TERM SHEET – STRICTLY PRIVATE AND CONFIDENTIAL

Virgo Resources Limited (ASX:VIR Reserved Code) ("**Virgo** or **VIR**") has engaged Sanlam Private Wealth Pty Ltd ACN 136 960 775 ("**Sanlam"**) to act as Lead Manager to its Initial Public Offering (**IPO**) and to facilitate a Seed Placement of:

- Up to 6,000,000 shares to raise A$600,000 at 10c per share (with a minimum of A$250,000); together with
- Up to 2,400,000 unlisted options being one (1) free attaching option for every two-and-a-half (2.5) shares subscribed, with each option having an expiry of three (3) years from the date of issue and an exercise price of 25c

Sanlam is the Sole Book Runner in respect of the Seed Placement. This **Term Sheet** specifies the indicated timetable, terms and conditions on which the Seed Placement will proceed.

Background	▪ Focused on the exploration and development of a portfolio of advanced exploration and brownfield copper projects located in the stable and safe countries of Botswana and Namibia
	▪ Experienced board with expertise in resource / reserve delineation, studies, mine development, mine and plant commissioning and production
	▪ Advanced Hope, Gorob and Vendome Copper Projects located on the Matchless Copper Belt in Namibia, covering an area of 34,460Ha and hosting a combined resource of approximately 7Mt @ 2% Cu (0.5% Cu cut-off) in accordance with SAMREC Code (2007)
	    ▪ Previous exploration at the Hope, Gorob and Vendome Copper Projects includes 203 diamond drill holes, an exploration shaft and drive and an SRK underground mining scoping study completed in 2012
	▪ Rhineland Fluorite and Copper Project hosts an established fluorite resource of 5.77Mt @ 24.1% and demonstrated Copper mineralisation and showings
	    ▪ Historical exploration demonstrates copper mineralisation with grades from 1% Cu to 3.24% Cu
	    ▪ Excellent gold and cobalt (>300 ppm Co) potential
	▪ Extensive landholding in the Kalahari Copper Belt, Botswana, prospective for copper / silver projects, including areas proximate to ground that has yielded valuable discoveries for Cupric Canyon Capital (US Private Equity), MOD Resources Limited (ASX: MOD; +A$100m Market cap) and also being explored by Kopore Metals (ASX: KMT)
	▪ Global shift towards energy storage and electrification through Li-ion batteries has placed significant upward pressure on copper demand
	    ▪ Copper currently trading at ~US$6,000 / tonne
	▪ Recent M&A activity highlights the necessity of existing producers to secure additional copper inventory
	▪ IPO funding will be used to:
	    ▪ Advance **Upgraded JORC Resource and Optimised Feasibility Study** at Hope-Gorob-Vendome;
	    ▪ Commence diamond drilling at the Rhineland copper project along the highly prospective Rehderstal Fault, where copper-gold-cobalt mineralisation has been defined;
	    ▪ Commence early exploration works at the Kalahari copper projects, including soil-geochemistry, ground magnetics and drilling.

Key Investment Points	**FOCUSED EXPLORATION AND DEVELOPMENT**:	Focused on the exploration and development of a portfolio of advanced exploration and brownfield copper projects located in the stable and safe countries of Botswana and Namibia
	ADVANCED BROWNFIELD COPPER PROJECT IN NAMIBIA:	Advanced Hope, Gorob and Vendome Copper Projects located on the Matchless Copper Belt in Namibia, covering an area of 34,460Ha and hosting a combined resource of approximately 7Mt @ 2% Cu (0.5% Cu cut-off) in accordance with SAMREC Code (2007)
	SIGNIFICANT DEVELOPMENT CAPITAL ALREADY INVESTED AT HOPE-GOROB-VENDOME:	Previous exploration at the Hope, Gorob and Vendome Copper Projects includes 203 diamond drill holes, an exploration shaft and drive and an SRK underground mining scoping study completed in 2012
	EXTENSIVE LANDHOLDING ON THE KALAHARI COPPER BELT – OFFERING SIGNIFICANT "BLUE-SKY":	Extensive landholding in the Kalahari Copper Belt, Botswana, prospective for copper / silver projects, including areas proximate to ground that has yielded valuable discoveries for Cupric Canyon Capital (US Private Equity), MOD Resources Limited (ASX: MOD; +A$100m Market cap) and also being explored by Kopore Metals (ASX: KMT)
	ADVANCED EXPLORATION AT RHINELAND FLUORITE / COPPER PROJECT:	Rhineland Fluorite and Copper Project hosts an established fluorite resource of 5.77Mt @ 24.1% and demonstrated Copper mineralisation and showings ▪ Historical exploration demonstrates copper mineralisation with grades from 1% Cu to 3.24% Cu ▪ Excellent gold and cobalt (>300 ppm Co) potential
	EXCEPTIONAL INFRASTRUCTURE:	All projects are located close to existing infrastructure including road, power and water in safe operating jurisdictions
	EXPERIENCED BOARD AND MANAGEMENT TEAM:	Experienced board with expertise in resource / reserve delineation, studies, mine development, mine and plant commissioning and production
	STRONG NEWSFLOW PIPELINE:	▪ Re-classification of Hope-Gorob-Vendome SAMREC Code (2007) resource to JORC (2012) standard ▪ Upgraded JORC Resource and Optimised Feasibility Study at Hope-Gorob-Vendome ▪ Diamond drilling at the Rhineland copper project along the highly prospective Rehderstal Fault, where copper-gold-cobalt mineralisation has been defined ▪ Early exploration works at the Kalahari copper projects, including soil-geochemistry, ground magnetics and drilling

