

7 September 2018

Receipt of Sixth Supplementary Target's Statement

Red 5 Limited (ASX: RED) (**Red 5** or the **Company**) acknowledges that Bullseye Mining Limited ACN 118 341 736 (**Bullseye**) has lodged a Sixth Supplementary Target's Statement in respect to the Company's off-market takeover bid for all the fully paid ordinary shares in Bullseye.

A copy of the Sixth Supplementary Target's Statement is **attached** to this announcement.

ENDS

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This is the Sixth Supplementary Target's Statement under section 644 of the Corporations Act 2001 (Cth) issued by Bullseye Mining Limited ACN 118 341 736 (**Bullseye** or the **Company**) in relation to the off-market takeover bid for all the ordinary shares in the capital of Bullseye, on issue as at 5.00pm (Perth time) on 4 April 2018, by Red 5 Limited ACN 068 647 610 (**Red 5**) through its wholly owned subsidiary Opus Resources Pty Ltd ACN 099 235 533 (**Red 5 Offer**) and was approved by a resolution passed by the directors of Bullseye.

This Sixth Supplementary Target's Statement supplements, and should be read together with, Bullseye's target's statement dated 27 April 2018 (**Target's Statement**), Bullseye's first supplementary target's statement dated 14 May 2018 (**First Supplementary Target's Statement**), Bullseye's second supplementary target's statement dated 28 May 2018 (**Second Supplementary Target's Statement**), Bullseye's third supplementary target's statement dated 19 July 2018 (**Third Supplementary Target's Statement**), Bullseye's fourth supplementary target's statement dated 27 July 2018 (**Fourth Supplementary Target's Statement**) and Bullseye's fifth supplementary target's statement dated 21 August 2018 (**Fifth Supplementary Target's Statement**). A copy of this Sixth Supplementary Target's Statement was lodged with ASIC on 7 September 2018. Neither ASIC nor any of its officers take any responsibility for the content of this supplementary target's statement.¹

Signed for and on behalf of Bullseye Mining Limited by



Peter Joseph Burns FCMI (London)
Chairman
Bullseye Mining Limited



SIXTH SUPPLEMENTARY TARGET'S STATEMENT

7 September 2018

Dear Shareholder,

This Sixth Supplementary Target's Statement is to provide further disclosure in relation to the Target's Statement, namely to advise you of several new circumstances that have arisen since the Target's Statement was lodged and that would have been required to be included in the Target's Statement if they had arisen before the Target's Statement was lodged.

That is, that the Company:

- received a letter from Hongkong Xinhe International Investment Company Limited (**Xinhe**) requesting additional disclosures to those made in the Notice of Meeting in which Bullseye had notified its shareholders (**Shareholders**) that a general meeting will be held at the office of the Company, 2/5 Brolo Court, O'Connor, Western Australia 6163 on Monday 17 September 2018 at 2:00 pm (**Meeting**), a copy of which was annexed to the Fifth Supplementary Target's Statement. The Company, having carefully considered the request for disclosure, did not consider the disclosure of such additional material to be appropriate for the purposes of the Notice of Meeting. Notwithstanding that decision in an attempt to avoid Shareholders' funds being unnecessarily applied towards a threatened Takeovers Panel application to delay consideration of the matters in resolutions 1 and 2, the Company resolved

¹ Words and phrases defined in the Target's Statement have the same meaning in this Sixth Supplementary Target's Statement (unless otherwise defined). This Sixth Supplementary Target's Statement will prevail to the extent of any inconsistency with the Target's Statement, the First Supplementary Target's Statement, the Second Supplementary Target's Statement, the Third Supplementary Target's Statement, the Fourth Supplementary Target's Statement and the Fifth Supplementary Target's Statement.

that it was in the best interests of Bullseye to disclose such additional information by way of this Sixth Supplementary Target's Statement; and

- has become aware that Xinhe has lodged an application with the Takeovers Panel for a declaration that the circumstances in relation to the affairs of Bullseye are unacceptable. Xinhe seeks an interim order that Bullseye's shareholders not vote on resolutions 1 and 2 set out in the Notice of Meeting until the unacceptable circumstances have been addressed. If granted, the effect of this interim order will be that the Meeting to be held on 17 September 2018, and Bullseye's entry into the Mullan Proposal, would be delayed. Xinhe also seeks orders in relation to the disclosure of further information by Bullseye, amendment of the Notice of Meeting, and various orders in relation to approval of resolutions 1 and 2 by Bullseye's shareholders.

Notice of Meeting

The Company provides the following disclosures in relation to the Notice of Meeting annexed to the Fifth Supplementary Statement. The Company does not believe that any of the following disclosures are material in relation to resolutions 1 and 2 set out in the Notice of Meeting but is providing the information to satisfy Xinhe's claims that the Notice of Meeting should have included additional information.

The directors (other than Mr Wu who was not available to attend the meeting) have affirmed their belief that the Notice of Meeting was sufficient for shareholders to make an informed decision about resolutions 1 and 2.

