

**PETRATHERM LIMITED**  
**ACN 106 806 884**

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**  
**EXPLANATORY STATEMENT**  
**PROXY FORM**

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**Date of Meeting**

28 February 2018

**Time of Meeting**

11.00 am (Adelaide time)

**Place of Meeting**

Level 1  
169 Fullarton Road  
DULWICH SA 5065

*This Notice of Extraordinary General Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 8133 5000.*

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

### **PETRATHERM LIMITED ACN 106 806 884**

Notice is hereby given that an Extraordinary General Meeting of shareholders of Petratherm Limited (**Company**) will be held at 11.00 am (Adelaide time) on 28 February 2018 at Level 1, 169 Fullarton Road, Dulwich, South Australia.

#### **RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.’*

#### **RESOLUTION 2 – CAPITAL RAISING**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given to the issue by the Company of 100,000,000 Shares (post-Consolidation) at a minimum issue price of \$0.04 per Share to raise \$4,000,000 (minimum subscription) and up to an additional 25,000,000 Shares (post-Consolidation) at a minimum issue price of \$0.04 per Share to raise up to an additional \$1,000,000 by way of oversubscriptions (maximum subscription) on the terms and conditions set out in the Explanatory Statement.’*

#### **RESOLUTION 3 – ISSUE OF SHARES TO SIMON O’LOUGHLIN UNDER PROSPECTUS**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the allotment and issue by the Company of up to 500,000 Shares (post-Consolidation) to Mr Simon O’Loughlin (or his nominee) under the offer set out in the Prospectus on the terms and conditions set out in the Explanatory Statement.’*

#### **RESOLUTION 4 - ISSUE OF SHARES TO DONALD STEPHENS UNDER PROSPECTUS**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the allotment and issue by the Company of up to 500,000 Shares (post-Consolidation) to Mr Donald Stephens (or his*

*nominee) under the offer set out in the Prospectus on the terms and conditions set out in the Explanatory Statement.'*

#### **RESOLUTION 5 - ISSUE OF SHARES TO DEREK CARTER UNDER PROSPECTUS**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*'That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the allotment and issue by the Company of up to 500,000 Shares (post-Consolidation) to Mr Derek Carter (or his nominee) under the offer set out in the Prospectus on the terms and conditions set out in the Explanatory Statement.'*

#### **RESOLUTION 6 – ISSUE OF OPTIONS TO TAYLOR COLLISON LIMITED**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*'That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given to the issue by the Company of up to 8,820,188 Options (post-Consolidation) to Taylor Collison Limited (or its nominee) on the terms and conditions set out in the Explanatory Statement.'*

#### **RESOLUTION 7 – ISSUE OF OPTIONS TO SIMON O'LOUGHLIN**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*'That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of 1,000,000 Options (post-Consolidation) to Mr Simon O'Loughlin (or his nominee) on the terms and conditions set out in the Explanatory Statement.'*

#### **RESOLUTION 8 – ISSUE OF OPTIONS TO DONALD STEPHENS**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*'That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of 1,000,000 Options (post-Consolidation) to Mr Donald Stephens (or his nominee) on the terms and conditions set out in the Explanatory Statement.'*

#### **RESOLUTION 9 – ISSUE OF OPTIONS TO DEREK CARTER**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*'That, subject to the passing of the other Essential Resolutions, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of 1,000,000 Options (post-Consolidation) to Mr Derek Carter (or his nominee) on the terms and conditions set out in the Explanatory Statement.'*

## **RESOLUTION 10 - CONSOLIDATION OF SHARES AND OPTIONS**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, for the purpose of section 254H of the Corporations Act 2001 (Cth), ASX Listing Rule 7.22 and for all other purposes, approval is given for the issued capital of the Company to be consolidated on the basis that:*

- (a) every two Shares be consolidated into one Share; and*
- (b) every two Options be consolidated into one Option with the exercise price amended in inverse proportion to that ratio,*

*and where this consolidation ratio would otherwise result in a fractional entitlement to a Share or Option (as the case may be), that fractional entitlement be rounded up to the nearest whole Share or Option (as the case may be), as set out in the Explanatory Statement.’*

**DATED 25 JANUARY 2018**

**BY ORDER OF THE BOARD  
PETRATHERM LIMITED**

A handwritten signature in cursive script, appearing to read "Donald Stephens".

**DONALD STEPHENS  
COMPANY SECRETARY**

## **NOTES:**

### **1. Explanatory Statement**

The Explanatory Statement accompanying this Notice of Extraordinary General Meeting is incorporated in and comprises part of this Notice of Extraordinary General Meeting and should be read in conjunction with this Notice of Extraordinary General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in both this Notice of Extraordinary General Meeting and the Explanatory Statement.

### **2. Voting Exclusion Statements**

#### **(a) Resolution 1**

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of a person (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 1 is passed.

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 a direction on the Proxy Form to vote as the proxy decides.

#### **(b) Resolution 2**

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of a person (and their associates) who is expected to participate in the proposed issue or a person (and their associates) who will obtain a material benefit as a result of the proposed issue, except a benefit solely by reason of being a holder of ordinary securities in the Company, if Resolution 2 is passed.

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 a direction on the Proxy Form to vote as the proxy decides.

#### **(c) Resolution 3**

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a person (and their associates) who is to receive securities in relation to the Company.

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 a direction on the Proxy Form to vote as the proxy decides.

(d) **Resolution 4**

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person (and their associates) who is to receive securities in relation to the Company.

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 a direction on the Proxy Form to vote as the proxy decides.

(e) **Resolution 5**

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person (and their associates) who is to receive securities in relation to the Company.

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 a direction on the Proxy Form to vote as the proxy decides.

(f) **Resolution 6**

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person (and their associates) who is expected to participate in the proposed issue or a person (and their associates) who will obtain a material benefit as a result of the proposed issue, except a benefit solely by reason of being a holder of ordinary securities in the Company, if Resolution 6 is passed.

