent or the conditions precedent to the obligations of Mandalay set forth in the Arrangement Agreement not to be satisfied; or
- (4) Mandalay is in breach of any of its obligations or covenants set forth in the non-solicitation provisions of the Arrangement Agreement in any material respect; or
- (5) Mandalay enters into a legally binding agreement relating to a Superior Proposal (other than an Acceptable Confidentiality Agreement); or
- (6) there has occurred a Material Adverse Effect on Mandalay which is incapable of being cured on or prior to the Outside Date; or
- (d) by Mandalay, if:

## Explanatory Memorandum

- (1) the Alkane Board makes a Change in Recommendation;
- (2) prior to the approval of the Arrangement Resolution at the Meeting, Mandalay enters into a legally binding agreement with respect to a Superior Proposal (other than an Acceptable Confidentiality Agreement), provided that concurrently with such termination, Mandalay pays the Termination Fee payable to Alkane; or
- (3) subject to the notice and cure provisions of the Arrangement Agreement, Alkane breaches any representation or warranty or fails to perform any covenant or agreement set forth in the Arrangement Agreement (other than as set forth in the non-solicitation provisions of the Arrangement Agreement), which breach would cause the mutual conditions precedent or the conditions precedent to the obligations of Mandalay in the Arrangement Agreement not to be satisfied, and such conditions are incapable of being cured or satisfied by the Outside Date; provided that any Willful Breach shall be deemed to be incapable of being cured and provided further that Mandalay is not then in breach of the Arrangement Agreement so as to cause any of the mutual conditions precedent or the conditions precedent to the obligations of Alkane set forth in the Arrangement Agreement not to be satisfied; or
- (4) Alkane is in breach or in default of any of its non-solicitation obligations or covenants, in any material respect; or
- (5) Alkane enters into a legally binding agreement relating to a Superior Proposal (other than an Acceptable Confidentiality Agreement); or
- (6) there has occurred a Material Adverse Effect on Alkane which is incapable of being cured on or prior to the Outside Date.

The Party desiring to terminate the Arrangement Agreement must give notice of such termination to the other Parties.

### 13.1 Termination Fee and Expense Reimbursement

If any of the following events occur, Mandalay shall pay Alkane as consideration for the disposition by Mandalay of its rights under the Arrangement Agreement and the Plan of Arrangement (by wire transfer of immediately available funds) the Termination Fee of A\$17 million:

- (a) the Arrangement Agreement has been terminated by Alkane as a result of a Change in Recommendation by the Mandalay Board;
- (b) the Arrangement Agreement has been terminated by Alkane as a result of a breach or default on the part of Mandalay of any of its obligations or covenants set forth in the non-solicitation provisions of the Arrangement Agreement in any material respect;
- (c) the Arrangement Agreement has been terminated by Alkane as a result of Mandalay entering into a legally binding agreement relating to a Superior Proposal (other than an Acceptable Confidentiality Agreement);
- (d) the Arrangement Agreement has been terminated by Mandalay as a result of Mandalay entering into a legally binding agreement with respect to a Superior Proposal (other than an Acceptable Confidentiality Agreement);

## Explanatory Memorandum

- (e) the Arrangement Agreement has been terminated by either Party in the event the Mandalay Shareholder Approval is not obtained at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order (unless failure to obtain the approval of the Mandalay Shareholders has been principally caused by a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement), if at such time Alkane is entitled to terminate the Arrangement Agreement as a result of a Change in Recommendation by the Mandalay Board;
- (f) each of the following has occurred:
- (1) the Arrangement Agreement has been terminated by:
    - (A) either Mandalay or Alkane as a result of the failure to complete the Arrangement by the Outside Date or the failure to obtain the Mandalay Shareholder Approval at the Meeting, or
    - (B) Alkane as a result of a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Mandalay under the Arrangement Agreement (other than as set forth in the non-solicitation provisions of the Arrangement Agreement), which breach would cause the mutual conditions precedent or the conditions precedent to the obligations of Alkane in the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the notice and cure provisions of the Arrangement Agreement; provided that any Willful Breach shall be deemed to be incapable of being cured and provided further that Alkane is not then in breach of the Arrangement Agreement so as to directly or indirectly cause any of the mutual conditions precedent or the conditions precedent to the obligations of Mandalay set forth in the Arrangement Agreement not to be satisfied;
  - (2) prior to the earlier of the termination of the Arrangement Agreement or the holding of the Meeting, a *bona fide* Acquisition Proposal, with respect to Mandalay shall have been made to Mandalay or publicly announced by any person (other than Alkane or any of its affiliates); and
  - (3) within 12 months following the date of such termination (including on the date of such termination), either (i) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal as referred to above) is consummated, or (ii) Mandalay or one or more of its subsidiaries, directly or indirectly, accepts, approves or enters into a definitive agreement in respect of such Acquisition Proposal and such Acquisition Proposal is later consummated or effected,

provided that, for the purposes of this paragraph, all references to “20%” in the definition of “Acquisition Proposal” shall be deemed to be references to “50%” and Mandalay shall be entitled to deduct from the Termination Fee an amount equal to the Mandalay Expense Fee paid to Alkane, if any.