1 Arm's length terms

The Notice of Meeting contains statements to the effect that the IBC considered the Mullan Proposal to be on terms that are no less favourable to the Company than those on which might reasonably be expected if the Company was dealing at arm's length.

The Company confirms its belief that that this conclusion remains true and accurate, save that it was the Bullseye Board and not the IBC that reached this conclusion. That is, at the time the Bullseye Board resolved in July 2018 that the Mullan Proposal was on terms more favourable to the Company than those on which might be reasonably expected if the Company was dealing at arm's length.

Additional disclosure in relation to the Company's arm's length assessment of the Mullan Proposal is as follows.

1.1 Board assessment of the terms of the Mullan Proposal

In assessing whether the Mullan Proposal is at arm's length, the Bullseye Board considered:

- the financial benefit being given to Mr Mullan;
- the nature of the financial benefit, in the particular circumstances of each transaction; and
- whether the financial benefit is given on terms more or less favourable to Mr Mullan than would have been available to other financiers in similar circumstances.

The Bullseye Board formed its view on the basis that the transaction documents were prepared in accordance with "market terms", negotiated at arm's length and that they believed, having properly informed themselves and considered all the circumstances were at least as favourable to the Company as would be likely to be otherwise available to a company like Bullseye seeking to raise funds for an early stage development like the North Laverton Gold Project.

The Bullseye Board assessed the arm's length terms of the transactions having regard to the particular circumstances of each transaction and the Mullan Proposal taken as a whole. The Bullseye Board formed the view that the terms were reasonable and that the proposal was in the best interests of the Company and its shareholders.

The Bullseye Board considered the Mullan Proposal as a linked two-stage funding proposal for Bullseye comprising:

1. **Stage 1 – Mullan Convertible Note Deed:** the Board considered that the convertible note agreement provided low risk funding to Bullseyes. This is because the Notes can be converted at Bullseye's election and interest paid in ordinary shares at Bullseye's election. Further,

redemption is only triggered at maturity if neither the holder nor Bullseye has elected to convert the Notes to Bullseye Shares nor alternatively, through an event of default or material breach of covenant, which are typical provisions in funding contracts of this nature. If resolution 2 is passed, the issue of the Notes will allow Bullseye to carry out additional drilling, undertake the Bankable Feasibility Study (**BFS**) and meet various costs including onsite plant licensing and design costs (as discussed in **Section 3.5** of the Notice of Meeting).

2. **Stage 2 – Mullan Gold Prepayment Deed:** upon completion of the BFS and the conditions precedent being satisfied, Bullseye intends to use of funds from the Gold Prepayment Deed to construct an onsite processing plant at the North Laverton Gold Project (as discussed in further detail in **Section 4.5** of the Notice of Meeting).

1.2 External advice

In connection with the Bullseye Board's assessment of the arm's length nature of the terms of the Mullan Proposal, the Bullseye Board sought and consulted with legal, finance, taxation, and general corporate and financial advice advisers but ultimately formed its own view of these matters. It was their view that at the end of the day it was the Board and the IBC's view that mattered about what was in the best interests of the Company and its shareholders.

1.3 Alternative funding proposals

For some time, the Bullseye Board had sought and been unsuccessful in its attempts to source funding. The difficulties experienced in raising funds have been amplified since Bullseye became the subject of a hostile takeover from Red 5.

In addition to the disclosures made in the Notice of Meeting annexed to the Fifth Supplementary Target's Statement, and those disclosures made in the previous Supplementary Target's Statements, the Company discloses that the IBC considered the following sources of funding as alternatives to the Mullan Proposal:

- funding sourced from the directors of Bullseye (including Mr Wu);
- the Wu Proposal (the existence of which was the reason why the IBC of the Company was established);
- the possibility of bank funding (though the IBC noted that this source of funding would be available only after the completion of the Bankable Feasibility Study).

Following expiration of the Mullan Convertible Notes, the Company anticipates that it will draw on contractor finance to fund development and operation of the Project. Contractor finance is often negotiated with mining and construction contractors during the bidding process for large mining and construction contracts.

2 Terms of the Mullan Convertible notes

The Notice of Meeting discloses information in respect of the Mullan Convertible Notes in **Section 3** and **Schedule 3** of the Notice of Meeting. The Company does not believe that any of the following disclosures are material in relation to resolutions 1 and 2 set out in the Notice of Meeting but is providing the information to satisfy Xinhe's claims that the Notice of Meeting should have included additional information.

2.1 Definition of "Majority Noteholder"

The Mullan Convertible Note Deed provides that Majority Noteholders means:

- where Desmond Mullan holds more than 20% of the Mullan Convertible Notes, Desmond Mullan; and
- at any other time, a person or persons holding or representing 75% or more of the aggregate amount of Notes for the time being outstanding acting by way of written resolution.

2.2 Conversion of Mullan Convertible Notes to Ordinary Shares

Under the Mullan Convertible Note Deed, the Company must not permit, and the Noteholder must not demand, the conversion of any Mullan Convertible Notes, where to do so would be in breach of any law.