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 a direction on the Proxy Form to vote as the proxy decides.

(g) **Resolution 7**

(i) For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 7 if:

- the person is either:

- a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
- a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and
- the 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 or, if the Company is part of a consolidated entity, for the entity.

- (ii) For the purposes of the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of a person (and their associates) who is to receive securities in relation to the Company.

However, subject always to paragraph 2(g)(i), 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 a direction on the Proxy Form to vote as the proxy decides.

(h) **Resolution 8**

- (i) For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 8 if:

- the person is either:
  - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
  - a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and

- the 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 or, if the Company is part of a consolidated entity, for the entity.
- (ii) For the purposes of the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 8 by or on behalf of a person (and their associates) who is to receive securities in relation to the Company.

However, subject always to paragraph 2(h)(i), 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 a direction on the Proxy Form to vote as the proxy decides.

(i) **Resolution 9**

The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of a person (and their associates) who is to receive securities in relation to the Company.

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 a direction on the Proxy Form to vote as the proxy decides.

### 3. Proxies

A shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the shareholder at the Meeting. A proxy need not be a shareholder. If the shareholder is entitled to cast two or more votes at the Meeting the shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

To record a valid vote, a shareholder will need to take the following steps:

- 3.1 cast the shareholder's vote online by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and entering the shareholder's Control Number, SRN/HIN and PIN, which are shown on the first page of the enclosed proxy form; or
- 3.2 complete and lodge the manual proxy form at the share registry of the Company, Computershare Investor Services Pty Limited:
  - (a) by post at the following address:



Computershare Investor Services Pty Limited  
GPO Box 242  
MELBOURNE VIC 3001

OR

- (b) by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or

3.3 for Intermediary Online subscribers only (custodians), cast the shareholder's vote online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com),

so that it is received no later than 11.00 am (Adelaide time) on 26 February 2018.

Please note that if the chair of the Meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolutions 7 and 8 even though they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolutions 7 and 8 by marking the appropriate box on the Proxy Form.

The chair intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the chair may change his or her voting intention on any resolution, in which case an ASX announcement will be made.

#### 4. 'Snap Shot' Time

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snap-shot' of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Meeting. The Directors have determined that all shares of the Company that are quoted on ASX as at 7.00 pm (Adelaide time) on 26 February 2018 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the shares at that time.

#### 5. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## EXPLANATORY STATEMENT

### PART 1 – GENERAL INFORMATION

This Explanatory Statement forms part of a Notice convening an Extraordinary General Meeting of shareholders of Petratherm Limited to be held on 28 February 2018. This Explanatory Statement is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Statement, the Directors believe that there is no other information that could reasonably be required by shareholders to consider Resolutions 1 to 10 (inclusive).

#### 1. CONSOLIDATION OF SHARES AND OPTIONS

Resolution 10 seeks shareholder approval to consolidate the number of shares on a two to one basis (rounded up to the nearest whole number) (**Consolidation**).

Official quotation of the Company's Shares has been suspended since 25 May 2017, due to a breach of ASX Listing Rule 12.1, which requires the level of an entity's operations to, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing. If shareholders approve the Project Acquisition proposed by passing the Essential Resolutions, the Company will need to requalify for and seek admission to the official list of ASX. One of the conditions to requalify is that the Company must have a share price equal to, or greater than, \$0.20 (**20 cent rule**).

As a practical matter, this means that if the entity's main class of securities have been trading on ASX at materially less than 20 cents each, the entity will usually need to consolidate those securities or undertake some other form of capital restructure to boost their value to something around 20 cents so as to ensure that the relative value of the entity's existing securities (as measured by their market price) and the issue price or sale price for the new securities are not out of kilter.

ASX recognises that where an entity's securities have been trading on ASX at less than 20 cents, having to undertake a consolidation or other restructure to facilitate compliance with the 20 cent rule prior to, or in connection with, a capital raising can impose structural, timing and other impediments to the completion of a transaction that might otherwise be in the interests of an entity and its security holders. In such a case, ASX will consider a request from the entity not to apply the 20 cent rule provided certain conditions are satisfied.

One of those conditions is that the Company consolidates its securities at a specified ratio that will be sufficient, based on the lowest price at which the Company's shares traded over the 20 trading days prior to its suspension, to achieve a market value of its securities of not less than two cents each. As the lowest price at which the Company's shares traded over the 20 trading days referred to previously was one cent, the Company seeks shareholder approval to consolidate its shares on a two to one basis to achieve a market value of its shares of not less than two cents each.

The Company has applied for, and ASX has granted relief from, the 20 cent rule.

If Resolution 10 is passed, the Company will undertake the proposed Consolidation even if shareholders do not approve the Project Acquisition by passing the Essential Resolutions.

Resolution 10 is a stand-alone resolution and does not depend on the passing of any other Resolution. The Directors recommend that shareholders vote in favour of Resolution 10.

## 2. **CURRENT OPERATIONS**

### \* *Paralana Geothermal Project - South Australia (79% Petratherm)*

Petratherm's Paralana Geothermal Energy Project (GEL 156) is located 600 kilometres north of the city of Adelaide, South Australia. Petratherm's partner in the project, Beach Energy, holds a 21% interest. The project aimed to test for viable engineered geothermal resources for electricity generation. The project has achieved important technical milestones, however, despite the Company's best efforts, the necessary funding required to continue was not secured, and the JV partners resolved in June 2016 to plugging and abandoning the Paralana 2 geothermal well and completing surface rehabilitation works before a formal surrender of the geothermal licence. Beach Energy completed planning studies to undertake the plugging and abandonment of the Paralana 2 geothermal well and surface rehabilitation of the site. At the date of this Notice, the remediation work has not been initiated.

## 3. **CHANGE TO NATURE AND SCALE OF ACTIVITIES**

The Project Acquisition involves a significant change to the nature of the Company's main business activity from exploring for geothermal and oil and gas resources to mineral exploration. Furthermore, the Project Acquisition involves a significant change to the size of the Company's business operations. Given these circumstances, the significant change to the nature and scale of the Company's main business activity must be approved by the Company's shareholders under ASX Listing Rule 11.1.2. This approval is sought from shareholders in Resolution 1.

