

14 September 2020

ASX: JRL



CLEANSING NOTICE

NON-RENOUNCEABLE PRO-RATA ENTITLEMENT OFFER

This notice is given by Jindalee Resources Limited (ACN 064 121 133) (**Company**) in connection with the Company's non-renounceable pro rata entitlement offer (**Entitlement Offer**) to raise up to approximately \$0.62 million announced on 14 September 2020.

Under the Entitlement Offer, 'Eligible Shareholders' (being those who are shareholders on the share register of the Company as of the Record Date with a registered address in Australia or New Zealand) will be invited to subscribe for 1 fully paid ordinary share (**New Share**) for every 20 existing fully paid ordinary shares in the Company held on the record date (**Entitlement**), being 5.00 pm (WST) on Thursday, 17 September 2020 (**Record Date**), at an issue price of \$0.32 per New Share.

The Company also announced it is undertaking a placement to raise \$1.232m via the issue of 3.85m shares at an issue price of \$0.32 per share (**Placement**), anticipated to complete after the Record Date.

Notice under section 708AA(2)(f) of the Corporations Act

In respect of the Entitlement Offer, the Company advises:

1. The New Shares will be offered without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (b) section 674 of the Corporations Act.
3. As at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) or 708AA(9) of the Corporations Act, which is required to be set out under section 708AA(7) of the Corporations Act.

4. The potential effect that the Entitlement Offer will have on the control of the Company will depend on the take up by Eligible Shareholders of their Entitlement.

If all Eligible Shareholders each subscribe for their full Entitlement, then each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will remain the same, subject only to changes resulting from ineligible Shareholders being unable to participate in the Entitlement Offer, and there will be no effect on control of the Company.

To the extent that an Eligible Shareholder does not take up its Entitlement, the proportionate shareholding interest of that Eligible Shareholder in the Company will be diluted. The proportionate shareholding interest of the ineligible Shareholders will be diluted because those ineligible Shareholders are not entitled to participate in the Entitlement Offer.

The Company's largest Shareholder is Director, Mr Lindsay Dudfield. As at the date of this notice, Mr Dudfield and his associates hold a relevant interest in 13,072,065 Shares, giving him voting power of 33.64%. Mr Dudfield has advised the Company that, as at the date of this notice, his intention is to subscribe for all of his Entitlement. Following the completion of the Placement but before Mr Dudfield's participation in the Entitlement Offer Mr Dudfield's interest will temporarily be diluted to 30.61%.

Upon completion of the Placement, and in the unlikely event no other Eligible Shareholder other than Mr Dudfield and his associates subscribe for their maximum Entitlement under the Entitlement Offer, Mr Dudfield's interest in the voting power of the Company will increase to 31.65%. This increase is within the '3% creep' permitted by item 9 of section 611 of the Corporations Act.

In the unlikely event that the Placement does not complete and no other Eligible Shareholder other than Mr Dudfield and his associates subscribe for their maximum Entitlement under the Entitlement Offer, Mr Dudfield's interest in the voting power of the Company will increase to a maximum of 34.74%. This increase is within the '3% creep' permitted by item 9 of section 611 of the Corporations Act.

Mr Dudfield and his associates also hold a relevant interest in 1,000,000 options (**Options**). Mr Dudfield has notified the Company that he and his associates' present intention is not to exercise any Options.

Any Options held by Mr Dudfield and his associates at completion of the Entitlement Offer can only be exercised in accordance with the limitations set out in the Corporations Act, including:

- (a) where such acquisition results in no impact on Mr Dudfield's shareholding interest;



- (b) where such acquisition results in Mr Dudfield increasing its shareholding interest in the Company by no more than 3% every six months (in accordance with item 9 of section 611 of the Corporations Act); or
- (c) where the Company obtains Shareholder approval for Mr Dudfield to acquire a relevant interest that would otherwise contravene the 20% takeover threshold (i.e. where Mr Dudfield proposes to acquire an interest that is more than 3% greater than its shareholding interest held on the date six months prior).

Where the Option terms and Corporations Act permit, it is possible that Mr Dudfield may elect to transfer some or all of its Options to a person or persons who are not his associate, who may be able to exercise the Options and acquire Shares without any restrictions, provided the takeover thresholds do not affect their existing Shareholding.

No other investor or existing Shareholder will hold a voting power greater than 20% as a result of the Entitlement Offer.

Authorised by the Board of Directors.

Trish Farr
Executive Director/Company Secretary
Jindalee Resources Limited

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