The Noteholder must do all things reasonably requested by the Company for the purposes of satisfying any law applicable to the conversion of any Mullan Convertible Notes.

At this stage the Company is not aware of any reason why the Mullan Convertible Notes could not be converted. That said, if conversion would, say, result in any person acquiring a relevant interest in 20% of the Company's voting shares then approval would be required.

If conversion of any Note would be in breach of a law for example if approval needed to be obtained from a Government agency or the shareholders of Bullseye, and such approval is withheld or not forthcoming, then the Noteholder's sole remedy is to demand repayment of the redemption amount at a 10% premium to the face value (where the face value is GBP100,000), and any interest payment due and payable for the Note, within 60 business days of Bullseye receiving the demand.

As disclosed in the Notice of Meeting, there are a number of matters that require the prior written consent (which may not be unreasonably withheld) of the Majority Noteholder, including any change to the Bullseye Board or key management. A failure to obtain that consent would mean that Bullseye has failed to fulfil one of its obligations under the Mullan Convertible Note Deed. That failure would constitute an event of default under the Mullan Convertible Note Deed.

2.3 Change of Control

Under the Mullan Convertible Note Deed, the "change of control" events that constitute events of default are limited to circumstances where more than 30% of the Bullseye Shares come under the control of a person (acting alone or together with its associates) who did not have that control on the date on which the convertible notes in Bullseye were issued under the Mullan Convertible Note Deed. "Change of Control" is given the corresponding meaning.

2.4 Cross-default provisions

There are no cross-default provisions specified in the Mullan Convertible Note Deed.

2.5 Default Options

As described in the Notice of Meeting, following an Event of Default, all Noteholders will be entitled to be issued with unlisted options with a strike price of A\$0.26 per share and 3 years to maturity (**Default Options**).

The number of Default Options to be issued will be the equivalent of 50% of the number of conversion shares the Noteholder would have been entitled to had the Event of Default not occurred.

The Bullseye Board expects the potential control dilution impacts (and associated control effect) of the issue of and exercise of the Default Options to be as follows:

- (a) assuming all Mullan Convertible Notes issued to Mr. Mullan remain unconverted until maturity and accrue 8% interest per annum and are all then converted at \$0.26 per share and no other convertible securities are exercised or converted, Mr. Mullan's voting power in the Company would be approximately 13.57% and he would hold approximately 46,096,389 ordinary shares.
- (b) assuming all Mullan Convertible Notes to be issued under Resolution 1 remain unconverted until maturity and accrue 8% interest per annum and are then all converted at \$0.26 per share, Mr. Mullan's voting power in the Company would be approximately 11.23%.
- (c) under this scenario, if Default Options were triggered, Mr. Mullan would be entitled to an additional 22,982,531 options which he could exercise by paying \$0.26 per share. The remaining Noteholders would be entitled to approximately 34,473,796 Default Options.
- (d) if all Default Options were converted to shares, the Company would receive approximately \$14,635,603 and Mr. Mullan's voting power in the Company would be approximately 13.74% and the remaining Note holders would hold a total of approximately 20.61%.

2.6 Interest Shares

Under the Mullan Convertible Note Deed, Bullseye may, in its discretion, elect to pay all or part of the interest to the Noteholder in Bullseye shares at A\$0.26 per share (Interest Shares) by giving a notice to the Noteholder in writing of that election at any time.

As set out in Schedule 3 of the Notice of Meeting, the prior written consent of the Majority Noteholder is required to issue any securities other than incentives securities or securities in connection with the Mullan Gold Prepayment Deed and associated agreements.

Accordingly, Majority Noteholder consent is not required for the issue of Interest Shares, as the Interest Shares would be issued in accordance with the terms of the Mullan Gold Prepayment Deed.

2.7 Payment of interest

If Bullseye cannot pay an amount of interest owed in connection with the Mullan Convertible Note Deed via the issue of shares – because, for example, the issue would cause the Noteholder to breach section 606 of the Corporations Act – Bullseye can exercise its discretion to pay that amount in cash.

2.8 Interest repayment dates

Interest Payment Dates are the last business day of each Quarter.

3 Mullan Gold Prepayment Deed

The Notice of Meeting discloses information in respect of the Mullan Gold Prepayment Deed in **Section 4** and **Schedule 5** of the Notice of Meeting. As requested by Xinhe, the Company provides further disclosure in relation to the terms of the Mullan Gold Prepayment Deed as follows.

3.1 Fees and charges payable to Mr Mullan (or his associate) to Bullseye under the Mullan Gold Prepayment Deed

The Notice of Meeting states that: “Fees and charges are in line with standard commercial rates and customary of a document of this nature.”