## 4. **INFORMATION ON THE PROJECT ACQUISITION**

### \* *Corunna Project – South Australia (EL 5497) (100% Musgrave Minerals Ltd)*

The Company has on 11 December 2017 signed a Letter Agreement to acquire up to a 75% interest in South Australian EL 5497 (**Tenement**) from Musgrave Minerals Ltd (ASX Code: MGV) (**Musgrave**).

The Letter Agreement sets out the terms and conditions by which the Company may acquire a 51% interest in the Tenement from Musgrave and, having acquired a 51% interest, may acquire a further 24% interest in the Tenement.

The transaction is subject to the satisfaction (or waiver) of the following conditions precedent:

- (a) the Company conducting due diligence in respect of the Tenement;
- (b) the Company obtaining all shareholder approvals required under the Corporations Act and ASX Listing Rules in order for its ordinary shares to be re-instated to quotation on ASX including (without limitation) for a significant change to the nature and scale of the Company's activities (Chapter 11 of the ASX Listing Rules) and for the issue of shares pursuant to a Prospectus (Chapters 1 and 2 of the ASX Listing Rules);
- (c) the Company raising at least \$4 million via a Prospectus;

- (d) the Company obtaining conditional approval from ASX for its ordinary shares to be re-instated to quotation; and
- (e) the Company obtaining any approvals or consents required under the Mining Act.

As at the date of lodgement of this Notice with ASX, none of the conditions precedent referred to above have been satisfied.

\* *Gilles Downs – South Australia (ELA 2017/250) (100% Petratherm)*

The Company has applied for South Australian ELA 2017/250 on 14 December 2017.

\* *Walparuta Project – South Australia (EL 5306, EL 5717) (100% SAEX Pty Ltd)*

The Company and SAEX Pty Ltd (**SAEX**) are parties to a Tenement Purchase Agreement dated 20 December 2017 in relation to the purchase by the Company of a 100% legal and beneficial interest in South Australian EL 5306 and EL 5717 (**Tenements**).

The transaction is subject to the satisfaction (or waiver) of the following conditions precedent:

- (a) the Company conducting due diligence in respect of the Tenements;
- (b) the Company obtaining all shareholder approvals required under the Corporations Act and ASX Listing Rules in order for its ordinary shares to be re-instated to quotation on ASX including (without limitation) for a significant change to the nature and scale of the Company's activities (Chapter 11 of the ASX Listing Rules) and for the issue of shares pursuant to a Prospectus (Chapters 1 and 2 of the ASX Listing Rules);
- (c) the Company raising at least \$4 million via a Prospectus;
- (d) the Company obtaining conditional approval from ASX for its ordinary shares to be re-instated to quotation; and
- (e) the Company obtaining any approvals or consents required under the Mining Act.

As at the date of lodgement of this Notice with ASX, none of the conditions precedent referred to above have been satisfied.

The consideration is payable by the Company by the issue to SAEX or its nominee at completion of Shares with a value of \$50,000 based on the issue price of shares under the Prospectus (being \$0.04).

Completion is to occur three business days after the date on which the last of the conditions precedent is satisfied or waived.

## 5. PROJECT OVERVIEW

### \* *Corunna Project*

The Corunna Project occurs in the emerging Ag-Pb-Zn province of the Southern Gawler Craton which hosts the Menninnie Dam Zn-Pb-Ag deposit and the Paris epithermal silver deposit. The tenement covers 260km<sup>2</sup> and is well positioned in regards to infrastructure and proximity to the coast being located approximately 50km west of Port Augusta.

Shallow air-core drilling undertaken by Musgrave Minerals in August 2015 at its Area 1 Prospect, on Corunna intersected anomalous silver, lead, zinc and copper. For further details please refer to the Company's ASX Announcement dated 15 December 2017.

### \* *Gilles Downs*

The Company has recently applied for an exploration licence which adjoins the Corunna tenement, and contains three known prospects.

### \* *Walparuta Project*

The Walparuta Project is located 30 kilometres north of Mannahill, and lies in the Olary Domain of the Curnamona Province of South Australia. The Curnamona Province contains widespread base-metal, gold and uranium occurrences and several mines, most notably the world class Broken Hill silver lead zinc deposit and more recently Havilah Resources Ltd's operating Portia Gold Mine.

The project comprises two tenements over the Walparuta Inlier totalling 78 km<sup>2</sup> and hosts several historic gold-copper and silver-lead-zinc prospects. The most notable historic Au-Cu prospect, Walparuta, was the subject of irregular small scale mining between 1894-1953. For further details please refer to the Company's ASX announcement dated on or about 21 December 2017.

## 6. BOARD CHANGES

Upon reinstatement of the Company's Shares to official quotation on ASX the Directors will appoint Mr Derek Carter as an additional Director and non-executive Chairman. Furthermore, one of the existing Directors, Mr Andrew Haythorpe, will resign as a Director, with Messrs Simon O'Loughlin and Donald Stephens continuing as non-executive Directors.

A profile of the proposed new Director is set out below:

### **Derek Carter BSc, MSc, FAusIMM(CP)**

Mr Carter has over 40 years' experience in exploration and mining geology and management. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur Gold NL in 1993. He is the Chairman of Highfield Resources Ltd, former Chairman of Minotaur Exploration Ltd (resigned November 2016), and a former board member of Intrepid Mines Ltd (resigned November 2015) and Mithril Resources Ltd (resigned December 2014), all ASX listed companies.

Mr Carter is a former President of the South Australian Chamber of Mines and Energy, former board member of the Australian Gold Council, is a member of the

South Australian Minerals and Energy Advisory Council and the South Australian Minerals and Energy Council, and a former Chairman of the Minerals Exploration Advisory Group. He was awarded AMEC's Prospector of the Year Award (jointly) in 2003 and is a Centenary Medallist.

