



Cannindah Resources
Limited

CANNINDAH RESOURCES LIMITED

ACN 108 146 694

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting:	Friday 24 November 2017
Time of Meeting:	10:00 am (Brisbane time)
Place of Meeting	Crowne Plaza Hotel, 2807 Gold Coast Hwy, Surfers Paradise QLD 4217

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of **Cannindah Resources Limited ACN 108 146 694 (Cannindah Resources or Company)** will be held at Crowne Plaza Hotel, 2807 Gold Coast Hwy, Surfers Paradise QLD 4217 on Friday 24 November 2017 commencing at 10:00 am (Brisbane time).

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

1. Resolution 1: Remuneration Report.
2. Resolution 2: Re-election of Mr. Laurie Johnson.
3. Resolution 3: Ratify the Issue of Convertible Notes under Previous Convertible Notes Placement.
4. Resolution 4: Ratify the Issue of Shares under Previous Placement.
5. Resolution 5: Approval to issue an additional 10% of the issued capital of the Company over a 12-month period pursuant to Listing Rule 7.1A
6. Resolutions 6 - 8: Approval to Issue Options to Directors.
7. Resolution 9: Approval to Issue Options to the Company Secretary

Ordinary Business

Audited Financial Statements and Reports

To receive and consider the Financial Report, Directors' Report and Auditor's Report in respect of the year ended 30 June 2017 (Audited Financial Statements) which were released to the ASX on 29 September 2017. The Audited Financial Statements may be viewed on the Company's website at www.cannindah.com.au and by selecting the link titled "Audited Financial Statements".

Neither the Corporations Act nor the Company's Constitution requires Shareholders to vote on such reports. However, Shareholders will be given ample opportunity to raise questions about the Reports at the meeting.

1. Resolution 1: Remuneration Report

To consider and, if thought fit, to pass the following advisory resolution as an Ordinary Resolution:

"That for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company be authorised to adopt the Remuneration Report for the year ended 30 June 2017".

Advisory Vote

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; and
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. Resolution 2: Re-election of Mr. Laurie Johnson as a Director

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

"That Mr Laurie Johnson, who retires in accordance with and for the purposes of Article 40.1 of the Company's Constitution and Listing Rule 14.5, and being eligible, be re-elected as a Director of the Company from the conclusion of the meeting."

3. **Resolution 3: Ratify the Issue of Convertible Notes under Previous Convertible Note Placement**

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

“That for the purposes of Listing Rule 7.4 and Listing Rule 7.2 (Exception 4), and for all other purposes, the Shareholders ratify the previous issue of the Convertible Notes to the Convertible Note Placement Participant as described in the Explanatory Memorandum.”

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- The Convertible Note Placement Participant; and
- any Associate of the Convertible Note Placement Participant.

However, the Company 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 Chair as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

4. **Resolution 4: Ratify the Issue of Shares under Previous Placement**

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

“That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, the Shareholders ratify the previous issue of fully paid ordinary shares in the Company to the Placement Participants as described in the Explanatory Memorandum”

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- any Placement Participant; and
- any Associate of a Placement Participant.

However, the Company 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 Chair as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

5. **Resolution 5: Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12-month period pursuant to Listing Rule 7.1A**

To consider and, if thought fit, pass the following resolution as a Special Resolution:

“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity Securities in a number which is up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of this Annual General Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (10% Securities).”

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Special Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and the Associates of any such persons.

However, the Company 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 the direction on the proxy form to vote as the proxy decides.

Important Note:

The proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and as such there is no reason to exclude their votes.

6. Resolutions 6 – 8: Approval to Issue Options to Directors

Resolution 6: Approval to Issue Options to Mr. Thomas Pickett

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution of the Company:

*“That in accordance with section 208(1) (Part 2E) of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 5,000,000 Options to Mr. Thomas Pickett, being the Executive Chairman of the Company or his nominee (**Mr Pickett**) and otherwise on terms set out in the Explanatory Memorandum”.*

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- Mr Pickett; and
- any Associate of Mr Pickett .

However, the Company need not disregard a vote in relation to Resolution 6 if:

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

Voting restriction pursuant to section 224 of the Corporations Act

Further, the Company will disregard any votes cast (in any capacity) on this Resolution 6 by or on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a Related Party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a Related Party.

Proxy voting restriction pursuant to section 250BD of the Corporations Act

The Company's Key Management Personnel and their Closely Related Parties are not permitted to cast a vote as a proxy for a person, unless:

- (a) the proxy appointment specifies the way the proxy is to vote on this resolution; or
- (b) the proxy is the chair of the meeting at which this resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Resolution 7: Approval to Issue Options to Mr. Laurie Johnson

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution of the Company:

*"That in accordance with section 208(1) (Part 2E) of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 2,500,000 Options to Mr. Laurie Johnson, being a non-executive Director of the Company or his nominee (**Mr Johnson**) and otherwise on terms set out in the Explanatory Memorandum".*

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- Mr. Johnson ; and
- any Associate of Mr. Johnson.

However, the Company need not disregard a vote in relation to Resolution 7 if:

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

Voting restriction pursuant to section 224 of the Corporations Act

Further, the Company will disregard any votes cast (in any capacity) on this Resolution 7 by or on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a Related Party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a Related Party.

Proxy voting restriction pursuant to section 250BD of the Corporations Act

The Company's Key Management Personnel and their Closely Related Parties are not permitted to cast a vote as a proxy for a person, unless:

- (a) the proxy appointment specifies the way the proxy is to vote on this resolution; or
- (b) the proxy is the chair of the meeting at which this resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Resolution 8: Approval to Issue Options to Mr. Geoffrey Missen

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution of the Company:

*"That in accordance with section 208(1) (Part 2E) of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 2,500,000 Options to Mr. Geoffrey Missen, being a non-executive Director of the Company or his nominee (**Mr Missen**) and otherwise on terms set out in the Explanatory Memorandum".*

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- Mr. Missen ; and
- any Associate of Mr. Missen.