<table>
<tr><td>Issue</td><td colspan="2">▪ Seed Placement of fully paid ordinary shares (“Shares”) with free attaching unlisted options on a 1:2.5 basis (“Options”)</td></tr>
<tr><td>Seed Placement Type and Size</td><td colspan="2">▪ Seed Placement of up to 6,000,000 Shares via a s.708 tranche to raise A$600,000 in gross proceeds
▪ Seed Placement Shares will rank pari-passu with the existing fully paid ordinary shares on issue
▪ VIR intends to lodge a Prospectus for an Initial Public Offering on the Australian Securities Exchange on or around 15 November 2018 to raise a minimum of $4.5 million at 20c per share (“IPO”)</td></tr>
<tr><td>Escrow</td><td colspan="2">▪ Seed Placement Shares will be subject to certain escrow provisions as prescribed by the ASX Listing Rules and holders may be required to enter into an escrow deed prior to the IPO</td></tr>
<tr><td>Fixed Offer Price</td><td colspan="2">▪ $0.10 per Share (“Offer Price”)</td></tr>
<tr><td>Use of Proceeds</td><td colspan="2">▪ Funds raised under the Seed Placement will be used as follows:
(i) Re-classification of Hope-Gorob-Vendome SAMREC Code (2007) resource to JORC (2012) standard
(ii) Partial loan repayment (up to $100,000)
(iii) Initial vendor completion payments (up to $30,000)
(iv) General working capital
(v) Preparation for IPO</td></tr>
<tr><td>Disclosure</td><td colspan="2">▪ A prospectus will not be lodged in relation to the Seed Placement
▪ The Seed Placement is only available to ‘exempt’ investors or ‘sophisticated’ investors
▪ Investors must satisfy the requirements of either s708 (8), 708(10) or 708(11) of the Corporations Act</td></tr>
<tr><td>Current Capital Structure</td><td>ORDINARY SHARES:
UNLISTED OPTIONS:
MARKET CAPITALISATION:</td><td>17,400,000
5,000,000 unlisted options $0.25 / 4 yrs
1,200,000 unlisted options $0.25 / 3 yrs
$1.74m (undiluted) @ 10c per share</td></tr>
<tr><td>Shares to be Issued Under Seed Placement</td><td>SEED PLACEMENT SHARES:
POST-SEED PLACEMENT SHARES ON ISSUE:</td><td>Up to 6,000,000
Up to 23,400,000</td></tr>
<tr><td>Options to be Issued Under Seed Placement</td><td>SEED PLACEMENT OPTIONS:
TERMS:</td><td>Up to 2,400,000 (1:2.5 basis)
Unlisted / 3 Year Term / 25c exercise price</td></tr>
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Indicative Timing For Placement	**FIRM BIDS DUE:** **ACCEPTANCE FORMS TO BE RETURNED:** **SETTLEMENT:**	3pm Wednesday 26th September 2018 4pm EST, Friday 28th September 2018 Tuesday 2nd October 2018
Lead Manager Contact	**Ben Faulkner** T +61 3 8640 5506 M +61 402 298 030 ben.faulkner@privatewealth.sanlam.com.au	

Disclosure: The Directors of Sanlam advise that they and persons associated with them may have an interest in the above securities and that they will earn commissions, fees and other benefits and advantages, whether direct or indirect, in connection with the making of a recommendation or a dealing by a client in these securities, which may reasonably be expected to be capable of having an influence in the making of any recommendation, and that some or all of Sanlam Representatives may be remunerated wholly or partly by way of commission. Sanlam as lead manager to the Offer will receive a capital raising fee of up to 6%.

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