Further to the disclosures made in the Notice of Meeting, under the Mullan Gold Prepayment Deed, Bullseye must pay to the Buyer (or entities associated with the Buyer):

- a commitment fee equal to 2.75% per annum on the Available Commitment for the Availability Period;
- the accrued commitment fee is payable after the Delivery Commencement Date, being 24 months from the first Utilisation Date (or such other date as agreed), on the last day of each calendar quarter, and on the last day of the Availability Period;
- the commitment fee is not payable if the Delivery Commencement Date does not occur.

Bullseye must also pay an establishment fee of 3.25% on the Commitment. The establishment fee is not payable if the first Utilisation Date does not occur.

For the purposes of this provision:

- Available Commitment means the Commitment minus:
 - any outstanding Loans; and
 - in relation to any proposed Loans, any Loans that are due to be made on or before the proposed Utilisation Date.

- Commitment means, subject to the Buyer irrevocably and unconditionally confirming to Bullseye that he will provide Loans to Bullseye under the Mullan Gold Prepayment Deed, A\$100,000,000 to the extent not reduced or transferred by it under the Mullan Gold Prepayment Deed.
- Utilisation Date means the date of a Loan, being the date on which the relevant Loan is to be made.

3.2 Assignment under the Mullan Gold Prepayment Deed

The Buyer may not assign or transfer any of its rights or novate or transfer any of its rights and obligations under the Mullan Gold Prepayment Deed without the prior written consent of Bullseye, and subject to certain conditions.

Bullseye may not assign any of its rights or novate any of its rights or obligations under the Gold Prepayment Deed or related finance documents without the prior written consent of the Buyer.

3.3 Events of Default

Each of the events or circumstances set out below is an event of default:

- **Non-payment:** Bullseye fails to pay on the due date any amount payable pursuant to the Mullan Gold Prepayment Deed and related finance documents (unless its failure to pay is caused by administrative or technical error or an event which results in a disruption, and in that case, payment is made within 3 Business Days of the due date).
- **Financial covenant:** Bullseye fails to comply with the Financial Covenant or fails to negotiate in good faith with the Buyer in respect of the impact of changes to Australia's generally accepted accounting principles on the Financial Covenant.
- **Other obligations:** Bullseye fails to comply with:
 - any provision of the Mullan Gold Prepayment Deed and related finance documents; or
 - any condition of any waiver or consent by the Buyer in connection with the Mullan Gold Prepayment Deed and related finance documents which Bullseye has accepted as a condition.

An exception applies where the failure to comply is remedied within 15 Business Days of the earlier of the Buyer giving notice to Bullseye and Bullseye becoming aware of the failure to comply.

- **Misrepresentation:** Bullseye makes, or is deemed to have made, a representation or statement in the Mullan Gold Prepayment Deed or related finance documents, or any other document delivered by Bullseye in connection with Mullan Gold Prepayment Deed or related finance documents, that is, or proves to be, materially incorrect or misleading when made.

An exception applies where the circumstances giving rise to the incorrect or misleading representation or statement are remedied within 15 Business Days from the earlier of the Buyer giving notice to Bullseye and the date on which Bullseye becomes aware of the incorrect or misleading representation or statement.

- **Cross default:** See the summary set out in **Section 3.6** of this Sixth Supplementary Target's Statement.
- **Insolvency:**
 - Bullseye is, or is deemed to be, unable or admits inability to pay its debts as they fall due;
 - Bullseye suspends making payments on any of its debts;
 - by reason of actual or anticipated financial difficulties, Bullseye commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or

- a moratorium is declared in respect of any indebtedness of Bullseye.
- **Insolvency proceedings: Any corporate action, legal proceedings or other procedure or step is taken in relation to:**
 - the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of Bullseye except an application made to a court for the purpose of winding up such a person which is disputed by Bullseye acting diligently and in good faith and dismissed within 15 Business Days;
 - a composition, compromise, assignment or arrangement with any creditor of Bullseye;
 - the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of Bullseye or any of its assets except on application made to a court for the purpose of appointing such a person which is disputed by Bullseye acting diligently and in good faith and dismissed within 15 Business Days; or
 - enforcement of any Security over any assets of Bullseye.

Insolvency proceedings also include any procedure or step analogous to those noted above.

- **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution affects any asset of Bullseye having an aggregate value of \$10 million and is not discharged within 15 Business Days.
- **Unlawfulness:** It is or becomes unlawful for Bullseye to perform any of its obligations under the Mullan Gold Prepayment Deed or related finance documents.
- **Repudiation:** Bullseye:
 - repudiates the Mullan Gold Prepayment Deed or related finance documents;
 - repudiates the contract for the sale of gold to be entered into between Bullseye and the Buyer (**Contract**); or
 - evidences an intention to repudiate the Mullan Gold Prepayment Deed, related finance documents or the Contract.
- **Vitiating of Finance Documents:** A provision of the Mullan Gold Prepayment Deed or related finance documents is or becomes or is claimed by a party other than the Buyer to be wholly or partly invalid, void, voidable or unenforceable in any material respect.
- **Review Event:** See the summary set out in **Section 3.11** of this Sixth Supplementary Target's Statement.