However, the Company need not disregard a vote in relation to Resolution 8 if:

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

Voting restriction pursuant to section 224 of the Corporations Act

Further, the Company will disregard any votes cast (in any capacity) on this Resolution 8 by or on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a Related Party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a Related Party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a Related Party.

Proxy voting restriction pursuant to section 250BD of the Corporations Act

The Company's Key Management Personnel and their Closely Related Parties are not permitted to cast a vote as a proxy for a person, unless:

- (a) the proxy appointment specifies the way the proxy is to vote on this resolution; or
- (b) the proxy is the chair of the meeting at which this resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

7. Resolution 9: Approval to Issue Options to Mr. Garry Gill

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution of the Company:

*"That in accordance with Listing Rule 7.1 and for all other purposes, the Company be authorised to issue 2,500,000 Options to Mr. Garry Gill, being the Company Secretary or his nominee (**Mr Gill**) and otherwise on terms set out in the Explanatory Memorandum".*

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- Mr. Gill ; and
- any Associate of Mr. Gill.

However, the Company need not disregard a vote in relation to Resolution 9 if:

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

Proxy voting restriction pursuant to section 250BD of the Corporations Act

The Company's Key Management Personnel and their Closely Related Parties are not permitted to cast a vote as a proxy for a person, unless:

- (a) the proxy appointment specifies the way the proxy is to vote on this resolution; or
- (b) the proxy is the chair of the meeting at which this resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

By order of the Board

Garry Gill
Company Secretary

26 October 2017

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is provided to Shareholders of Cannindah Resources Limited ACN 108 146 694 (**Cannindah Resources** or **Company**) in connection with the business to be considered at the Annual General Meeting of Shareholders to be held at Crowne Plaza Hotel – 2807 Gold Coast Hwy, Surfers Paradise 4217 on Friday 24 November 2017 commencing at 10:00 am (Brisbane time).

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

ORDINARY BUSINESS

1. Resolution 1 - Remuneration Report

Remuneration Report

The Remuneration Report which details the remuneration of the Company's Directors, Company Secretary and senior executives is set out in the Cannindah Resources Limited 2017 Financial Report, which may be viewed on the Company's website (www.cannindah.com.au).

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution. This resolution shall be determined as if it were an Ordinary Resolution, although under section 250R(3) of the Corporations Act, the vote does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Voting Exclusion Statement

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1, details of which are set out in the Voting Restriction Statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1 subject to compliance with the Corporations Act.

Directors' Recommendations

The Board unanimously recommends that Shareholders vote in favour of this Ordinary Resolution. A vote on this Resolution is advisory only and does not bind the Directors of the Company.

2. Resolution 2 – Re-election of Mr. Laurie Johnson as a Director

Article 40.1 of the Company's Constitution requires that at each AGM, one-third of the Directors in office for the time being (rounded down) must stand for re-election, with Directors required to retire based upon length of tenure. Where 2 or more Directors have been in office an equal length of time, the Director(s) to retire is determined by agreement between them (or failing that, by lot).

Listing Rule 14.4 however prohibits a Director from holding office past the third Annual General Meeting following their appointment.

Listing Rule 14.5 requires that where an entity has directors an election of directors must be held each year.

Mr Laurie Johnson retires in accordance with the Company's Constitution and Listing Rule 14.5 and being eligible, offers himself for re-election as a Director.

Details of Mr Johnson's qualifications and experience are set out in the Company's Annual Report a copy of which is available on the website at www.cannindah.com.au.

Recommendation

The Directors (with Mr Johnson abstaining) recommend that Shareholders vote in favour of this Ordinary Resolution.

3. Resolution 3 – Ratify the Issue of Convertible Notes under Previous Convertible Note Placement

On 16 February 2017, the Company raised \$225,000,000 to fund working capital and project expenditure by placing 15,000,000 Convertible Notes at \$0.015 per Convertible Note to EKG Limited, a sophisticated investor under Section 708 of the Corporations Act (**Convertible Note Placement Participant**). The terms and conditions of the issue of the Convertible Notes were as follows:

Interest Rate	8% per annum payable on conversion
Maturity Date	16 February 2018
Price	\$0.015 per Convertible Note
Conversion rate	Each Convertible Note may be converted into one Share. The Convertible Notes cannot be redeemed for cash.
Redemption	At the option of the holder or on the Maturity Date.

The Convertible Notes carry no voting rights and may not be traded or on sold.

Listing Rule 7.1 and 7.4

Under Listing Rule 7.1, a listed company is prohibited from issuing or agreeing to issue Equity Securities without shareholder approval if doing so would result in the number of Equity Securities issued in the preceding 12-month period exceeding 15% of the number of Shares on issue at the beginning of the period:

- plus the Shares issued with Shareholder approval;
- plus the Shares issued under an exception in Listing Rule 7.2;
- plus the partly paid Shares which became fully paid Shares; and
- minus cancelled Shares,

during the 12 month period.

This is referred to as a company's '15% Placement Capacity'.

Under Listing Rule 7.4, an issue of Equity Securities made without specific Shareholder approval under Listing Rule 7.1 (**Previous Issue**) is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- the Previous Issue did not breach Listing Rule 7.1 when the Equity Securities were issued; and
- the Previous Issue is subsequently approved by Shareholders (**Shareholder Ratification**).

Listing Rule 7.2 also contains limited exceptions to Listing Rule 7.1.