## 7. **RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE ASX LISTING RULES**

The significant change to the nature and scale of the Company's main business activity arising from the Project Acquisition will require re-compliance with ASX's admission requirements in Chapters 1 and 2.

Trading in the Company's securities has been suspended since 25 May 2017 as outlined in Section 1 of Part 1 of the Explanatory Statement, and will remain suspended until re-compliance with the admission requirements is achieved.

ASX will consider the application of the escrow provisions in Chapter 9 of the ASX Listing Rules to Shares when considering the Company's application for re-admission. ASX may, in certain circumstances, impose an escrow period of up to 24 months.

## 8. **INDICATIVE TIMETABLE**

An indicative timetable for re-compliance with the admission requirements is set out in the following table:

<b>Event</b>	<b>Date</b>
Despatch Notice of Meeting	25 January 2018
Lodge Prospectus with ASIC and ASX	21 February 2018
General Meeting	28 February 2018
Offer under Prospectus opens	1 March 2018
Offer under Prospectus closes	15 March 2018
Issue of shares under the Prospectus	22 March 2018
Expected date for re-quotations of the Company's shares on ASX	29 March 2018

## 9. **PRO-FORMA CAPITAL STRUCTURE**

The capital structure of the Company following completion of all of the Resolutions the subject of the Notice is set out in the following table:

	SHARES	OPTIONS
Current issued capital (pre-Consolidation)	100,307,503	7,000,000
Current issued capital (post-Consolidation) assuming none of the current issued Options are exercised before the Consolidation (Resolution 10) <sup>1</sup>	50,153,752	3,500,000
Issued pursuant to Capital Raising (Resolutions 2 to 5) <sup>2</sup>	125,000,000	Nil
Issued to Taylor Collison (Resolution 6) <sup>2</sup>	Nil	8,820,188
Issued to current Directors (Resolutions 7 - 9)	Nil	3,000,000
Issued to tenement vendor (see Section 4 of Part 1 of the Explanatory Statement)	1,250,000	Nil
Total issued capital on reinstatement assuming none of the current issued Options are exercised before reinstatement <sup>2</sup>	176,403,752	15,320,188

<sup>1</sup> Subject to rounding up of existing holdings.

<sup>2</sup> Assumes that pursuant to the Capital Raising, the maximum number of 125,000,000 shares are issued.

#### 10. PRO-FORMA STATEMENT OF FINANCIAL POSITION

Set out in Annexure A is a pro-forma statement of financial position of the Company taking into account the Project Acquisition and the Capital Raising. The pro-forma statement of financial position illustrates the effect of the Project Acquisition and Capital Raising as if they had occurred on 30 June 2017 (adjusted for certain events outlined in the notes in Annexure A).

#### 11. USE OF FUNDS

Funds raised from the Capital Raising are intended to be used over a one year period for the following purposes:

##### Use if the maximum amount is raised

Costs of offer	\$173,913
Capital Raising Fees	\$300,000
Exploration Expenditure/Working Capital	\$4,526,087
<b>Total</b>	<b>\$5,000,000</b>

##### Use if the minimum amount is raised

Costs of offer	\$172,338
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Capital Raising Fees	\$240,000
Exploration Expenditure /Working Capital	\$3,587,662
<b>Total</b>	<b>\$4,000,000</b>

## 12. **ADVANTAGES OF THE PROJECT ACQUISITION**

### 12.1 **Reinstatement to Quotation**

The Directors have been mindful of the suspension of the Company's securities from quotation since 25 May 2017 and have since that time been actively reviewing ongoing opportunities accretive to shareholder value in order to re-comply with ASX Listing Rule 12.1. Cash preservation has been front of mind however good investment opportunities have been sought. Progressing the Project Acquisition will allow the Company's Shares to be reinstated to quotation, and for the Company to seek to add value to shareholders.

### 12.2 **Transaction provides shareholders with exposure to mineral exploration opportunities**

The Project Acquisition provides current shareholders of the Company with exposure to mineral exploration opportunities. The business will be well capitalised following a proposed minimum \$4 million equity raising. Existing and new funds will be directed to develop the Company's Projects.

### 12.3 **Increased investor interest and market liquidity**

Until suspension of the Company's securities in May 2017, transactions in Company shares on ASX were sparse. It is not unreasonable to anticipate continued improved liquidity going forward post completion of the Project Acquisition.

## 13. **DISADVANTAGES OF THE PROJECT ACQUISITION**

### 13.1 **Change of business focus and a move away from geothermal exploration focus**

Following the Project Acquisition, the Company will move out of the geothermal and oil and gas exploration business and focus on mineral exploration. This may be seen as a disadvantage to some shareholders that were seeking, via the Company, a 'pure' geothermal and oil and gas exploration investment.

### 13.2 **Issue of new securities pursuant to the resolutions will dilute existing shareholders**

The proposed Capital Raising of not less than \$4 million and up to \$5 million by way of a prospectus will be dilutive on some or all shareholders. Consequently, the current shareholders' voting power and influence over the affairs of the Company will be reduced.

### 13.3 **Project Acquisition and Capital Raising costs**

The Project Acquisition and Capital Raising has required the Company to engage a number of advisers, lawyers and experts to facilitate and report on



the proposal. This work includes preparation of this Notice of Extraordinary General Meeting and a prospectus to ensure compliance with ASX Listing Rules and other statutory requirements and approvals. These are sunk but necessary costs to all of the Company's shareholders.

The Directors believe the advantages of the transaction substantially outweigh the disadvantages.

## **14. RISKS**

### **14.1 Specific Risk Factors**

#### **14.1.1 Mineral Exploration**

Mineral exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

#### **14.1.2 Reliance on Key Personnel**

The Company's Directors, incoming Director and management team have significant experience in the mining exploration industry. If growth objectives are to be met, this will depend on the ability of the Directors and management to implement the current exploration strategies and to adapt, where necessary, to accommodate and manage any unforeseen difficulties. Initially, the Company will rely heavily on the experience of its existing management team and Directors. The loss of the services of certain personnel could have an adverse effect on the Company and its activities.