If any of the following events occur, Alkane shall pay Mandalay as consideration for the disposition by Alkane of its rights under the Arrangement Agreement and the Plan of Arrangement (by wire transfer of immediately available funds) the Termination Fee of A\$17 million:

- (a) the Arrangement Agreement has been terminated by Mandalay as a result of a Change in Recommendation by the Alkane Board;

## Explanatory Memorandum

- (b) the Arrangement Agreement has been terminated by Mandalay as a result of a breach or default on the part of Alkane of any of its obligations or covenants set forth in the non-solicitation provisions of the Arrangement Agreement in any material respect;
- (c) the Arrangement Agreement has been terminated by Mandalay as a result of Alkane entering into a legally binding agreement relating to a Superior Proposal (other than an Acceptable Confidentiality Agreement);
- (d) the Arrangement Agreement has been terminated by Alkane as a result of Alkane entering into a legally binding agreement with respect to a Superior Proposal (other than an Acceptable Confidentiality Agreement);
- (e) the Arrangement Agreement has been terminated by either Party in the event the Alkane Shareholder Approval is not obtained at the Alkane Meeting, including any adjournment or postponement thereof (unless failure to obtain the approval of the Alkane Shareholders has been principally caused by a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement), if at such time Mandalay is entitled to terminate the Arrangement Agreement as a result of a Change in Recommendation by the Alkane Board;
- (f) each of the following has occurred:
- (1) the Arrangement Agreement has been terminated by:
    - (A) either Alkane or Mandalay as a result of the failure to complete the Arrangement by the Outside Date or the failure to obtain the Alkane Shareholder Approval at the Alkane Meeting, or
    - (B) Mandalay as a result of a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Alkane under the Arrangement Agreement (other than as set forth in the non-solicitation provisions of the Arrangement Agreement), which breach would cause the mutual conditions precedent or the conditions precedent to the obligations of Mandalay in the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the notice and cure provisions of the Arrangement Agreement; provided that any Willful Breach shall be deemed to be incapable of being cured and provided further that Mandalay is not then in breach of the Arrangement Agreement so as to directly or indirectly cause any of the mutual conditions precedent or the conditions precedent to the obligations of Alkane set forth in the Arrangement Agreement not to be satisfied;
  - (2) prior to the earlier of the termination of the Arrangement Agreement or the holding of the Alkane Meeting, a *bona fide* Acquisition Proposal, with respect to Alkane shall have been made to Alkane or publicly announced by any person (other than Mandalay or any of its affiliates); and
  - (3) within 12 months following the date of such termination (including on the date of such termination), either (i) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal as referred above) is consummated, or (ii) Alkane or one or more of its subsidiaries, directly or indirectly, accepts, approves or enters into a definitive agreement in respect of such Acquisition Proposal and such alternate and such Acquisition Proposal is later consummated or effected,

## Explanatory Memorandum

provided that, for the purposes of this paragraph, all references to “20%” in the definition of “Acquisition Proposal” shall be deemed to be references to “50%” and Alkane shall be entitled to deduct from the Termination Fee an amount equal to the Expense Fee paid to Mandalay, if any.

Mandalay shall pay to Alkane an expense reimbursement fee in the amount of C\$500,000 in the event that the Arrangement Agreement is terminated by Alkane as a result of (i) the failure to obtain the Mandalay Shareholder Approval at the Meeting or (ii) the breach of any representation or warranty or the failure to perform any covenant or agreement on the part of Mandalay under the Arrangement Agreement, provided that Alkane is not then in breach of the Arrangement Agreement.

Alkane shall pay to Mandalay an expense reimbursement fee in the amount of C\$500,000 in the event that the Arrangement Agreement is terminated by Mandalay as a result of (i) the failure to obtain the Alkane Shareholder Approval at the Alkane Meeting or (ii) the breach of any representation or warranty or the failure to perform any covenant or agreement on the part of Alkane under the Arrangement Agreement, provided that Mandalay is not then in breach of the Arrangement Agreement.

### 14. Amendment

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The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the Mandalay Shareholders, and any such amendment may, subject to the terms of the Interim Order, the Final Order, the Plan of Arrangement and applicable Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants in the Arrangement Agreement contained and waive or modify performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.

### 15. Waiver

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Any Party may:

- (a) extend the time for the performance of any of the obligations or acts of the other Party;
- (b) except as otherwise provided in the Arrangement Agreement, waive compliance with any of the other Party’s agreements or the fulfilment of any conditions precedent to its own obligations contained in the Arrangement Agreement; or
- (c) waive inaccuracies in any of the other Party’s representations or warranties contained in the Arrangement Agreement or in any document delivered by the other Party,

provided that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

# Explanatory Memorandum

## Schedule 2 Unaudited Pro Forma Financial Information

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## **Alkane Resources Limited**

Pro forma financial information  
(unaudited)

31 March 2025

# Table of contents

1. Appendix 1 - Pro Forma Consolidated Statement of Financial Position (unaudited) as at 31 March 2025	1
2. Appendix 2 - Pro Forma Consolidated Statement of Profit or Loss (unaudited) for the nine months ended 31 March 2025	2
3. Appendix 3 - Pro Forma Consolidated Statement of Profit or Loss (unaudited) for the twelve months ended 30 June 2024	3
4. Basis of preparation	4
5. Adjustments and assumptions in compiling the Pro Forma Financial Information (unaudited)	7
6. Appendix 4 - Translation of Mandalay's Consolidated Statement of Financial Position (unaudited) as at 31 March 2025	13