Relevantly, there is an exception to Listing Rule 7.1 contained in Listing Rule 7.2 (Exception 4) which provides that shareholder approval is not required for the issue of Equity Securities upon conversion of convertible securities where the issue of the convertible securities complied with the Listing Rules. The Convertible Notes constitute convertible securities for the purposes of the Listing Rules, and as the issue of the Convertible Notes complied with the Listing Rules, further approval will not be required for the issue of Shares upon conversion of the Convertible Notes.

Shareholder Ratification

By issuing the Convertible Notes the Company has used a significant portion of its 15% Placement Capacity permitted under Listing Rule 7.1. Accordingly, under Resolution 3, the Company is seeking Shareholder Ratification of the issue of the Convertible Notes in accordance with Listing Rule 7.4. The effect of ratifying the issue of the Previous Shares is that it refreshes the Company's ability to issue Equity Securities under its 15% Placement Capacity during the next 12 months without the need to obtain further Shareholder approval.

For the purposes of ASX Listing Rule 7.4 and 7.5, and for all other purposes, the Company advises:

- A total number of 15,000,000 Convertible Notes were issued.
- The Convertible Notes were issued for a cash consideration of \$0.015 per Convertible Note.
- Shares to be issued on conversion of the Convertible Notes will be issued on the same terms and rank pari passu with all other existing Shares on issue.
- The Convertible Notes were issued and allotted to EKG Limited.
- The funds raised from the issue were applied to working capital and project expenditure.

Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

4. Resolution 4 – Ratify the Issue of Shares under Previous Placement

Introduction

On 29 June 2017, the Company successfully raised \$300,000 to fund working capital and project expenditure by placing 10,000,000 fully paid ordinary shares (**Previous Shares**) at \$0.03 per Previous Share to two sophisticated investors (**Placement Participants**) under Section 708 of the Corporations Act. The Previous Shares issued ranked equally with the existing Shares on issue and represented 9.99% of the number shares in the Company prior to their issue. The Company issued these Shares under its ASX Listing Rule 7.1A capacity.

Listing Rule 7.1A and 7.4

ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under Listing Rule 7.1, an entity which is eligible and obtains approval under ASX Listing Rule 7.1A may, during the period for which the approval is valid, issue a number of securities which represents up to 10% of the number of ordinary fully paid securities on issue at the commencement of that 12-month period:

- plus the Shares issued with Shareholder approval;
- plus the Shares issued under an exception in Listing Rule 7.2;
- plus the partly paid Shares which became fully paid Shares; and
- minus cancelled Shares,

during the 12 month period.

This is referred to as a company's 'Additional 10% Issue'.

Under Listing Rule 7.4, an issue of Equity Securities made without specific Shareholder approval under Listing Rule 7.1 (**Previous Issue**) is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- the Previous Issue did not breach Listing Rule 7.1 when the Equity Securities were issued; and
- the Previous Issue is subsequently approved by Shareholders (**Shareholder Ratification**).

Shareholder Ratification

The issue of securities made relying on ASX Listing Rule 7.1A can, after they have been made, be ratified under ASX Listing Rule 7.4

By ratifying the issue which is the subject of Resolution 4, the Company will retain the flexibility to issue equity securities in the future up to the 10% placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval. It would also have the effect of increasing the base figure upon which the Company's 15% placement capacity is calculated earlier than would otherwise be the case.

For the purposes of ASX Listing Rule 7.4 and 7.5, and for all other purposes, the Company advises:

- A total number of 10,000,000 Previous Shares were issued.
- The Previous Shares were issued for a cash consideration of \$0.03 per Share.

- The Previous Shares were issued on the same terms and rank pari passu with all other existing Shares on issue.
- The Previous Shares were issued and allotted to sophisticated investors under Section 708 of the Corporations Act.
- The funds raised from the issue were applied to working capital and project expenditure.

Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

5. Resolution 5: Approval to issue an additional 10% of the issued capital of the Company over a 12-month period pursuant to Listing Rule 7.1A

Introduction

Pursuant to Resolution 5, the Company is seeking shareholder approval to issue an additional 10% of issued capital over a 12-month period pursuant to Listing Rule 7.1A. If passed, this resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**10% Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the 10% Securities are to be issued is agreed, or if the 10% Securities are not issued within 5 trading days of that date, the date on which the 10% Securities are issued) (**10% Securities Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1 A small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by Special Resolution at the AGM, are permitted to issue an additional 10% of issued capital over a 12-month period from the date of the annual general meeting (**Additional 10% Issue**). The Additional 10% Issue under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without shareholder approval over a 12-month period pursuant to Listing Rule 7.1.

The Company may issue the 10% Securities to raise funds for the Company and for non-cash consideration (further details of which are set out below).

If undertaken, funds raised from the issue of 10% Securities would be applied to progress the objectives of Company including the funding of exploration activities, working capital, acquisitions and the payment of any costs of the issue of the 10% Securities.

Listing Rule 7.1A

a) General

i. Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its AGM it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, on 3 October 2017 the Company's market capitalisation was \$3.2 million based on the Closing Trading Price on 3 October 2017. The calculation of market capitalisation will be based on the Closing Market Price of the Shares, on the last Trading Day on which trades in the Shares were recorded before the date of the AGM, multiplied by the number of Shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is not included in the S&P/ASX300 Index as at the time of this AGM, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Issue under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholders' approval pursuant to this Resolution 5, the approval obtained will not lapse and the Company will still be entitled to issue the 10% Securities.

ii. **Special Resolution**

Listing Rule 7.1A requires this Resolution 5 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution. Pursuant to Listing Rule 7.1A, no 10% Securities will be issued until and unless this Special Resolution is passed at the Meeting.

iii. **Shareholder approval**

The ability of the Company to issue the 10% Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

b) **Issue Period – Listing Rule 7.1A.1**

Assuming Resolution 5 is passed, Shareholder approval of the Additional 10% Issue under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- i. the date that is 12 months after the date of the AGM; or
- ii. the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Additional 10% Issue then the approval will expire, on 24 November 2018, (unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date, in which case the approval will expire at that earlier time).

c) **Calculation for Additional 10% Issue – Listing Rule 7.1A.2**

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- i. plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- ii. plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- iii. plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4. (Note: This does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity under Listing Rule 7.1 without Shareholder approval);
- iv. less the number of fully paid ordinary securities cancelled in the 12 months.