3.4 Acceleration Event

Under the Mullan Gold Prepayment Deed, on and at any time after the occurrence of an Event of Default which is continuing the Buyer may, by notice to Bullseye:

- cancel the Commitments;
- declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Mullan Gold Prepayment Deed and related finance documents be immediately due and payable; and/or
- declare that all or part of the Loans be payable on demand.

3.5 Interest

The Notice of Meeting refers to the interest rate under the Mullan Gold Prepayment Deed as an "Interest Rate (margin)" of 9.8%. To clarify this statement, the rate of interest payable on each Loan is the aggregate of the:

- Margin (9.8% per annum); and
- Base Rate (the applicable Reserve Bank of Australia cash rate, being 1.50% at the date of the Mullan Gold Prepayment Deed).

3.6 Cross default provisions

The Mullan Gold Prepayment Deed provides, in relation to cross-default, that each of the following is an Event of Default:

- any financial indebtedness of Bullseye is not paid when due nor within any originally applicable grace period;
- any financial indebtedness of Bullseye is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default or review event;
- any commitment for any financial indebtedness of Bullseye is cancelled or suspended by a creditor of Bullseye as a result of an event of default or review event; and
- any creditor of Bullseye becomes entitled to declare any financial indebtedness of Bullseye due and payable prior to its specified maturity as a result of an event of default or review event.
- No Event of Default will occur under the cross-default provisions if the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within the categories detailed above is less than \$10 million or is in respect of any financial indebtedness under the Convertible Note Deed Poll.

3.7 Financial Covenants

The financial covenant provisions under the Mullan Gold Prepayment Deed are as follows:

- **Forward Delivery Cover Ratio:**
 - Bullseye must ensure that from the Delivery Commencement Date until the Termination Date (being the date 48 months from the end of the Availability Period) the Forward Delivery Cover Ratio is equal to or greater than 2:1.
 - The Forward Delivery Cover Ratio is, at a particular time, the figure that is derived by dividing the Forward Sale Proceeds at such time by the Outstanding Principal at such time.
 - The Forward Sale Proceeds is the aggregate of the forecast value of gold remaining at the North Laverton Gold Project. That value will be determined by a report that Bullseye will supply to the Buyer each year. The Outstanding Principal is the aggregate of all outstanding Loans under the Mullan Gold Prepayment Deed.
 - The Buyer must calculate the financial ratio referred to above on the last Business Day of each Interest Period (each, a Determination Day) and, in the event that, on the Determination Day, the Forward Delivery Cover Ratio is not satisfied, the Buyer will notify Bullseye of this and Bullseye must prepay such part of the Outstanding Principal that it is necessary to restore the Forward Delivery Cover Ratio within 20 Business Days of being notified in writing to do so by the Buyer.
- **Accounting Policy**
 - If in the reasonable opinion of Bullseye or the Buyer any changes to GAAP materially alter the effect of the undertakings, Bullseye and the Buyer will negotiate in good faith to amend

the relevant undertakings and definitions so that they have an effect comparable to that at the date of the Mullan Gold Prepayment Deed.

- If the amendments are not agreed within 30 days then Bullseye will provide with its Financial Statements any reconciliation statements (audited, where applicable) necessary to enable calculations based on GAAP as they were before those changes.

3.8 Tax Gross-up and indemnities

The tax gross-up and tax indemnities provisions under the Mullan Gold Prepayment Deed are as follows:

- **Tax Gross-up**

- Bullseye must make all payments to be made by it under the Mullan Gold Prepayment Deed and related finance documents without any Tax Deduction unless required by law.
- Each party must promptly upon becoming aware that Bullseye must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the other parties accordingly.
- If a Tax Deduction is required by law to be made by Bullseye (subject to limited exceptions), Bullseye is required to pay an additional amount together with the payment so that, after making any Tax Deduction, the Buyer receives an amount equal to the payment which would have been due if no Tax Deduction had been required.
- If Bullseye is required to make a Tax Deduction, Bullseye must make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, Bullseye must deliver to the Buyer evidence satisfactory to the Buyer, acting reasonably, that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

- **Tax and stamp duty indemnities**

- Bullseye must pay to the Buyer an amount equal to the loss, liability or cost which the Buyer determines will be or has been suffered on account of Tax by the Buyer in respect of the Mullan Gold Prepayment Deed and related finance documents or a transaction or payment under it, subject to certain exceptions.
- Bullseye must pay and indemnify the Buyer against any cost, expense, loss or liability the Buyer incurs in relation to all stamp duty, registration or other similar Tax payable in respect of the Mullan Gold Prepayment Deed and related finance documents except Transfer Certificates.
- Payments to be made by Bullseye under the Mullan Gold Prepayment Deed and related finance documents have been calculated without regard to any goods and services tax, consumption tax, value added tax or any tax of a similar nature (**Indirect Tax**). To the extent such payments are chargeable with Indirect Tax, Bullseye must pay to the Buyer an additional amount equal to the Indirect Tax payable. Further, Bullseye must pay and indemnify the Buyer against all Indirect Tax incurred by the Buyer in respect of any costs and expenses that Bullseye is required to reimburse or indemnify the Buyer against under the Mullan Gold Prepayment Deed and related finance documents.