#### **14.1.3 Resource Estimations**

Resources estimates are inherently imprecise as they are expressions of judgement at a particular time based on available information, interpreted using experience and resource modelling techniques. The estimates, while made by qualified professionals, may change over time as other information becomes available which differs from information known or predicted by past drilling, sampling and geological interpretation. Estimates remain subject to change which may adversely affect the Company's operations or the commercial viability of its projects.

#### **14.1.4 Tenure and Access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved or that current exploration tenement applications will be granted.

Tenements are subject to numerous State-specific legislation conditions. The renewal of the term of a granted tenement (and grant of tenement applications) is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions either during the term of a tenement or upon renewal, or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

#### **14.1.5 Non-Completion of the Project Acquisition Agreements**

The Project Acquisition Agreements, referred to in Section 4 of Part 1 of the Explanatory Statement are each subject to various conditions precedent. If any of those conditions precedent is not satisfied or waived by the required date (or such later date as the parties may agree), a party to that Agreement may terminate the Agreement, in which case the Company will not acquire the Tenement interests the subject of the Agreement.

#### **14.1.7 Development and Mining**

Possible future development of mining operations at any of the Company's projects is also subject to numerous risks. The Company's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

If the Company commences production, its operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, adverse weather conditions, fires, explosions and other accidents.

The Company's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in base and metal prices or lack of availability of smelter capacity.

No assurance can be given that the Company will achieve commercial viability through development of any of its projects.

#### **14.1.8 Commodity and Currency Price Volatility**

Commodity prices are subject to influencing factors beyond the control of the Company and can be subject to significant fluctuations. Just some of these influencing factors include:

- world demand for particular commodities;

- the level of production costs in major commodity producing regions;
- expectations regarding inflation, interest rates and US dollar exchange rates.

Any significant and/or sustained fluctuation in exchange rates or commodity prices could have a materially adverse effect on the Company's operations and its financial position.

#### 14.1.9 **Native Title and Aboriginal Heritage**

The *Native Title Act 1993* (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration or obtain production tenements. In applying for certain production tenements, the Company must observe the provisions of Native Title legislation (where applicable) and Aboriginal Heritage legislation which protects Aboriginal sites and objects of significance.

In certain circumstances the consent of registered Native Title claimants must be obtained prior to carrying out certain activities on land to which their claim relates. It is possible that the terms of registered Native Title agreements may restrict the Company's ability to gain access to its tenements and conduct exploration, development and mining operations, or that the conditions imposed by Native Title claimants on such consent may be on terms unacceptable to the Company.

#### 14.1.10 **Compulsory Work Obligations**

Tenements are subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. These commitments may be varied on application by the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant State mining legislation. If no variation is approved, and there is failure to meet the commitments, this could lead to forfeiture of the tenement.

#### 14.1.11 **Environmental**

The Company's projects are subject to both the relevant State and also Commonwealth laws and regulations relating to environmental matters. Should the Company proceed to development of one or more mines, it could be expected that such developments would have numerous environmental impacts which would require various statutory approvals to be put in place. There is no guarantee that such approvals would be granted. The Company intends to conduct its operations in an environmentally responsible manner and in accordance with relevant legislation. However, the Company is unable to predict the effect of future changes to environmental legislation or policy

and the cost effect of such changes on its operations and financial position.

#### **14.1.12 Additional Requirements for Capital**

The funds raised by the Capital Raising will be used to carry out work on the Company's projects. If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out further exploration, undertake feasibility studies, develop mining operations and/or acquire new projects. Any additional financing through share issues will dilute existing shareholdings. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations.

#### **14.1.13 Joint Ventures**

The Company may wish to undertake future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

#### **14.1.14 Government Policy**

Changes in Government policies, taxation and other laws can have a significant influence on the outlook for companies and the return to investors.

#### **14.1.15 Insurance Risks**

The Company insures its business and operations. However, the Company's insurance may not be of a nature or level to provide adequate insurance cover to insure against the occurrence of all events that may impact on the operations of the Company. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial conditions and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

#### **14.1.16 Competition Risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

#### 14.1.17 **Litigation**

The Company may in the ordinary course of business be involved in possible disputes. These disputes could give rise to litigation. While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of the Company.

### 14.2 **General Risk Factors**

#### 14.2.1 **Economic Conditions**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

#### 14.2.2 **Other General Risks**

Other general risks associated with investment in the Company may include:

- fluctuation of the price at which the Company's Shares trade due to market factors; and
- price volatility of the Company's Shares in response to factors such as:
  - additions or departures of key personnel;
  - litigation and legislative change;
  - press newspaper or other media reports; and
  - actual or anticipated variations in the Company's operating results.

15. **FUTURE DIRECTION FOR THE COMPANY IF THE CHANGE TO NATURE AND SCALE OF ACTIVITIES IS NOT APPROVED**

If the Essential Resolutions are not passed the Project Acquisition will therefore not proceed. In this circumstance, the Company's Shares will remain suspended from trading and the Company will continue with the evaluation of potential advanced opportunities that might meet criteria capable of adding significant shareholder value.

16. **DIRECTORS' RECOMMENDATION**

The Directors consider that the proposed change to the nature and scale of activities of the Company arising from the Project Acquisition has the potential to add significant shareholder value for the Company's shareholders. Accordingly, (except in respect of those Essential Resolutions in which the particular Director has an interest in the outcome) the Directors recommend the Project Acquisition and that shareholders vote in favour of the proposed Essential Resolutions.