D is 10 percent.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

d) **Listing Rule 7.1A.3**

i. **Equity Securities**

Any Equity Securities issued under the Additional 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Meeting, the only class of Equity Securities in the Company quoted on the ASX are 'Ordinary Shares (ORD)'. The Company presently has 110,075,733 Shares on issue as at the date of this Notice of Meeting.

ii. **Minimum Issue Price**

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- the date on which the price at which the relevant Placement Securities are to be issued is agreed; or
- if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the relevant 10% Securities are issued.

e) **Information to be given to ASX – Listing Rule 7.1A.4**

If Resolution 5 is passed and the Company issues any 10% Securities under Listing Rule 7.1A, the Company will give to ASX:

- i. a list of allottees of the 10% Securities and the number of 10% Securities allotted to each (this list will not be released to the market); and
- ii. the following information required by rule 3.10.5A, which will be released to the market on the date of issue:
 - details of the dilution to the existing holders of Equity Securities caused by the issue;
 - where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - details of any underwriting arrangements, including any fees payable to the underwriter; and
 - any other fees or costs incurred in connection with the issue.

f) **Listing Rule 7.1 and 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 110,075,733 Shares. The Company will have the capacity to issue the following Equity Securities on the date of the Meeting:

- i. Subject to shareholder approval of Resolution 3, 16,511,359 Equity Securities under Listing Rule 7.1; and
- ii. subject to Shareholder approval being obtained under Resolutions 3 and 4, 11,007,573 Shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

Specific Information required by Listing Rule 7.3A

a) **Minimum Price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.1A.3, the 10% Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 Trading Days immediately before:

- i. the date on which the price at which the Placement Securities are to be issued is agreed; or
- ii. if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the 10% Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the 10% Securities.

b) Risk of economic and voting dilution – Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if Resolution 5 is passed and the Company issues the 10% Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 110,075,733 Shares. The Company could issue 11,007,573 Shares on the date of the Meeting (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 details of which are set out above). Any issue of 10% Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- i. the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any 10% Securities than it is on the date of the Meeting; and
- ii. the 10% Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued capital has doubled and the Market Price of the Shares has halved. Table 1 also shows additional scenarios in which the number of issued Shares has increased and the Market Price of the Shares has decreased.

Table 1

Issued Share Capital	50% decrease in Market Price \$0.015		Current Market Price \$0.029		100% increase in Market Price \$0.058	
	10 % Voting Dilution (Shares)	Capital Raised	10 % Voting Dilution (Shares)	Capital Raised	10 % Voting Dilution (Shares)	Capital Raised
Present Issued Share Capital = 110,075,733 Shares	11,007,573	\$159,610	11,007,573	\$319,220	11,007,573	\$638,439
50% Increase in Share Capital = 165,113,600 Shares	16,511,360	\$239,415	16,511,360	\$478,829	16,511,360	\$957,659
100% Increase in Share Capital = 220,151,466 Shares	22,015,147	\$319,220	22,015,147	\$638,439	22,015,147	\$1,276,879

Assumptions and explanations

- The Market Price is based on the closing price of the Shares on ASX on 3 October 2017.

- The above table only shows the dilutionary effect based on the issue of the 10% Securities (assuming only shares are issued) and not any Shares issued under the 15% under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of the 10% Securities.
- The Issued Share Capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 3 October 2017 and assuming all resolutions affecting share capital presented to the Annual General Meeting are passed.
- The issue price of the 10% Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

c) Final date for issue – Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the 10% Securities during the 12 months after the date of this Meeting which will end on 24 November 2018. The approval under Resolution 5 for the issue of the 10% Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the AGM.

d) Purpose – Listing Rule 7.3A.4

As noted above, the purpose for which the 10% Securities may be issued include to raise funds for the Company and for non-cash consideration (further details of which are set out below). Any funds raised from the issue of 10% Securities, if undertaken, would be applied to progress the objectives of Company including the funding of exploration activities, working capital, acquisitions and the payment of any costs of the issue of the 10% Securities.

e) Shares Issued for Non-cash consideration – Listing Rule 7.3A.4

The Company may issue 10% Securities for non-cash consideration, such as the acquisition of new assets or investments or the payment of expenses of the Company. If the Company issues 10% Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the 10% Securities complies with Listing Rule 7.1A.3.

f) Company's Allocation Policy – Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the 10% Securities. The identity of the allottees of 10% Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- the effect of the issue of the 10% Securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees of the 10% Securities have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments for which 10% Securities are issued as consideration, it is likely that the allottees of some of the 10% Securities will be the vendors of the new assets or investments.

g) **Details of all equity securities issued where previously obtained shareholder approval under listing rule 7.1A – Listing Rule 7.3A.**

The Company obtained Shareholder approval under Listing Rule 7.1A at the previous Annual General Meeting held on 24 November 2016. During the 12 month period preceding the Meeting, the Company issued 15,000,000 Convertible Notes pursuant to Listing Rule 7.1 and 10,000,000 Previous Shares pursuant to Listing Rule 7.1A.