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Alkane Resources Limited

Appendix 1 - Pro Forma Consolidated Statement of Financial Position (unaudited)

As at 31 March 2025

Expressed in Australian Dollars (AUD'000)

	Reported		Pro forma adjustments	Notes	Combined Group
	Alkane	Mandalay			
Cash and cash equivalents	39,634	141,285	(14,671)	C	166,249
Trade and other receivables	3,680	53,350	-		57,030
Inventories	25,418	39,615	-		65,033
Financial assets at FVOCI	2	-	-		2
<b>Total current assets</b>	<b>68,734</b>	<b>234,250</b>	<b>(14,671)</b>		<b>288,314</b>
Property, plant and equipment	299,901	262,667	180,442	A	743,011
Exploration and evaluation	109,477	67,293	-		176,769
Financial assets at FVOCI	8,093	-	-		8,093
Other financial assets	15,092	31,726	-		46,818
Derivative financial instruments	117	-	-		117
Trade receivables and other assets	-	644	-		644
Goodwill	-	-	43,654	G	43,654
<b>Total non-current assets</b>	<b>432,680</b>	<b>362,330</b>	<b>224,097</b>		<b>1,019,106</b>
<b>Total assets</b>	<b>501,414</b>	<b>596,580</b>	<b>209,426</b>		<b>1,307,420</b>
Trade and other payables	(25,688)	(45,477)	(10,573)	B	(81,739)
External borrowings	(24,463)	(3,930)	-		(28,393)
Income tax provision	(6,225)	(24,527)	-		(30,752)
Provisions	(7,654)	(5,528)	-		(13,182)
Reclamation and site closure costs	-	(8,422)	-		(8,422)
Financial instruments (derivative contracts)	-	(11,908)	-		(11,908)
Lease liabilities	-	(997)	-		(997)
Other liabilities	(476)	-	-		(476)
<b>Current liabilities</b>	<b>(64,506)</b>	<b>(100,790)</b>	<b>(10,573)</b>		<b>(175,868)</b>
Provisions	(22,333)	(51,869)	-		(74,203)
External borrowings	(35,644)	(6,771)	-		(42,415)
Deferred tax	(45,329)	(24,955)	(43,654)	G, I	(113,939)
Lease liabilities	-	(732)	-		(732)
Other liabilities	(270)	(485)	-		(755)
<b>Non-current liabilities</b>	<b>(103,576)</b>	<b>(84,812)</b>	<b>(43,654)</b>		<b>(232,043)</b>
<b>Total liabilities</b>	<b>(168,082)</b>	<b>(185,602)</b>	<b>(54,227)</b>		<b>(407,911)</b>
<b>Net assets</b>	<b>333,332</b>	<b>410,978</b>	<b>155,199</b>		<b>899,509</b>
Issued capital	224,695	373,038	195,929	D, J	793,661
Reserves	(83,795)	8,052	(8,052)	E	(83,795)
Foreign currency translation reserve	-	(94,193)	94,193	E	-
Retained profits	192,432	124,081	(126,871)	F	189,643
<b>Total equity</b>	<b>333,332</b>	<b>410,978</b>	<b>155,199</b>		<b>899,509</b>

Alkane Resources Limited

Appendix 2 - Pro Forma Consolidated Statement of Profit or Loss (unaudited)

For the nine months ended 31 March 2025

Expressed in Australian Dollars (AUD'000)

	Reported		Pro forma		Combined Group
	Alkane	Mandalay	adjustments	Notes	
Revenue	184,704	308,183	-		492,888
Cost of sales	(117,258)	(138,150)	-		(255,408)
Depreciation and amortisation expense	(35,001)	(36,946)	(23,775)	H	(95,721)
Total cost of sales	(152,259)	(175,096)	(23,775)		(351,129)
<b>Gross profit</b>	<b>32,445</b>	<b>133,087</b>	<b>(23,775)</b>		<b>141,758</b>
Other Income	864	-	-		864
Interest income	1,542	3,712	-		5,254
Impairment reversal	7,024	-	-		7,024
Other expenses	(9,596)	(13,172)	-		(22,769)
Finance costs	(3,433)	(1,957)	-		(5,390)
Revision of reclamation liability	-	(6,853)	-		(6,853)
Foreign exchange gain/ (loss)	-	328	-		328
Gain/ (loss) on financial instruments	-	(18,722)	-		(18,722)
Write-off of assets	-	(1,487)	-		(1,487)
Transaction costs	-	-	(33,928)	B, C	(33,928)
<b>Profit before income tax expense</b>	<b>28,846</b>	<b>94,936</b>	<b>(57,703)</b>		<b>66,078</b>
Income tax expense	(7,657)	(32,056)	5,386	I	(34,327)
<b>Profit after income tax expense for the year</b>	<b>21,189</b>	<b>62,880</b>	<b>(52,318)</b>		<b>31,751</b>
Basic earnings per share	3.50			K	2.33

Alkane Resources Limited

Appendix 3 - Pro Forma Consolidated Statement of Profit or Loss (unaudited)

For the twelve months ended 30 June 2024

Expressed in Australian Dollars (AUD'000)