3.9 Other indemnities

Bullseye must, within 3 Business Days of demand, indemnify the Buyer against any cost, expense, loss or liability (including legal fees) incurred by the Buyer as a result of:

- the occurrence of any Event of Default;

- any information produced or approved by Bullseye in connection with the Mullan Gold Prepayment Deed and related finance documents being or being alleged to be misleading or deceptive;
- any enquiry, investigation, subpoena or litigation with respect to Bullseye in connection with the Mullan Gold Prepayment Deed and related finance documents;
- a failure by Bullseye to pay any amount due under the Mullan Gold Prepayment Deed and related finance documents on its due date;
- funding, or making arrangements to fund, a Loan requested by Bullseye in a Utilisation Request but not made by reason of the operation of any of the provisions of the Gold Prepayment Deed (other than by reason of default or negligence by the Buyer alone);
- a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by Bullseye;
- investigating any event which it reasonably believes is an Event of Default;
- acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised under or in connection with the Mullan Gold Prepayment Deed and related finance documents; or
- instructing lawyers, accountants, tax advisers, surveyors or other experts or professional advisers as permitted under the Mullan Gold Prepayment Deed in relation to the above.

3.10 Undertakings

Under the Mullan Gold Prepayment Deed and related finance documents, Bullseye agrees to the following undertakings for so long as any amount is outstanding or any Commitment is in force.

In terms of general undertakings, Bullseye undertakes to:

- **Authorisations:** obtain, maintain and comply with any authorisations necessary to execute and perform its obligations under the Mullan Gold Prepayment Deed and related finance documents; ensure that such documents are valid and binding; and enable it to properly carry its business and own its own assets (where failure to do so would have a Material Adverse Effect).
- **Compliance with laws:** comply in all respects with all laws to which it may be subject, if failure to comply has or is reasonably likely to have a Material Adverse Effect.
- **Negative pledge:** not create or permit to subsist any security over the Secured Property (being any asset of Bullseye expressed to be subject of a security in favour of the Buyer), the Material (as defined in the Contract) or the Contract (being the sale contract to be entered into between the Seller and the Buyer for gold) other than in accordance with the Security Documents.
- **Disposals:** not enter into transactions to sell, lease, transfer or otherwise dispose of any Secured Property or Materials other than in accordance with the Contract.
- **Contract:** comply with the terms of the Contract, give all necessary instructions and take all such other actions as may be required in order to ensure that it delivers Material in accordance with the Contract.
- **Merger:** not enter into any amalgamation, demerger, merger or corporate reconstruction.
- **Change of business:** procure that no substantial change is made to the general nature of the business of Bullseye from that carried on at the date of the Mullan Gold Prepayment Deed.

In terms of information undertakings, Bullseye undertakes to supply to the Buyer:

- **Financial statements:** end of financial year audited consolidated financial statements and half financial year unaudited consolidated financial statements.

- **Compliance Certificate:** a “Compliance Certificate” setting out computations as to compliance with the “*Financial covenants*” provision (as described in **Section 3.7** of this Sixth Supplementary Target’s Statement) as at the date at which those financial statements were drawn up.
- **Information** including:
 - all documents dispatched by Bullseye to its shareholders or its creditors generally at the same time as they are dispatched;
 - the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against Bullseye, and which might, if adversely determined, have a Material Adverse Effect;
 - the financial condition, business and operations of Bullseye as the Buyer may reasonably request;
 - a report detailing the volume and grade of extracted Material located at the North Laverton Gold Project at the end of that year, a forecast of the amount of Material to be produced in the following year and a forecast of the remaining gold value; and
 - notice of any change in authorised signatories of Bullseye signed by a director or secretary of Bullseye accompanied by specimen signatures of any new signatories.
- **Notification of Default:** notification of any Default promptly upon becoming aware of its occurrence and a certificate signed by two of its directors or senior officers on its behalf certifying that no Event of Default is continuing.
- **Know your customer checks:** in certain circumstances where there is an obligation of the Buyer to comply with “know your customer” identification procedures, to supply to the Buyer on the Buyer’s request any reasonably requested documents or evidence necessary to satisfy the Buyer that “know your customer” checks have been complied with.

3.11 Review Event

A “Review Event” is any event or circumstance where:

- Bullseye has failed to comply with or otherwise discharge its obligations with respect to the “Forward Delivery Cover Ratio” (as described in **Section 3.7** of this Sixth Supplementary Target’s Statement);
- Bullseye has failed to comply with or otherwise discharge its “top-up” obligations (as described below); or
- a Change of Control occurs (as described below).