As the Company previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6 regarding the total number of equity securities (quoted and unquoted) issued in the past 12 months preceding the date of the Meeting (that is, since 24 November 2016):

	Shares issued pursuant to LR 7.1A	Convertible Notes issued pursuant to LR 7.1	Total Equity Securities Issued
Number of equity securities on issue at commencement of 12-month period			100,075,733
Equity securities issued in prior 12-month period	10,000,000	15,000,000	25,000,000
Percentage previous issues represent of total number of equity securities on issue at commencement of 12-month period	9.99%	14.99%	24.98%

Specific details that are required to be provided for each issue of equity securities in the prior 12-month period are as follows:

Type of Equity Securities	Convertible Notes		Shares
Terms	Interest Rate	8% per annum payable on conversion	Fully paid ordinary shares
	Maturity Date	16 February 2018	
	Price	\$0.015 per note	
	Conversion rate	Each note may be converted into one ordinary share in Cannindah Resources Limited. The notes cannot be redeemed for cash.	
	Redemption	At the option of the holder or on the Maturity Date.	
	The notes carry no voting rights and may not be traded or on sold		
Details of Issue	Placement		Placement
Issue Date	16 February 2017		29 June 2017
Number Issued	15,000,000		10,000,000
Name of recipient or basis on which recipient determined	EKG Limited		EKG Limited, Costanzo Family Trust

Type of Equity Securities	Convertible Notes	Shares
Issue price of Equity Securities and Discount to market price on the trading day prior to issue	Price: \$0.015, Discount: Convertible notes are not tradeable	Price: \$0.03 per Share, Discount: 15,4% premium
If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds. If issued for non-cash consideration – a description of the consideration and the current value of the consideration.	\$225,000 spent on working capital, Piccadilly and other project expenses	\$300,000, spent / to be spent on working capital, Piccadilly and other project expenses

Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Recommendation

The Directors of the Company unanimously recommend that Shareholders vote in favour of this Special Resolution.

5. Resolutions 6 - 8: Approval to Issue Options to Directors

Under Resolutions 6 – 8, it is proposed that Options are issued to Directors.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of a public company unless the benefit falls within one of various exceptions to the general prohibition (including where shareholder approval is obtained).

Resolutions 6 - 8, if passed, will confer financial benefits on the Directors (being Related Parties of the Company) and as such the Company is seeking to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act.

Listing Rule 10.11 requires an entity to obtain the approval of shareholders for an issue of securities to a Related Party. Accordingly, because the issue of the Options contemplated by Resolutions 6 – 8 will result in the Company issuing securities to Related Parties, approval under Listing Rule 10.11 is sought.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

Resolution 6: Approval to Issue Options to Mr. Thomas Pickett

Shareholder approval is sought for the issue of 5,000,000 Options to Mr Thomas Pickett for all purposes including ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act.

The Options are to be issued to further align the Director's compensation with the interests of shareholders and to provide a mechanism to conserve the Company's cash.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- The Options will be issued to Mr Pickett or his nominee.
- The maximum number of Options to be issued to Mr Pickett or his nominee is 5,000,000
- The Company proposes to issue the Options to Mr Pickett immediately following approval but in any case, no later than one month after the date of the Meeting.

- Mr Pickett is the Executive Chairman (a Director) of the Company and therefore a Related Party.
- The Options will be issued for no cash consideration; will have an exercise price of \$0.02 above the Market Price of shares in the Company on the Issue Date per Option and an expiry date of 3 years from the date of issue.
- A voting exclusion applies to this item of business as set out in the Notice of Meeting.
- No funds will be raised from the issue of the Options. Any funds received from the exercise of the Options will be used to further the objects of the Company and for working capital.

A summary of the Terms and Conditions of the issue of the Options and the additional information required by Part 2E.1 of the Corporations Act are included in the Appendix.

Recommendation

The Directors (with Mr Pickett abstaining) recommend that Shareholders vote in favour of this Ordinary Resolution.

Resolution 7: Approval to Issue Options to Mr. Laurie Johnson

Shareholder approval is sought for the issue of 2,500,000 Options to Mr Laurie Johnson for all purposes including ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act.

The Options are to be issued to further align the Director's compensation with the interests of shareholders and to provide a mechanism to conserve the Company's cash.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- The Options will be issued to Mr Johnson or his nominee.
- The maximum number of Options to be issued to Mr Johnson or his nominee is 2,500,000.
- The Company proposes to issue the Options to Mr Johnson immediately following approval but in any case, no later than one month after the date of the Meeting.
- Mr Johnson is a non-Executive Director of the Company and therefore a Related Party.
- The Options will be issued for no cash consideration, will have an exercise price of \$0.02 above the Market Price of shares in the Company on the Issue Date per Option and an expiry date of 3 years from the date of issue.
- A voting exclusion applies to this item of business as set out in the Notice of Meeting
- No funds will be raised from the issue of the Options. Any funds received from the exercise of the Options will be used to further the objects of the Company and for working capital.

A summary of the Terms and Conditions of the issue of the Options and the additional information required by Part 2E.1 of the Corporations Act are included in the Appendix.

Recommendation

The Directors (with Mr Johnson abstaining) recommend that Shareholders vote in favour of this Ordinary Resolution.

Resolution 8: Approval to Issue Options to Mr. Geoffrey Missen

Shareholder approval is sought for the issue of 2,500,000 Options to Mr Geoffrey Missen for all purposes including ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act.

The Options are to be issued to further align the Director's compensation with the interests of shareholders and to provide a mechanism to conserve the Company's cash.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- The Options will be issued to Mr Missen or his nominee.
- The maximum number of Options to be issued to Mr Missen or his nominee is 2,500,000.
- The Company proposes to issue the Options to Mr Missen immediately following approval but in any case, no later than one month after the date of the Meeting.