	Reported		Pro forma adjustments	Combined Group
	Alkane	Mandalay		
Revenue	172,991	320,482	-	493,473
Cost of sales	(102,256)	(156,036)	-	(258,292)
Depreciation and amortisation expense	(36,143)	(59,295)	(43,620) H	(139,059)
Total cost of sales	(138,399)	(215,331)	(43,620)	(397,351)
<b>Gross profit</b>	<b>34,592</b>	<b>105,151</b>	<b>(43,620)</b>	<b>96,123</b>
Other Income	509	-	-	509
Interest income	2,527	3,273	-	5,800
Other expenses	(10,949)	(11,977)	-	(22,276)
Finance costs	(2,347)	(5,717)	-	(8,064)
Revision of reclamation liability	-	(9,854)	-	(9,854)
Foreign exchange gain/ (loss)	-	(1,936)	-	(1,936)
Gain/ (loss) on financial instruments	-	(10,304)	-	(10,304)
Write-off of assets	-	(793)	-	(793)
Net gain/ (loss) on disposal of property, plant and equipment	110	526	-	636
Transaction costs	-	-	(33,928) B, C	(33,928)
<b>Profit before income tax expense</b>	<b>24,442</b>	<b>68,368</b>	<b>(77,549)</b>	<b>15,912</b>
Income tax expense	(6,765)	(24,844)	10,648 I	(20,961)
<b>Profit after income tax expense for the year</b>	<b>17,677</b>	<b>43,524</b>	<b>(66,901)</b>	<b>(5,049)</b>
Basic earnings per share	2.93		K	(0.37)

## 1. Basis of preparation

The accompanying unaudited pro forma consolidated statement of financial position as at 31 March 2025 and the unaudited pro forma consolidated statement of profit or loss for the year ended 30 June 2024 and nine month period ended 31 March 2025 ('**Pro Forma Financial Information**') has been prepared by management for inclusion in Mandalay Resources Corporation's ('**Mandalay**') Management Information Circular for the Annual General Meeting and Special Meeting of shareholders of Mandalay. This is in conjunction with Alkane Resources Limited's ('**Alkane**') acquisition of all of the issued and outstanding shares of Mandalay by way of a plan of arrangement under the Canada Business Corporations Act. The Pro Forma Financial statements are for illustrative purposes only and give effect to the Arrangement Agreement (as defined below) and other transactions pursuant to the assumptions described in the Notes.

The Pro Forma Financial Information of Alkane and Mandalay (upon completion of the Arrangement Agreement) (the '**Combined Group**') has been prepared in accordance with Section 8.4(7) of NI 51-102 and in a manner consistent with Alkane's and Mandalay's respective accounting policies as disclosed in Alkane's consolidated financial statements for the financial year ended 30 June 2024 and Mandalay's consolidated financial statements for the financial year ended 31 December 2024, and Mandalay's condensed consolidated interim financial statements for the period ended 31 March 2025. Alkane's consolidated financial statements for the year ended 30 June 2024 are prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('**AASB**') and comply with the recognition, measurement and presentation requirements of International Financial Reporting Standards ('**IFRS**') as issued by the International Accounting Standards Board ('**IASB**'). Mandalay's consolidated financial statements for the financial year ended 31 December 2024 are prepared in accordance with IFRS as issued by the IASB. The unaudited consolidated proforma financial information does not include all of the disclosures required under IFRS or Australian Accounting Standards for a set of financial statements.

Alkane has performed an initial review of Mandalay's financial statements to identify any potential material differences in the accounting policies and financial statement presentation between Alkane and Mandalay. This review aimed to determine any required alignment or reclassification to conform to Alkane's accounting policies and financial statement presentation. The Pro Forma Financial Information assumes that all significant differences have been appropriately adjusted to align Mandalay's financial information with Alkane's accounting policies. The assessment of differences in accounting policies is based on Alkane management's best estimate and interpretations of IASB and IFRS, which remain subject to change as/when information becomes available. On this basis, the actual impact of aligning accounting policies may differ from the information provided in the Pro Forma Financial Information. Such differences could be significant.

The Pro Forma Financial Information is presented in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

### *Business Combination of Alkane and Mandalay*

On 28 April 2025, Alkane and Mandalay announced that they have agreed to combine in a 'merger of equals' transaction and have executed a definitive arrangement agreement ('**Arrangement Agreement**') whereby Alkane will acquire all the issued and outstanding common shares of Mandalay pursuant to a court-approved plan of arrangement (the '**Transaction**'). The Transaction will be effected pursuant to a court approved plan of arrangement under the British Corporations Act (British Columbia). The transaction will require approval by 66 2/3 percent of the votes cast by the shareholders of Mandalay at a

special meeting of Mandalay shareholders. The issuance of the Alkane ordinary shares pursuant to the Transaction is also subject to approval by a simple majority of votes cast by the shareholders of Alkane at a special meeting of Alkane shareholders. Following completion of the Transaction, the Combined Group will continue operating as Alkane Resources Limited, remain listed on the Australian Securities Exchange ('ASX') and seek listing on the Toronto Stock Exchange ('TSX').

Under the Transaction and Arrangement Agreement, Mandalay shareholders will receive 7.875 ordinary shares of Alkane ('Alkane Shares') for each ordinary share of Mandalay ('Mandalay Shares') (the 'Exchange Ratio') held immediately prior to the effective time of the Transaction (the 'Effective Time'). Based on the number of Mandalay Shares at 26 May 2025 including Mandalay Shares to be issued to holders of Mandalay's stock options ('SO'), performance share units ('PSU'), restrictive share units ('RSU'), and deferred share units ('DSU') immediately prior to the Effective Time of the Arrangement Agreement, the holders of Mandalay Shares will receive 758,622,367 Alkane Shares.