If a Review Event subsists:

- during the period of 30 days after a written request from the Buyer, the parties must promptly meet and consult concerning the Review Event, and if requested by the Buyer, to agree a strategy to rectify or restructure the circumstances giving rise to the Review Event; and
- after meeting as above, or in any event if no such meeting has taken place within the 30 day period described above, the Buyer may by written notice to Bullseye state that the Buyer wishes to cancel the Commitment with effect from the cancellation date specified in the notice (Cancellation Date) (which date must be no earlier than 30 days from the date of the notice) in which case:
 - the Commitment will be cancelled with effect from the Cancellation Date; and

- Bullseye must pay to the Buyer the Outstanding Principal, interest, fees, costs, expenses and all other amounts payable pursuant to this document on or before the Cancellation Date.

Top-up obligations

Bullseye must satisfy (“top-up”) any difference between the amount payable by the Buyer to Bullseye in accordance with the Contract and the amount of the Discharge Amounts payable on an interest payment date (**Shortfall**) either by:

- delivering additional Material to the Buyer to cover the Shortfall; or
- if agreed with the Buyer, paying cash to the Buyer to cover the Shortfall.
- “Discharge Amount” means:
- fees and expenses due and payable by Bullseye under the Mullan Gold Prepayment Deed;
- all sums due but unpaid under the Mullan Gold Prepayment Deed and related finance documents; and
- the amount of interest payable on the aggregate of all outstanding Loans under the Mullan Gold Prepayment Deed.

Change of Control

Under the Gold Prepayment Deed, a “change of control” occurs where more than 30% of the Bullseye Shares come under the control of a person (acting alone or together with its associates) who did not have that control on the date on which the convertible notes in Bullseye were issued under the Mullan Convertible Note Deed. “Change of Control” is given the corresponding meaning.

3.12 Mr Mullan’s capacity to advance funds under the Mullan Gold Prepayment Deed

The Mullan Gold Prepayment Deed does not require Mr Mullan to provide evidence of his capacity to advance \$100 million to the Company until the Bankable Feasibility Study has been completed and the gold repayment delivery schedule (discussed at **Section 3.13** of this Sixth Supplementary Target’s Statement) has been agreed.

3.13 Gold Repayment Delivery Schedule

Under the Mullan Gold Prepayment Deed, if the Company draws down the gold prepayment facility it must deliver gold to Mr Mullan in accordance with a delivery schedule to be set out in the Contract. As stated in the Notice of Meeting, before the Company can commit to drawing down the gold prepayment facility the Bankable Feasibility Study must be completed. In light of the results of the Bankable Feasibility Study, Bullseye and Mr Mullan will negotiate the delivery schedule. As a result, shareholders can have comfort that the Company will be able to meet the requirements of the delivery schedule.

4 Independent expert’s report

The Bullseye Board carefully considered the value of obtaining an independent expert’s report and did not believe that the cost and time of obtaining such a report was justifiable, as the Board considered that it had provided Shareholders with sufficient information to determine whether to vote in favour of a transaction that might trigger a right of withdrawal by Red 5.

5 Financial information

As requested by Xinhe, the Company provides further disclosure in relation to the financial information and financial implications for Bullseye of the Mullan Proposal as follows.

5.1 Cash flow and cash flow projections

Bullseye has access to debt funding (loans) to meet the costs of its day-to-day operations. The directors are considering injecting further working capital funds into Bullseye (through conversion of options held).

In terms of future cash flows, if the Mullan Proposal is approved, Bullseye expects to receive funding in two stages (as discussed in **Section 1.1** of this Sixth Supplementary Target's Statement). The Bullseye Board anticipates that the BFS generated following completion of the "Stage 1" funding will enable Bullseye to attract other funding options at that time, in the circumstance that the Bullseye Board considers that the facility contemplated in the Mullan Gold Prepayment Deed should not be utilised.

5.2 Repayment of the Gold Prepayment Amount

There is no agreed repayment schedule in respect of the repayment of the Gold Prepayment Amount. The final repayment schedule will be agreed upon completion of the BFS.

The gold prepayment facility has been negotiated with a 48 month repayment term, after gold processing has commenced. It is anticipated that this will provide for proportional delivery of gold repayment and allow Bullseye adequate gold from monthly production that can be used to fund operations from cash flow and gold sales.

Further, there is no mandatory hedging requirement on any of the gold that is produced. This means that Bullseye can choose whether to hedge, all gold including gold not allocated to the gold prepayment facility.

5.3 Capability to meet the Gold Repayment Delivery Schedule

The Bullseye Board has considered the implications if the BFS shows that there is no capability to produce gold beyond that required to meet the Gold Prepayment Delivery Schedule.

Bullseye does not intend to construct an onsite processing plant that will only allow the company to break even and repay the capital costs of construction.

The BFS will have to show a life-of-mine beyond that required to meet the Gold Repayment Delivery Schedule before Bullseye will draw on the \$100 million gold prepayment facility. No assurances can be given about the outcome of that investigation.