- Mr Missen is a non-Executive Director of the Company and therefore a Related Party.
- The Options will be issued for no cash consideration, will have an exercise price of \$0.02 above the Market Price of shares in the Company on the Issue Date per Option and an expiry date of 3 years from the date of issue.
- A voting exclusion applies to this item of business as set out in the Notice of Meeting.
- No funds will be raised from the issue of the Options. Any funds received from the exercise of the Options will be used to further the objects of the Company and for working capital.

A summary of the Terms and Conditions of the issue of the Options and the additional information required by Part 2E.1 of the Corporations Act are included in the Appendix.

Recommendation

The Directors (with Mr Missen abstaining) recommend that Shareholders vote in favour of this Ordinary Resolution.

6. Resolution 9: Approval to Issue Options to the Company Secretary

Under Listing Rule 7.1, a listed company is prohibited from issuing or agreeing to issue Equity Securities without shareholder approval if doing so would result in the number of Equity Securities issued in the preceding 12-month period exceeding 15% of the number of Shares on issue at the beginning of the period:

- plus the Shares issued with Shareholder approval;
- plus the Shares issued under an exception in Listing Rule 7.2;
- plus the partly paid Shares which became fully paid Shares; and
- minus cancelled Shares,

during the 12 month period.

The Company proposes to issue 2,500,000 Options to Mr Garry Gill the Chief Financial Officer and Company Secretary.

Shareholder approval is sought under Resolution 9 for all purposes including ASX Listing Rule 7.1 to preserve the Company's placement capacity pursuant to Listing Rule 7.1.

The purpose of the issue is to align the executive's remuneration with the interests of shareholders and to provide a mechanism to conserve the Company's cash.

For the purposes of Listing Rule 7.3, the Company advises:

(a) **7.3.1: Maximum number of Securities to be issued**

The Company proposes to issue 2,500,000 Options to Mr Gill.

(b) **7.3.2: Date by which the Company will issue the Securities**

The Company proposes to issue the Options to Mr Gill immediately following approval but in any case, no later than three months after the date of the Meeting.

(c) **7.3.3: Issue price of the Securities**

The Options will be issued for nil consideration and will have an exercise price of \$0.02 above the Market Price of Shares on the Issue Date per Option.

(d) **7.3.4: Allottees of the Securities**

The Options are to be issued to Mr Gill or his nominee.

(e) **7.3.5: Terms of the Securities**

The terms and conditions of the issue will be the same as for the Directors and are set out in the Appendix.

(f) **7.3.6: Use of funds raised**

No funds will be raised from the issue of the Options. Any funds received from the exercise of the Options will be used to further the objects of the Company and for working capital.

(g) **7.6.7: Dates of allotment**

The Options will be allotted on the date of issue (refer to item (c) above).

(h) **7.6.8: Voting Exclusion Statement**

A voting exclusion statement is included in the Notice of Meeting for Resolution 9.

Recommendation

The Directors recommend that Shareholders vote in favour of this Ordinary Resolution.

7. Information for Shareholders

ASIC

A copy of this Notice of Meeting and the accompanying Explanatory Memorandum has been lodged with the Australian Securities & Investments Commission in accordance with section 218 of the Corporations Act.

Voting Intention of the Chair for all Resolutions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Eligibility to vote - Record Date

Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) permits the Company to specify a time, not more than 48 hours before the Meeting, at which time a 'snap shot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting. The Directors have determined such time will be 7:00pm Sydney time on Wednesday 22 November 2017 (**Record Date**).

Voting Instructions

Registered holders of the ordinary shares of the Company on the Record Date will be entitled either to attend the Meeting in person to vote the securities held by them or, provided a completed and executed Proxy Form has been delivered to the Company as indicated below, vote their securities by proxy.

Proxy Forms for the Meeting are enclosed with this Notice of Meeting. These Proxy Forms provide further details on appointing a Proxy. Proxy Forms (and the original or a certified copy of the power of attorney if the Proxy Form is signed by an attorney) must be received by the Company, by no later than 10:00 am (AEST) on Wednesday 22 November 2017, in accordance with the lodgement instructions detailed on the applicable Proxy Form.

Any Proxy Form received after the relevant time noted above will not be valid for the Meeting.

Proxy Votes

A member entitled to attend and vote at the meeting may appoint a proxy. The person appointed as a proxy may be an individual or a body corporate. If entitled to cast two or more votes, the member may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the proportion is not specified, each proxy may exercise half of the member's voting rights. Fractional votes will be disregarded. Please read carefully the instructions on the Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote "for", "against" or "abstain" from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

A proxy need not be a member of the Company.

The Proxy Form must be signed by the member or the member's attorney. Proxies given by corporations must be signed in accordance with the corporation's constituent documents, or as authorised by the Corporations Act.

To be valid, the Proxy Form must be lodged at least 48 hours before the time for holding the meeting by one of the following methods:

- (a) in person or by mail to the share registry:

Share Registry:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Level 12, 225 George St Sydney NSW 2000

- (b) by facsimile +61 2 9290 9655
- (c) by online www.votingonline.com.au/cannindahagm2017

If the Proxy Form is executed under a power of attorney that has not been noted by the Company, the power of attorney must accompany the Proxy Form

In the case of joint shareholders, the names of all joint shareholders should be shown and all joint shareholders should sign the Proxy Form.

8. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

AGM means annual general meeting;

ASIC means the Australian Securities & Investments Commission;

ASX means the ASX Limited;

Associate:

- a) where the reference is used in the context of the Listing Rules, has the meaning given by Chapter 19 of the Listing Rules; and
- b) otherwise, has the meaning given by section 9 of the Corporations Act.

Business Day means a day on which all banks are open for business generally in Brisbane;

Chair means the person chairing the Meeting.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- a) a spouse or child of the member; or
- b) a child of the member's spouse; or
- c) a dependant of the member or the member's spouse; or
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- e) a company the member controls; or
- f) a person prescribed by the regulations for the purposes of the definition of closely related party;

Closing Market Price has the meaning given in the Listing Rules.