## **EXPLANATORY STATEMENT**

### **PART 2 - EXPLANATION OF THE PROPOSED RESOLUTIONS**

#### **1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

ASX Listing Rule 11.1 provides that if an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. Further, the following rules apply in relation to the proposed change:

- (a) the entity must give ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, the entity must get the approval of holders of its ordinary securities; and
- (c) if ASX requires, the entity must meet the requirements in Chapters 1 and 2 as if the entity were applying for admission to the official list.

The Project Acquisition will involve a significant change to the nature of the Company's main business activity from exploring for geothermal and oil and gas resources to a mineral exploration business. Furthermore, the Project Acquisition involves a significant change to the size of the Company's business operations (details of the Projects and the proposed changes to the structure and business operations of the Company are provided in this Explanatory Statement). Given these circumstances, the significant change to the nature and scale of the Company's main business activity must be approved by the Company's shareholders under ASX Listing Rule 11.1.2. Moreover, the significant change to the nature and scale of the Company's main business activity will require re-compliance with ASX's admission requirements in Chapters 1 and 2 of the ASX Listing Rules.

If Resolution 1 is passed the Company will have complied with the ASX requirement to obtain shareholder approval for the significant change to the nature and scale of its activities. Conversely, if Resolution 1s is not passed the Company will not be permitted to change the nature and scale of its activities as proposed in this Explanatory Statement and the Project Acquisition and Capital Raising will not proceed.

Resolution 1 is an ordinary resolution.

The Directors recommend shareholders vote in favour of Resolution 1.

The chair intends to vote undirected proxies in favour of Resolution 1.

The passing of Resolution 1 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 1, you should also vote in favour of the other Essential Resolutions.

## 2. **RESOLUTION 2 – CAPITAL RAISING**

ASX Listing Rule 7.1 sets out the basic prohibition on an entity issuing equity securities in any 12 month period which amount to more than 15% of its ordinary securities. An issue in excess of the 15% limit can be made with the approval of holders of ordinary securities.

Resolution 2 seeks approval by shareholders under ASX Listing Rule 7.1 for the issue of 100,000,000 Shares (post-Consolidation) at a minimum issue price of \$0.04 cents per Share to raise \$4,000,000 (minimum subscription) and up to an additional 25,000,000 Shares (post-Consolidation) at a minimum issue price of \$0.04 per Share to raise up to an additional \$1,000,000 by way of oversubscriptions (maximum subscription) (**Capital Raising**).

The Company is undertaking the Capital Raising in conjunction with the Project Acquisition, using a prospectus (**Prospectus**) to satisfy ASX Listing Rule 1.1 condition 3 and re-comply with ASX's admission requirements.

The Company intends to issue the Prospectus on or about 21 February 2018.

If Resolution 2 is passed it will permit the Directors to complete the Capital Raising no later than three months after the date of the Meeting (or such longer period as allowed by ASX) without impacting on the Company's 15% placement limit under ASX Listing Rule 7.1.

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3:

- The Company will issue a maximum of 125,000,000 shares (post-Consolidation) pursuant to the Capital Raising.
- The shares will be issued no later than three months after the date of this Meeting or such later date as permitted by ASX. It is intended that all shares issued under the Prospectus will be issued on the same date.
- The issue price will be \$0.04 per share.
- The shares will be issued to applicants for shares under the Prospectus, to clients of Taylor Collison and others as determined by the Board, none of whom will be related parties of the Company, other than as set out in Resolutions 3 to 5.
- The shares will be issued on the same terms as the Company's existing issued fully paid ordinary shares.
- The use of funds raised under the Prospectus are detailed in Section 11 of Part 1 of the Explanatory Statement.

Resolution 2 is an ordinary resolution.

The Directors recommend that shareholders vote in favour of Resolution 2.

The chair intends to vote undirected proxies in favour of Resolution 2.



The passing of Resolution 2 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 2, you should also vote in favour of the other Essential Resolutions.

3. **RESOLUTION 3 – ISSUE OF SHARES TO SIMON O’LOUGHLIN UNDER PROSPECTUS**

Mr Simon O’Loughlin intends to participate in the Capital Raising. Subject to shareholder approval, it is proposed that Mr O’Loughlin (or his nominee) will be issued up to 500,000 Shares (post-Consolidation) under the Capital Raising.

The proposed share issue to Mr O’Loughlin (or his nominee) requires the approval of shareholders pursuant to ASX Listing Rule 10.11. Shareholder approval is required under ASX Listing Rule 10.11 because Mr O’Loughlin is a Director of the Company and, as such, is a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

The following additional information is provided pursuant to the requirements of ASX Listing Rule 10.13:

- The shares will be issued to Mr O’Loughlin (or his nominee), as applicant for shares under the Prospectus.
- The Company will issue a maximum of 500,000 shares (post-Consolidation) to Mr O’Loughlin (or his nominee) pursuant to the Capital Raising.
- ASX has granted the Company a waiver from ASX Listing Rule 10.13.3 to permit the shares to be issued no later than three months after the date of this Meeting or such later date as permitted by ASX. It is intended that all shares issued under the Prospectus will be issued on the same date.
- The issue price will be \$0.04 per share.
- The shares will be issued on the same terms as the Company’s existing issued fully paid ordinary shares.
- The use of funds raised under the Prospectus is detailed in Section 11 of Part 1 of this Explanatory Statement.

Resolution 3 is an ordinary resolution.

The Directors (other than Mr O’Loughlin) do not have an interest in the outcome of Resolution 3 and recommend that shareholders vote in favour of Resolution 3.

The chair intends to vote undirected proxies in favour of Resolution 3.

The passing of Resolution 3 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you

intend to vote in favour of Resolution 3, you should also vote in favour of the other Essential Resolutions.

4. **RESOLUTION 4 - ISSUE OF SHARES TO DONALD STEPHENS UNDER PROSPECTUS**

Mr Donald Stephens intends to participate in the Capital Raising. Subject to shareholder approval, it is proposed that Mr Stephens (or his nominee) will be issued up to 500,000 Shares (post-Consolidation) under the Capital Raising.

