

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Longford Resources Limited

ABN

23 108 456 444

We (the entity) give ASX the following information.

### Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	Class of securities issued or to be issued	Shares; and Unlisted Options
2	Number of securities issued or to be issued (if known) or maximum number which may be issued	4,939,360 Shares; 1,800,000 Unlisted Options
3	Principal terms of the securities (eg, if options, exercise price and expiry date; if partly paid securities, the amount outstanding and due dates for payment; if convertible securities, the conversion price and dates for conversion)	Fully paid ordinary shares;  <u>750,000 Options</u> Unlisted Options exercisable at \$0.125 cents per Option on or before 13 December 2019; and  <u>1,050,000 Options</u> Unlisted Options exercisable at various prices per Option on or before 13 December 2021.  The exercise price and vesting conditions of the December 2021 Unlisted Options are <b>detailed</b> in Annexure A.

<p>4 Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p><u>Shares</u> The fully paid Ordinary Shares issued are of the same class and rank equal to all other fully paid Ordinary Shares on issue.</p> <p><u>Unlisted Options</u> No. The Unlisted Options issued do not carry any rights to dividends or other distributions of the Company.</p> <p>Shares issued on exercise of the Unlisted Options will rank equally in all respects with the existing fully paid ordinary shares on issue.</p>
<p>5 Issue price or consideration</p>	<p><u>888,310 Shares</u> Deemed issue price of \$0.1038 being the ten (10) day VWAP as at the close of trade on 12 December 2017</p> <p><u>4,051,050 Shares</u> \$0.05 per Share for a total consideration of \$202,552</p> <p><u>Unlisted Options</u> Nil consideration</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p><u>250,000 Shares</u> Further consideration and finder's fee for the rights to acquire an initial 60% interest in the Hazelton Cobalt-Copper Gold Project in British Columbia Canada.</p> <p><u>638,310 Shares</u> In consideration for the right to lease six (6) patented (privately owned) mining claims from Columbia Summit LLC that encompass the Columbia Mine as announced on 9 October 2017.</p> <p>Shareholders approved the issue of these Shares at the 2017 Annual General Meeting.</p> <p><u>4,051,050 Shares</u> Exercise of July 2018 Unlisted Options (at \$0.05)</p> <p><u>750,000 December 2019 Unlisted Options</u> Forms part of the remuneration and incentive package offered to the Company's newly appointed (15 November 2017) Exploration Manager, North America.</p> <p><u>1,050,000 December 2021 Unlisted Options</u> The issue of Incentive Option Plan Unlisted Options to Non-Executive Director Mr Scott Mison approved at the Annual General Meeting held on 30 November 2017.</p>

6a	Is the entity an eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	30 November 2017
6c	Number of securities issued without security holder approval under rule 7.1	250,000 Shares; and 750,000 December 2019 Unlisted Options
6d	Number of securities issued with security holder approval under rule 7.1A	Nil
6e	Number of securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	638,310 Shares
6f	Number of securities issued under an exception in rule 7.2	4,051,050 Shares issued under Exception 4; and 1,050,000 December 2021 Unlisted Options issued under Exception 9
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15-day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not Applicable
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not Applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<u>ASX Listing Rule 7.1</u> 56,868,605 Securities  <u>ASX Listing Rule 7.1A</u> 38,579,070 Shares
7	Dates of entering securities into uncertificated holdings or despatch of certificates	13 December 2017

	Number	Class
8	386,040,698	Fully paid ordinary shares

	Number	Class
9	10,000,000	Unlisted Options exercisable at \$0.02 on or before 31 December 2017
	10,000,000	Unlisted Options exercisable at \$0.10 on or before 10 May 2020
	98,963,010	Unlisted Options exercisable at \$0.05 on or before 31 July 2018
	750,000	Unlisted Options exercisable at \$0.125 on or before 13 December 2019
	833,334	Unlisted Options exercisable at \$0.12 on or before 22 September 2020
	1,050,000	Unlisted Options exercisable at \$0.125, \$0.15, \$0.175, \$0.20 and \$0.225 on or before 13 December 2021
	566,667	Class A Performance Shares
	566,667	Class B Performance Shares
	20,000,000	Performance Rights expiring 1 November 2018
	1,875,000	Performance Rights expiring 30 November 2018 (vesting subject to conditions)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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## Part 2 - Bonus issue or pro rata issue

Questions 11 to 31 are not applicable

## Part 3 - Quotation of the Unlisted Options is not sought

You need only complete this section if you are applying for quotation of securities

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**  
*Questions 35 to 42 are not applicable*

**Quotation agreement**

- 1 Quotation of our additional securities is in ASX's absolute discretion. ASX may quote the securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those securities should not be granted quotation.
  - An offer of the securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any securities to be quoted and that no-one has any right to return any securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the securities to be quoted under section 1019B of the Corporations Act at the time that we request that the securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before quotation of the securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



**Eryn Kestel**  
**Company Secretary**

**13 December 2017**

**Annexure A – Vesting Conditions of December 2021 Unlisted Incentive Options**

<b>Tranche</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Vesting Date</b>
Tranche A	210,000	\$0.125	70,000 of the Tranche A Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche A Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche B	210,000	\$0.15	70,000 of the Tranche B Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche B Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche C	210,000	\$0.175	70,000 of the Tranche C Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche C Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche D	210,000	\$0.20	70,000 of the Tranche D Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche D Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche E	210,000	\$0.225	70,000 of the Tranche E Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche E Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	52,666,556
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>25,490,045</p> <p>7,066,662 Shares (2/11/2016 GM)            123,883,338 Shares (02/11/2016 GM);            93,165,332 Shares (02/05/2017 GM);            82,880,458 Shares (27/10/2017 GM);            638,310 Shares (30/11/2017 AGM)</p>
<b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	385,790,701

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	57,868,605
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>250,000 Shares; and 750,000 December 2019 Unlisted Options</p> <p>-</p> <p>-</p>
<b>“C”</b>	<b>1,000,000</b>
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	57,868,605
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	1,000,000
<b>Total [“A” x 0.15] – “C”</b>	<b>56,868,605</b> <i>[Note: this is the remaining placement capacity under rule 7.1]</i>



## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	385,790,701
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	38,579,070
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	-
<b>“E”</b>	-

**Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A**

<p>"A" x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	<p>38,579,070</p>
<p><b>Subtract "E"</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	<p>-</p>
<p><b>Total</b> ["A" x 0.10] – "E"</p>	<p><b>38,579,070</b></p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>