Company or **Cannindah Resources** means Cannindah Resources Limited ACN 108 146 694 (ASX:CAE);

Constitution means the constitution of the Company from time to time;

Convertible Notes means convertible notes with a face value of \$0.015 issued by the Company to EKG Limited and having the terms and conditions set out in the Explanatory Memorandum.

Convertible Note Placement Participant has the meaning given in the Explanatory Memorandum in respect of Resolution 3;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors mean the board of Directors of the Company as at the date of the Notice of Meeting and from time to time;

EKG Limited means EKG Limited a company registered in Hong Kong with company registration number 2485354.

Eligible Entity has the meaning given to that term in the Listing Rules;

Equity Securities has the meaning given to that term in the Listing Rules;

Explanatory Memorandum means the explanatory statement accompanying this Notice;

Issue Date means the date of the Meeting or within one (1) month thereafter;

Key Management Personnel or **KMP** has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity';

Listing Rules means the official listing rules of the ASX as amended from time to time;

Market Price has the meaning given to that term in the Listing Rules; and

Meeting means the Annual General Meeting to be held on 24 November 2017 as convened by the accompanying Notice of Meeting;

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

Options means options to acquire Shares;

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

Placement Participants has the meaning given in the Explanatory Memorandum in respect of Resolution 4;

Related Party has the meaning given in section 228 of the Corporations Act.

Remuneration Report means the section of the Directors' Report in the 2017 Financial Report dealing with the remuneration of the Company's Directors, Company Secretary and senior executives described as 'Remuneration Report'.

Resolutions means the resolutions set out in the Notice of Meeting;

Securities has the meaning given to that term in the Listing Rules;

Shares means fully paid ordinary shares in the Company from time to time;

Shareholder means a shareholder of the Company;

Special Resolution means a resolution:

- a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Trading Day has the meaning given to that term in the Listing Rules.

APPENDIX 1

INFORMATION RELATING TO THE PROPOSED ISSUE OF OPTIONS

Options Terms

A summary of the terms of the Options is as follows:

- a) the Options will be exercisable at \$0.02 above the Market Price of shares in the Company on the Issue Date per Option (**Exercise Price**);
- b) the Options will be exercisable on or before three (3) years from the Issue Date by delivering a duly completed form of notice of exercise together with the funds for the Exercise Price to the Company at any time prior to the expiry date;
- c) the Options will not be listed on the ASX;
- d) the Options will expire on the earlier of:
 - i. the date being three (3) years from the Issue Date unless earlier exercised;
 - ii. the Business Day after the expiration of three (3) months, or any longer period which the Board may determine, after the recipient ceases to be a director or officer of the Company or an associated body corporate of the Company; or
 - iii. the date on which the Company terminates with cause any service agreement with the Director or Officer.
- e) The Options will not be transferable in whole or in part and may not be exercised by any other person (except, in the case of the Option holder's death, by his or her legal personal representative);
- f) The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with the funds for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date;
- g) The number of Options that may be exercised at one time must be not less than 20,000;
- h) Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares;
- i) The Option holder does not participate in any dividends unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend;
- j) While the Option holder does not have any right to participate in new issues of securities in the Company to shareholders generally prior to the exercise of the Options, the Option holder will be afforded the period of at least ten (10) business days' notice prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Options;
- k) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - i. The number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
 - ii. Subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
- l) If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Option;
- O = the old exercise price of the Option;

E	=	the number of underlying securities into which one Option is exercisable;
P	=	the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex-right date or the ex-entitlements date;
S	=	the subscription price for a security under the pro rata issue;
D	=	dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
N	=	the number of securities with rights or entitlements that must be held to receive a right to one new security.

- m) If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue; and
- n) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

Regulatory Requirements - Chapter 2E of the Corporations Act

The information in this section pertains to the proposed issue of Options to the Company's Directors only and is not applicable for the issue of the Options to other participants.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition (including where shareholder approval is obtained).

The resolutions, if passed, will confer financial benefits on the Directors (being related parties of the Company) and the Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

- a) The related parties to whom the resolutions would permit the financial benefit to be given are Mr Pickett, Mr Johnson and Mr Missen (or their nominees), being Directors of the Company.
- b) The nature of the proposed financial benefit to be given is:
 - i. the grant of 5,000,000 Options to Mr Pickett (or nominee);
 - ii. the grant of 2,500,000 Options to Mr Johnson (or nominee);
 - iii. the grant of 2,500,000 Options to Mr Missen (or nominee);
 - iv. the Options shall be granted for nil consideration;
 - v. the Options shall be exercisable into fully paid ordinary Shares on or before the date that is 3 years from the Issue Date, provided that the relevant Director has not ceased to be a Director on the basis provided for in the Options terms;
 - vi. the exercise price for the Options shall be \$0.02 above the Market Price of shares in the Company on the Issue Date.
- c) Directors' Recommendation – The Directors who are not beneficiaries in each Resolution recommend that Shareholders vote in favour of each resolution.

The Directors do not consider that from an economic and commercial viewpoint there any costs or detriments to each issue, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Options, that are not outweighed by the benefit to the Company being able to provide remuneration to the officers commensurate with their skill and experience while conserving the Company's cash.

The Directors who are a beneficiary of the proposed issue of Options abstain from making a recommendation on the Resolution relating to them on the grounds of their material personal interest.

d) Directors' Interest and other remuneration.