The proposed share issue to Mr Stephens (or his nominee) requires the approval of shareholders pursuant to ASX Listing Rule 10.11. Shareholder approval is required under ASX Listing Rule 10.11 because Mr Stephens is a Director of the Company and, as such, is a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

The following additional information is provided pursuant to the requirements of ASX Listing Rule 10.13:

- The shares will be issued to Mr Stephens (or his nominee), as applicant for shares under the Prospectus.
- The Company will issue a maximum of 500,000 shares (post-Consolidation) to Mr Stephens (or his nominee) pursuant to the Capital Raising.
- ASX has granted the Company a waiver from ASX Listing Rule 10.13.3 to permit the shares to be issued no later than three months after the date of this Meeting or such later date as permitted by ASX. It is intended that all shares issued under the Prospectus will be issued on the same date.
- The issue price will be \$0.04 per share.
- The shares will be issued on the same terms as the Company's existing issued fully paid ordinary shares.
- The use of funds raised under the Prospectus is detailed in Section 11 of Part 1 of this Explanatory Statement.

Resolution 4 is an ordinary resolution.

The Directors (other than Mr Stephens) do not have an interest in the outcome of Resolution 4 and recommend that shareholders vote in favour of Resolution 4.

The chair intends to vote undirected proxies in favour of Resolution 4.

The passing of Resolution 4 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 4, you should also vote in favour of the other Essential Resolutions.

5. **RESOLUTION 5 - ISSUE OF SHARES TO DEREK CARTER UNDER PROSPECTUS**

Mr Derek Carter intends to participate in the Capital Raising. Subject to shareholder approval, it is proposed that Mr Carter (or his nominee) will be issued up to 500,000 Shares (post-Consolidation) under the Capital Raising.

The proposed share issue to Mr Carter (or his nominee) requires the approval of shareholders pursuant to ASX Listing Rule 10.11. Shareholder approval is required under ASX Listing Rule 10.11 because Mr Carter is a proposed Director of the Company and, as such, is a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

The following additional information is provided pursuant to the requirements of ASX Listing Rule 10.13:

- The shares will be issued to Mr Carter (or his nominee), as applicant for shares under the Prospectus.
- The Company will issue a maximum of 500,000 shares (post-Consolidation) to Mr Carter (or his nominee) pursuant to the Capital Raising.
- ASX has granted the Company a waiver from ASX Listing Rule 10.13.3 to permit the shares to be issued no later than three months after the date of this Meeting or such later date as permitted by ASX. It is intended that all shares issued under the Prospectus will be issued on the same date.
- Mr Carter is a proposed Director of the Company, and is therefore a related party of the Company.
- The issue price will be \$0.04 per share.
- The shares will be issued on the same terms as the Company's existing issued fully paid ordinary shares.
- The use of funds raised under the Prospectus is detailed in Section 11 of Part 1 of this Explanatory Statement.

Resolution 5 is an ordinary resolution.

The Directors do not have an interest in the outcome of Resolution 5 and recommend that shareholders vote in favour of Resolution 5.

The chair intends to vote undirected proxies in favour of Resolution 5.

The passing of Resolution 5 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 5, you should also vote in favour of the other Essential Resolutions.

6. **RESOLUTION 6 – ISSUE OF OPTIONS TO TAYLOR COLLISON LIMITED**

The Company is party to a mandate letter dated 21 December 2017 entered into with Taylor Collison under which it has been agreed that the Company will issue that number of Options to Taylor Collison equating to 5% of the issued capital of the Company (post-Capital Raising).

ASX Listing Rule 7.1 sets out the basic prohibition on an entity issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities. An issue in excess of the 15% limit can be made with the approval of holders of ordinary securities.

Resolution 6 seeks approval by shareholders under ASX Listing Rule 7.1 for the issue of up to 8,820,188 Options (post-Consolidation) to Taylor Collison (or its nominee). Some or all of the Options will likely be subject to ASX imposed escrow conditions.

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3:

- The Company will issue a maximum of 8,820,188 Options (post-Consolidation).
- The Options will be issued no later than three months after the date of this Meeting or such later date permitted by ASX.
- The Options will not be issued for cash consideration but for the provision of corporate services in relation to the Capital Raising.
- The Options will be issued to Taylor Collison (or its nominee).
- Full terms of the Options are set out in Annexure B to this Explanatory Statement.
- No funds will be raised from the issue of the Options.

Resolution 6 is an ordinary resolution.

The Directors recommend that shareholders vote in favour of Resolution 6.

The chair intends to vote undirected proxies in favour of Resolution 6.

The passing of Resolution 6 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 6, you should also vote in favour of the other Essential Resolutions.

7. **RESOLUTION 7 - ISSUE OF OPTIONS TO SIMON O'LOUGHLIN**

The Board (with Mr O'Loughlin abstaining) has resolved, subject to obtaining shareholder approval, to allot and issue 1,000,000 Options (post-Consolidation) to the Company's current non-executive Chairman, Mr Simon O'Loughlin (or his nominee), each to acquire one new ordinary share in the Company. All of the Options will be exercisable at \$0.04 per share. All of

the Options will have an exercise period commencing on the date of issue and expiring on the third anniversary of that date.

The Options will be granted as a key component of Mr O'Loughlin's remuneration in order to retain his services and provide incentive linked to the performance of the Company. Resolution 7 seeks shareholder approval for the issue of the Options to Mr O'Loughlin (or his nominee).

#### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Options constitutes giving a financial benefit and Mr O'Loughlin is a related party of the Company by virtue of being a Director.

The Directors other than Mr O'Loughlin consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

#### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options involves the issue of securities to a related party of the Company, shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors (with Mr O'Loughlin abstaining) that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of the Options to Mr O'Loughlin will not be included in the use of the Company's 15% share issue capacity pursuant to ASX Listing Rule 7.1.