Assuming completion of the Transaction occurred on 26 May 2025, former Mandalay shareholders and existing Alkane shareholders would have owned approximately 56% and 44% respectively, of the outstanding ordinary shares of the Combined Group.

Alkane has been determined to be the accounting acquirer based on the following:

- The existing senior management of Alkane will form the majority of the senior management of the combined company following completion of the Transaction.
- Alkane will pay a 2% premium over the pre-combination fair value of Mandalay's equity interests.
- The new board of directors will have a mix of existing directors of Alkane and Mandalay with a new independent chairman being appointed not currently associated with Alkane or Mandalay.
- While existing Mandalay shareholders will hold a majority of voting interests on completion of the transaction, no existing owner or organised group of owners, will have a significant voting interest.
- Current corporate office of Alkane to be retained as the new headquarters of the combined company. Mandalay's Toronto head office will discontinue.

The unaudited pro forma consolidated statement of financial position as at 31 March 2025 gives effect to the Arrangement Agreement as if the Transaction had completed on 31 March 2025 and has been derived from:

- the unaudited consolidated statement of financial position of Alkane as at 31 March 2025; and
- the unaudited condensed consolidated statement of financial position of Mandalay as at 31 March 2025 translated from United States Dollars ('USD') to Australian Dollars ('AUD') using the relevant USD:AUD spot exchange rate at 31 March 2025.

The unaudited pro forma consolidated statement of profit or loss for the financial year ended 30 June 2024 gives effect to the Arrangement Agreement as if the Transaction had completed on 1 July 2023, and has been derived from:

- the audited consolidated statement of profit or loss and other comprehensive income of Alkane for the financial year ended 30 June 2024; and
- the aggregation of the unaudited condensed consolidated statement of profit or loss and other comprehensive income of Mandalay for (i) the three month period ended 30 September 2023 ('Q3 FY23'), (ii) the three month period ended 31 December 2023 ('Q4 FY23'), (iii) the three month

period ended 31 March 2024 ('Q1 FY24'), and (iv) the three month period ended 30 June 2024 ('Q2 FY24'), translated from USD to AUD using the average USD:AUD exchange rate over the period from 1 July 2023 to 30 June 2024.

The unaudited pro forma consolidated statement of profit or loss for the nine-month period ended 31 March 2025 gives effect to the Arrangement Agreement as if the Transaction had completed on 1 July 2024, and has been derived from:

- the unaudited consolidated statement of profit or loss and other comprehensive income of Alkane for the nine-month period ended 31 March 2025; and
- the aggregation of the unaudited condensed consolidated statement of profit or loss and other comprehensive income of Mandalay for (i) the three month period ended 30 September 2024 ('Q3 FY24'), (ii) the three month period ended 31 December 2024 ('Q4 FY24'), and (iii) the three month period ended 31 March 2025 ('Q1 FY25'), translated from USD to AUD using the average USD:AUD exchange rate over the period from 1 July 2024 to 31 March 2025.

The unaudited Pro Forma Financial Information does not include all the information and disclosures required by IFRS and should be read in conjunction with the description of the Transaction included elsewhere in this Management Information Circular for the Annual General Meeting and Special Meeting of shareholders of Mandalay and the financial statements and notes of Alkane and Mandalay described above. Certain significant judgements and estimates have been made by management in the preparation of the Pro Forma Financial Information, in particular, the determination of the consideration given by Alkane to Mandalay, and the former as the accounting acquirer of the Transaction. The financial statements of Mandalay were originally reported in USD but have been converted to AUS for the purpose of the Pro Forma Financial Information. The consolidated annual and unaudited interim financial statements of Mandalay are available at [www.sedarplus.ca](http://www.sedarplus.ca) and the consolidated financial statements of Alkane are included elsewhere in this Circular for the relevant periods used to construct these unaudited proforma financial statements. The unaudited constructed income statements were prepared for the purpose of these proforma financial statements and accordingly do not conform to the financial statements for Mandalay incorporated by reference in this Circular.

The Pro Forma Financial Information has been prepared for illustrative purposes only. Due to its nature, the Pro Forma Historical Financial Information does not represent the Combined Group's actual or prospective financial position or financial performance that would have occurred if the business combination had taken place on 1 July 2023, 1 July 2024 and 31 March 2025. Unless otherwise stated, all amount presented in these financial statements are in AUD.

The Combined Group Pro Forma Consolidated Statement of Profit or Loss has not been adjusted to reflect:

- Potential synergies that may exist, including the cost of realising synergies and business improvements arising following implementation of the Arrangement Agreement;
- Changes to financing costs associated with changes in debt structure associated with or expected to occur as a result of the Arrangement Agreement

The Combined Group Pro Forma Statement of Financial Position has not been adjusted to reflect:

- Potential synergies that may exist, including the cost of realising synergies and business improvements arising following implementation of the Arrangement Agreement;
- Finalisation of the purchase price accounting for the Arrangement Agreement, including identification and measurement of all assets and liabilities assumed, and recognising and measuring goodwill or gain from a bargain purchase; and

- Any changes to the debt structure of the Combined Group as a consequence of the change of control as a result of the Arrangement Agreement and any associated borrowing costs that has not already been announced as part of the Transaction.