The Directors' interests and details of their remuneration are set out below:

			Remuneration for year ended 30 June 2017	
Resolution	Director	No of Shares	Fees / Salary \$	Superannuation \$
6	Thomas Pickett	8,100,667	263,907 ¹	21,850
7	Laurie Johnson	100,000	31,263	2,970
8	Geoffrey Missen	250,000	17,831	1,694

¹ Includes annual leave paid out of \$33,907

e) Valuation

The Options are not currently quoted on the ASX and as such have no market value. The Options grant the holder a right of grant of one ordinary Share in the Company upon exercise of the Options and payment of the exercise price of the Options described above. Accordingly, the Options may have a present value at the date of their grant.

The Options may acquire future value dependent upon the extent to which the Shares exceed the exercise price of the Options during the term of the Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have a value. Various factors impact upon the value of options including:

- i. the period outstanding before the expiry date of the options;
- ii. the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- iii. the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- iv. the value of the shares into which the options may be converted; and
- v. whether the options are listed (ie readily capable of being liquidated).

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

The Company has commissioned an independent valuation of the options, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolutions 6 - 8 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments, using the Black-Scholes Model and the Binomial Model, which are the most widely used and recognised model for pricing options. The value of an option calculated by both the Black-Scholes Model and the Binomial Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

Inherent in the application of the Black-Scholes Model and the Binomial Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black-Scholes Model and the binomial Model was:

- i. the exercise price of the Options being \$0.02 above the Market Price of shares in the Company as at the Issue Date assumed at the Market Price on 3 October 2017 of \$0.029;
- ii. a market price of Shares of \$0.029;
- iii. expiry date of 3 years from the Issue Date for the Options.
- iv. a volatility measure of 130.8%;

- v. a risk-free interest rate of 2.12%% on the options proposed to be issued to the Directors;
and
- vi. a dividend yield of nil.

Some relatively minor variables were included in the calculation to estimate the value of Options as “American style” options (being exercisable at any time prior to the stated expiry date).

Based on the independent valuation of the Options, the Company agrees that the value of the Options to be issued pursuant to Resolutions 6, 7 and 8 is \$189,318.

- f) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its Directors save and except as follows:

Market Price movements:

The option valuation noted above is based on a market price per Share of \$0.029.

There is a possibility that the market price of the Shares will change up to the date of the Meeting.

Opportunity Costs

The opportunity cost and benefit foregone by the Company issuing the Options to the Directors is the potentially diluted impact on the issued Share capital of the Company (in the event that the options are exercised). Until exercised, the issue of the Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares may be detrimental to the Company, if at all, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

It is also considered that the potential increase of value in the Options is dependent upon a concomitant increase in the value of the Company generally.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Options. No GST will be payable by the Company in respect of the grant of the Options (or if it is then it will be recoverable as an input credit).

AASB 2 “Share Based Payments” requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of comprehensive income. Where the grant date and the vesting date are different, the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management’s assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Dilutionary Effect

If all of the Options granted are exercised by the Directors (or their nominees), then the effect on their holdings in the Company, assuming that all of the Options granted are exercised and that:

- a) no other options currently on issue in the Company are or have been exercised; and
- b) no further securities are issued or acquired.

will be as follows:

Director	Current Share Holding	% of Total Share Capital	Share Holding Upon Exercise of Options	% of Total Share Capital
Thomas Pickett	8,100,667	7.4%	13,100,667	11.4%
Laurie Johnson	100,000	0.1%	2,600,000	2.3%
Geoffrey Missen	250,000	0.2%	2,750,000	2.4%
Total	8,450,667	7.7%	18,450,667	16.0%

Trading History:

Details of the Company's trading history of the previous 12 months are as follows:

- (a) the lowest share price during the 12 months prior to the date of issue of this notice was \$0.011 on 15 December 2016.
- (b) the highest share price during the 12 months prior to the date of issue of this notice was \$0.150 on 21 March 2017.
- (c) the closing price on the day prior to the date of issue of this notice was \$0.042; and
- (d) the 30 day VWAP prior to the date of issue of this notice was \$0.038

Listing Rule 10.11

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a Related Party. Messrs Pickett, Johnson and Missen, being Directors of the Company, are related parties of the Company. Accordingly, because the issue of the Options will result in the Company issuing securities to related parties, approval under Listing Rule 10.11 is required.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

Save as set out in this Explanatory Statement, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolutions 6, 7 and 8.



Cannindah Resources
Limited

All Correspondence to:

✉ **By Mail:** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEST on Wednesday 22 November 2017.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/cannindahagm2017
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEST on Wednesday 22 November 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 Online	www.votingonline.com.au/cannindahagm2017
📠 By Fax	+61 2 9290 9655
✉ By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
👤 In Person	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Cannindah Resources Limited

ACN 108 146 694

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Cannindah Resources Limited** and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of **Cannindah Resources Limited** to be held at **Crowne Plaza Hotel, 2807 Gold Coast Hwy, Surfers Paradise QLD 4217 on Friday 24 November 2017 at 10:00am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair authorised to exercise undirected proxies on Remuneration Report advisory resolution: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), if the Chair is a member of the Key Management Personnel (KMP) details of whose remuneration are included in the Remuneration Report or a Closely Related Party (CRP) of such a member, I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), if the Chair is a member of the KMP for the Company, or if the Company is part of a consolidated entity, the entity, or a CRP of such a member, I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 6,7,8 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 6,7,8 and 9 are connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity. "Key Management Personnel or KMP" and "Closely Related Party or CRP" have the respective meanings given in the explanatory memorandum for the notice of meeting accompanying this proxy form.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1,6,7,8, and 9). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6	Approval to Issue Options to Mr. Thomas Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr. Laurie Johnson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Approval to Issue Options to Mr. Laurie Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratify the Issue of Convertible Notes under Previous Convertible Note Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval to Issue Options to Mr. Geoffrey Missen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratify the Issue of Shares under Previous Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval to Issue Options to Mr. Garry Gill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - Special	Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12-month period pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017