5.4 Redemption of Mullan Convertible Notes

Bullseye would be obliged to redeem the Mullan Convertible Notes if there was a default or breach of covenant. The Bullseye Board does not believe that is a real risk in the present circumstances. The Bullseye Board has carefully reviewed the terms of the facility and believes that it has adequate measures in place to ensure that it can mitigate the risks of that scenario.

It is not anticipated that conversion of the Mullan Convertible Notes will be prohibited by operation of law. However, in such an event, the Mullan Convertible Note Deed does not require Bullseye to convert the notes if, doing so, would result in a breach of law (as discussed in **Section 2.2** of this Sixth Supplementary Statement).

Therefore, conversion timing could not be enforced by the Noteholder and Bullseye could avail of the full term of the Convertible Notes (18 months) to source alternative funding for possible redemption. Such funding may be sourced from part of the \$100 million gold prepayment facility

which would not trigger the conversion price for the Mullan Convertible Notes being reduced to 80% of the lowest issue price of the equity.

5.5 Use of funds - Mullan Convertible Notes

Further to the disclosure made at **Section 3.5** of the Notice of Meeting, the Company the following additional detail is provided in relation to the funds raised from the issue of the Mullan Convertible Notes.

	Application of Funds	Amount
1	Extensional life-of-mine drilling at the Project	\$20 million
2	Process plant licensing, final design and construction costings for the Project	\$3 million
3	Exploration and development of existing projects and tenements held by the Company	\$2 million
4	General working capital	Approximately \$2 million, (depending on exchange rates)

The costs contemplated in section 3.5 of the Notice of Meeting will be incurred over a period of more than 18 months. After the expiration of the Mullan Convertible Notes (18 months) Bullseye will no longer require Majority Noteholder consent to issue new equity. For this reason, additional funds could be raised by way of an equity capital raising.

5.6 Use of funds - Mullan Gold Prepayment Deed

Further to the disclosure made at **Section 4.5** of the Notice of Meeting, the Company discloses that the funds raised via the Mullan Gold Prepayment Deed are intended to be allocated for the purposes and in the amounts detailed in the following table. The amounts noted below are derived from:

- an advanced design and costing study of Bullseye's onsite plant conducted by Bullseye in 2017; and
- various studies of mine development costs.

The Company has formed the view that these studies provide an adequate indication of the expected costs associated with onsite plant. The Company has formed the view that \$100 million is a realistic and adequate assessment of the costs to be incurred.

	Application of Funds	Amount
1	Construction of onsite processing plant	\$70 million
2	Mine development	\$30 million

6 General

6.1 Voting exclusion statements

The Board has considered the question of who should vote on resolutions 1 and 2 and had previously agreed that it would not be appropriate for a resolution to approve these transactions to be carried by the votes of shareholders who might be motivated by interests other than as

shareholders. Since Mr Mullan has an interest in the Mullan Proposal Mr Mullan and his associates will be excluded from voting in favour of the transaction.

Accordingly, the Company sets out the following voting exclusion statements in respect of resolutions 1 and 2:

Resolution 1 – voting exclusion statement

Bullseye will disregard any votes cast in favour of resolution 1 by or on behalf of:

- Mr Mullan or any other shareholder to whom an offer of the Mullan Convertible Notes is expected to be made; and
- an associate of those persons.

However, Bullseye need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – voting exclusion statement

Bullseye will disregard any votes cast in favour of resolution 2 by or on behalf of:

- Mr Mullan or entities associated with Mr Mullan; and
- an associate of those persons.

However, Bullseye need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6.2 Competing proposals

The Notice of Meeting provides disclosure in relation to the Mullan Proposal and the now-withdrawn Wu Proposal. Other than as disclosed in the Target's Statement and Notice of Meeting, the Company confirms that the Board has not received any current or potential competing proposals from any other party as at the date of this Sixth Supplementary Target's Statement. To the extent that any new circumstances arise or material information emerges, Bullseye will provide supplementary disclosure by way of a further Supplementary Target's Statement.

What should you do now?

You should continue to **REJECT** the Red 5 Offer. To reject the Red 5 Offer, **DO NOT RESPOND** and **DO NOTHING** in relation to any documents sent to you by Red 5.

Shareholders do not need to take any further action in relation to the circumstances outlined above at this time.

Consents

As permitted by ASIC Class Order 13/521, this Sixth Supplementary Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX. Pursuant to this Class Order, the consent of persons to whom such statement are attributed is not required for the inclusion of those statements in this Sixth Supplementary Target's Statement.

Any Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to ASIC Class Order 13/521 may, during the Offer Period, obtain a copy free of charge (within 2 Business Days of the request) by contacting Bullseye.

Shareholder Information Line

Bullseye shareholders who have questions about the new circumstances set out above can call the Bullseye Shareholder Information Line on +61 (08) 9331 6611.

Approval of Sixth Supplementary Target's Statement

This Sixth Supplementary Target's Statement has been approved by the Bullseye Board.

Yours faithfully,



Peter Joseph Burns FCMI (London)
Chairman
Bullseye Mining Limited