## 2. Adjustments and assumptions in compiling the Pro Forma Financial Information

The unaudited Pro Forma Consolidated Statement of Financial Position as at 31 March 2025 is shown in Appendix 1 and gives effect to the Arrangement Agreement as if the Transaction had closed on 31 March 2025. The unaudited Pro Forma Consolidated Statements of Profit or Loss for the year ended 30 June 2024 and for the nine-month period ended 31 March 2025 are shown in Appendix 3 and 2 respectively and give effect to the Arrangement Agreement as if it had closed on 1 July 2023 and 1 July 2024 respectively. The unaudited pro forma consolidated financial statements are based on the respective historical consolidated financial statements of Alkane and Mandalay and incorporate the following proforma adjustments and assumptions made by management based on currently available information.

### A. Accounting for the acquisition of Mandalay

Under the Transaction and Arrangement Agreement, Alkane, who is deemed to be the accounting acquirer, will issue approximately 758,622,367 Alkane Shares to Mandalay shareholders at an exchange ratio of 7.875 Alkane Shares for every 1 Mandalay share held at 26 May 2025 (which includes Alkane Shares issued to holders of Mandalay's stock options ('SO'), performance share units ('PSU'), restrictive share units ('RSU'), and deferred share units ('DSU')], where it has been assumed that these incentives will conditionally vest and their respective surrender and cancellation or redemption dates conditionally accelerate and convert into Mandalay Shares in accordance with their terms) in exchange for all of the issued and outstanding Mandalay Shares.

The fair value of the consideration ('Consideration') paid by Alkane to acquire the net assets of Mandalay is based on the fair value of Alkane Shares to be issued to by Alkane. On this basis, Consideration for the purpose of presenting Pro Forma Financial Information was deemed to equate to \$568,966,775 which was measured using Alkane's quoted market share price on the Australian Securities Exchange ('ASX') at close of market on 24 April 2025, being the last trading day prior to the announcement at \$0.75/share.

The Combined Group Pro Forma Financial Information is provisionally accounted for and is presented for illustrative purposes only and is not intended to be indicative of the results that would have actually occurred had the transaction taken place as of 1 July, 2023, or the financial performance that could be expected in future periods. The actual financial position and results of operations of the Combined Group on completion of the Transaction may differ significantly from the Pro Forma Financial Information due to the following factors including, but not limited to:

- finalisation of the acquisition accounting (in accordance with IFRS 3 Business Combinations), including the identification and valuation of all assets acquired and liabilities assumed, and recognising and measuring goodwill or gain from a bargain purchase. Adjustments may include recognition of all identifiable assets and liabilities of Mandalay at fair value as at the actual acquisition date. This includes assets such as Mine development assets and any intangible assets. Once the fair value of these identifiable assets and liabilities are determined, any residual amount of the purchase price that exceeds the net fair value of these assets and liabilities, if applicable, will be recognised as goodwill. Changes in the fair values attributable to assets and liabilities and the purchase consideration issued or issuable to Mandalay shareholders could positively or negatively impact future reported earnings of the Combined Group.

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- Finalisation of the calculation of the tax cost bases, including recognition of the associated deferred tax assets and liabilities, in accordance with IAS 12 Income Taxes. For the purpose of presenting a Pro Forma Statement of Profit and Loss, any tax benefits that may arise in connection with the pro forma adjustments have also been excluded.
  - The timing and realisation of potential synergies arising from the Transaction and merger of Alkane and Mandalay.

## Mandalay Resources Incorporation

### Net assets acquired as at 31 March 2025 including pro forma adjustments

Expressed in Australian Dollars (AUD'000)

	Reported Mandalay	Pro forma adjustments	Mandalay incl. PF adj.
Cash and cash equivalents	141,285	(14,671)	126,614
Trade and other receivables	53,350	-	53,350
Inventories	39,615	-	39,615
<b>Total current assets</b>	<b>234,250</b>	<b>(14,671)</b>	<b>219,579</b>
Property, plant and equipment	262,667	180,442	443,110
Exploration and evaluation	67,293	-	67,293
Financial assets at FVOCI	-	-	-
Other financial assets	31,726	-	31,726
Financial assets at FVOCI	-	-	-
Trade receivables and other assets	644	-	644
Technical goodwill	-	43,654	43,654
<b>Total non-current assets</b>	<b>362,330</b>	<b>224,097</b>	<b>586,427</b>
<b>Total assets</b>	<b>596,580</b>	<b>209,426</b>	<b>806,006</b>
Trade and other payables	(45,477)	(10,573)	(53,260)
External borrowings	(3,930)	-	(3,930)
Income tax provision	(24,527)	-	(24,527)
Provisions	(5,528)	-	(5,528)
Reclamation and site closure costs	(8,422)	-	(8,422)
Financial instruments (derivative contracts)	(11,908)	-	(11,908)
Lease liabilities	(997)	-	(997)
<b>Current liabilities</b>	<b>(100,790)</b>	<b>(10,573)</b>	<b>(108,573)</b>
Provisions	(51,869)	-	(51,869)
External borrowings	(6,771)	-	(6,771)
Deferred tax	(24,955)	(43,654)	(68,609)
Lease liabilities	(732)	-	(732)
Other liabilities	(485)	-	(485)
<b>Non-current liabilities</b>	<b>(84,812)</b>	<b>(43,654)</b>	<b>(128,466)</b>
<b>Total liabilities</b>	<b>(185,602)</b>	<b>(54,227)</b>	<b>(237,039)</b>
<b>Net identifiable assets</b>	<b>410,978</b>	<b>155,199</b>	<b>568,967</b>

#### Purchase consideration

Mandalay Shares for conversion	96,332,999
Alkane QMP 24 April 2025 (\$)	\$ 0.75
Exchange Ratio	7.875
Consideration Shares	758,622,367
<b>Alkane Shares Issued (\$000)</b>	<b>568,967</b>
Costerfield	75,659
Bjorkdal	104,784
<b>Value attributable to Mine Properties</b>	<b>180,442,431</b>

*B. Recognition of transaction and advisor costs relating to the Transaction*

Recognition of transaction and advisor costs as a pro forma adjustment relate to the recognition of (i) the expected remaining quantum of Alkane's advisor, due diligence and legal costs, (ii) the expected remaining quantum of advisor, due diligence and legal costs to be incurred by Mandalay, and (iii) stamp duty liabilities pertaining to the Costerfield project. These transaction costs are in connection with the Arrangement Agreement. For the purpose of presenting the Pro Forma Financial Information, it has been assumed these costs have been incurred in the periods presented and are accrued in trade and other payables and expensed through profit and loss.

However, it should be note that once the actual acquisition accounting has been performed, these costs may differ and some amounts may be capitalised within Mine Properties (in particular stamp duty), and equity if required.

*C. Settlement of redundancy payments and obligations*

Recognition of a pro forma adjustment relating to the settlement of short-term incentives, long term incentives and redundancy payments in connection with the change of control associated with the Arrangement Agreement. For the purpose of presenting the Pro Forma Financial Information, it has been assumed these costs are to be settled post 31 March 2025 in cash during the periods presented and expensed through profit and loss, however the timing and amount of recognition of such amounts will be determined as part of final accounting for the business combination on finalisation of the Transaction.

*D. Share capital*

The pro forma adjustments represent the movement in issued capital pertaining to (i) the elimination of Mandalay's historical share capital as at 31 March 2025 inclusive of the recognition of Mandalay Shares to be issued to holders of Mandalay's SOs, PSUs, RSUs and DSUs immediately prior to the Effective Time of the Arrangement Agreement, and (ii) the issue of 758,622,367 Alkane Shares to Mandalay shareholders recorded at fair value as of 26 May 2025 as further discussed in Note A.

It should be noted that once the actual acquisition accounting has been performed, the actual share capital of the Combined Group may differ to that presented in the Pro Forma Financial Information driven by adjustments for transaction costs that may qualify as an offset to equity, plus the finalisation of the quantum of Mandalay SOs, PSUs, RSUs and DSUs that are to vest immediately prior to the Effective Time of the Arrangement Agreement.

*E. Reserves and Foreign currency translation reserve*

To eliminate Mandalay's reserve and foreign currency translation reserve accounts on acquisition as at 31 March 2025.

*F. Retained profits*

To eliminate (i) Mandalay's historical retained profits as at 31 March 2025, and (ii) recognises the profit and loss impact of Alkane's share of pro forma transaction costs.

*G. Goodwill and deferred tax liability*

The unaudited Pro Forma Consolidated Statement of Financial Position as at 31 March 2025 has been prepared on a provisional basis using the carrying values of Mandalay's assets and liabilities as of 31 March 2025, plus the impacts of the pro forma adjustments pertaining to Mandalay as if those events had occurred at 31 March 2025. The carrying values of the assets and liabilities are used solely for the purpose of the Pro Forma Financial Information, and therefore these values are not intended to represent the actual fair values and are applied in this context only for illustrative purposes.

In estimating Consideration (described in A above), the following assumptions have been made:

- For personal use only
- The unaudited Pro Forma Consolidated Statement of Financial Position is based on the historical carrying value of assets and liabilities of Alkane and Mandalay as at 31 March 2025, and includes the impacts of the pro forma adjustments pertaining to the Combined Group as if those events had occurred at 31 March 2025. No adjustments have been made for the fair value of the assets and liabilities;
  - Any excess Consideration over and above the value of Mandalay's net identifiable assets and liabilities (including the effect of pro forma adjustments) has been attributed to the Mine development assets (and split across Mandalay's two assets comprising Costerfield and Bjorkdal based on their respective carrying written down value at 31 March 2025). On this basis, the remaining purchase Consideration of \$180.4m has been split across Costerfield (\$75.6m) and Bjorkdal (\$104.8m)
  - Recognition of goodwill (\$43.7m), solely arising from the deferred tax liability recognised at the Australian corporate tax rate of 30% in respect of the uplift of Costerfield mine development (\$22.7m) and 20% (Sweden corporate tax rate) in respect of Bjorkdal mine development (\$21.0m) on the assumption that there will be no tax deduction received for the uplift. Under IAS 12, deferred taxes are to be recognised for all taxable temporary differences, with the asset or liability forming part of the goodwill balance on initial recognition in a business combination transaction. On this basis, a deferred tax liability of \$43.7m has been recognised on pro forma which assumes that the historical tax base of the assets acquired in the merger are lower than the uplifted accounting value. Goodwill has been recognised solely due to the deferred tax liability recognised in the provisional allocation used for the purposes of the pro forma balance sheet. The final allocation of value and calculation of deferred tax balances and goodwill, if any, will be determined as part of final accounting for the business combination on finalisation of the Transaction.

#### *H. Pro forma depreciation*

The unaudited Pro Forma Consolidated Statements of Profit or Loss for the year ended 30 June 2024 and for the nine-month period ended 31 March 2025 are shown in Appendix 3 and 2 respectively and give effect to the Arrangement Agreement as if it had closed on 1 July 2023 and 1 July 2024 respectively.

On this basis, the adjustments for the nine-month period ended 31 March 2025, and for the twelve-month period ended 30 June 2024, recognises a pro forma depreciation charge pertaining to the uplift in Mine development assets as if the Transaction had closed on 1 July 2023 and 1 July 2024. Pro forma depreciation is calculated using the actual rate of depreciation for the relevant period pertaining to the two mine properties, multiplied by the respective uplift applied to each asset at 31 March 2025.

#### *I. Income tax and deferred tax*

Alkane's corporate tax rate is 30%. Mandalay's tax rate in its Australian operations is 30% and 20% in its Swedish operations. Outside the recognition of a deferred tax liability relating to the acquisition of Mandalay (discussed in G above), for the purpose of presenting a Pro Forma Statement of Profit and Loss, any tax benefits that may arise in connection with the pro forma adjustments have been excluded. It should be further noted that the recognition of increased depreciation charges and corresponding recognition of an associated reduction of income tax expense arises due to the requirements of IAS 12 described in note G above. It is assumed this increased depreciation would not be tax deductible and the reduction in tax expense is solely due to the tax effect accounting entries that are required.

#### J. Pro forma capital structure

The table below summarises the impact of the acquisition of Mandalay on Alkane's share capital on pro forma.

Pro forma share capital	Ordinary shares	\$AUD'000
Consideration Shares	758,622,367	568,967
Alkane shares on issue at 31 March 2025	605,541,892	224,695
<b>Pro forma balance</b>	<b>1,364,164,259</b>	<b>793,661</b>

#### K. Pro forma net profit/(loss) per share

The following table illustrates the pro forma basic and diluted weighted average common shares outstanding for the year ended 30 June 2024 and the nine months ended 31 March 2025 after giving effect to the Acquisition.

	Nine months ended 31 March 2025	Year ended 30 June 2024
Pro forma net profit/(loss)	31,751	(5,049)
<b>Pro forma net profit/(loss) per share - basic and diluted</b>		
Historical number of Alkane's common shares outstanding	605,542	605,542
Shares to be issued for Mandalay Acquisition	758,622	758,622
Pro forma number of common shares outstanding	1,364,164	1,364,164
<b>Pro Forma net profit/(loss) per share - basic (AUD cents)</b>	<b>2.33</b>	<b>(0.37)</b>

**Appendix 4 - Translation of Mandalay's Consolidated Statement of Financial Position (unaudited)  
As at 31 March 2025**

*Expressed in thousands ('000)*

The financial statements of Mandalay are reported in USD. The appendix below illustrates the translation of Mandalay's financial position as at 31 March 2025 into AUD. The statement of financial position was translated from USD to AUD using the 31 March 2025 exchange rate of 0.6247.

	Mandalay USD	Mandalay AUD
Cash and cash equivalents	88,259	141,285
Trade and other receivables	33,327	53,350
Inventories	24,747	39,615
<b>Total current assets</b>	<b>146,333</b>	<b>234,250</b>
Property, plant and equipment	164,085	262,667
Exploration and evaluation	42,037	67,293
Other financial assets	19,819	31,726
Trade receivables and other assets	402	644
<b>Total non-current assets</b>	<b>226,343</b>	<b>362,330</b>
<b>Total assets</b>	<b>372,676</b>	<b>596,580</b>
Trade and other payables	(28,409)	(45,477)
External borrowings	(2,455)	(3,930)
Income tax provision	(15,322)	(24,527)
Provisions	(3,453)	(5,528)
Reclamation and site closure costs	(5,261)	(8,422)
Financial instruments (derivative contracts)	(7,439)	(11,908)
Lease liabilities	(623)	(997)
<b>Current liabilities</b>	<b>(62,962)</b>	<b>(100,790)</b>
Provisions	(32,402)	(51,869)
External borrowings	(4,230)	(6,771)
Deferred tax	(15,589)	(24,955)
Lease liabilities	(457)	(732)
Other liabilities	(303)	(485)
<b>Non-current liabilities</b>	<b>(52,981)</b>	<b>(84,812)</b>
<b>Total liabilities</b>	<b>(115,943)</b>	<b>(185,602)</b>
<b>Net assets</b>	<b>256,733</b>	<b>410,978</b>
Issued capital	233,032	373,038
Reserves	5,030	8,052
Foreign currency translation reserve	(58,841)	(94,193)
Retained profits	77,512	124,081
<b>Total equity</b>	<b>256,733</b>	<b>410,978</b>



Alkane Resources Limited | ABN 35 000 689 216

# Proxy Voting Form

If you are attending the Meeting in person, please bring this with you for Securityholder registration.

Your proxy voting instruction must be received by **9.00am (AWST) on Saturday, 26 July 2025**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automicgroup.com.au>.

### Lodging your Proxy Voting Form:

#### Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

#### All enquiries to Automic:

#### WEBSITE:

<https://automicgroup.com.au>

#### PHONE:

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