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

- The Options will be issued to Mr O’Loughlin (or his nominee).
- 1,000,000 Options (post-Consolidation) will be issued.
- ASX has granted the Company a waiver from ASX Listing Rule 10.13.3 to permit the Options to be issued to Mr O’Loughlin (or his nominee) not later than three months after the date of the Meeting, or such later date permitted by ASX. It is intended that all options will be issued on the same date.
- The Options will be issued for no cash consideration, accordingly no funds will be raised.
- The terms and conditions of the Options are set out in Annexure B.

Resolution 7 is an ordinary resolution.

The Directors (other than Mr O’Loughlin) do not have an interest in the outcome of Resolution 7 and recommend that shareholders vote in favour of Resolution 7.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 7 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 7 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 7.

The passing of Resolution 7 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 7, you should also vote in favour of the other Essential Resolutions.

## 8. **RESOLUTION 8 - ISSUE OF OPTIONS TO DONALD STEPHENS**

The Board (with Mr Stephens abstaining) has resolved, subject to obtaining shareholder approval, to allot and issue 1,000,000 Options (post-Consolidation) to the Company’s current non-executive Director and Company Secretary, Mr Donald Stephens (or his nominee), each to acquire one new ordinary share in the Company. All of the Options will be exercisable at \$0.04 per share. All of the Options will have an exercise period commencing on the date of issue and expiring on the third anniversary of that date.

The Options will be granted as a key component of Mr Stephens’ remuneration in order to retain his services and provide incentive linked to the performance of the Company. Resolution 8 seeks shareholder approval for the issue of the Options to Mr Stephens (or his nominee).

## **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Options constitutes giving a financial benefit and Mr Stephens is a related party of the Company by virtue of being a Director.

The Directors other than Mr Stephens consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options involves the issue of securities to a related party of the Company, shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors (with Mr Stephens abstaining) that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of the Options to Mr Stephens will not be included in the use of the Company's 15% share issue capacity pursuant to ASX Listing Rule 7.1.

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

- The Options will be issued to Mr Stephens (or his nominee).
- 1,000,000 Options (post-Consolidation) will be issued.
- ASX has granted the Company a waiver from ASX Listing Rule 10.13.3 to permit the Options to be issued to Mr Stephens (or his nominee) not later than three months after the date of the Meeting, or such later date permitted by ASX. It is intended that all options will be issued on the same date.

- The Options will be issued for no cash consideration, accordingly no funds will be raised.
- The terms and conditions of the Options are set out in Annexure B.

Resolution 8 is an ordinary resolution.

The Directors (other than Mr Stephens) do not have an interest in the outcome of Resolution 8 and recommend that Shareholders vote in favour of Resolution 8.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 8 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 8 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 8.

The passing of Resolution 8 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 8, you should also vote in favour of the other Essential Resolutions.

#### 9. **RESOLUTION 9 - ISSUE OF OPTIONS TO DEREK CARTER**

The Board has resolved, subject to obtaining shareholder approval, to allot and issue 1,000,000 Options (post-Consolidation) to the Company's proposed non-executive Director (and incoming Chairman), Mr Derek Carter (or his nominee), each to acquire one new ordinary share in the Company. All of the Options will be exercisable at \$0.04 per share. All of the Options will have an exercise period commencing on the date of issue and expiring on the third anniversary of that date.

The Options will be granted as a key component of Mr Carter's remuneration in order to retain his services and provide incentive linked to the performance of the Company. Resolution 9 seeks shareholder approval for the issue of the Options to Mr Carter (or his nominee).

#### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.



The grant of the Options constitutes giving a financial benefit and Mr Carter is a related party of the Company by virtue of being a proposed Director.

The Directors consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

#### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options involves the issue of securities to a related party of the Company, shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of the Options to Mr Carter will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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

- The Options will be issued to Mr Carter (or his nominee).
- 1,000,000 Options (post-Consolidation) will be issued.
- ASX has granted the Company a waiver from ASX Listing Rule 10.13.3 to permit the Options to be issued to Mr Carter (or his nominee) not later than three months after the date of the Meeting, or such later date permitted by ASX. It is intended that all options will be issued on the same date.
- Mr Carter is a proposed Director of the Company, and is therefore a related party of the Company.
- The Options will be issued for no cash consideration, accordingly no funds will be raised.
- The terms and conditions of the Options are set out in Annexure B.

Resolution 9 is an ordinary resolution.

The Directors do not have an interest in the outcome of Resolution 9 and recommend that shareholders vote in favour of Resolution 9.

The chair intends to vote undirected proxies in favour of Resolution 9.

The passing of Resolution 9 is conditional upon, and subject to, the other Essential Resolutions being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 9, you should also vote in favour of the other Essential Resolutions.

10. **RESOLUTION 10 - CONSOLIDATION OF SHARES AND OPTIONS**

(a) **General comments**

Resolution 10 seeks shareholder approval to consolidate the number of Shares and Options existing at the date of the Meeting on a two to one basis (rounded up to the nearest whole number) (**Consolidation**), such that the number of Shares in the Company immediately following the Consolidation (excluding the proposed issues of Shares referred to in the Notice of Meeting) will be 50,153,752 and the number of Options on issue (excluding those referred to in Resolutions 7, 8 and 9) will be 3,500,000 with exercise prices ranging from \$0.10 to \$0.24 per Share, as set out in the table below.

(b) **Background and explanation**

If shareholders approve the Project Acquisition and Capital Raising proposed by passing the Essential Resolutions, the Company (which has been suspended from quotation since 25 May 2017 due to a breach of ASX Listing Rule 12.1) will need to requalify for and seek admission to the official list of ASX. The Company has sought and obtained a waiver in relation to one of the conditions to re-qualify, being that the Company must have a share price equal to, or greater than, \$0.20.

The proposed Consolidation is intended to position the Company so that the price of its Shares will be trading broadly at the same level as the proposed capital raising under the Prospectus upon re-admission to the official list of ASX and so that subject to the grant of the ASX waiver as referred to above, the price of its Shares will satisfy the condition to the Company's re-admission to the official list of ASX.

If Resolution 10 is passed the Company will undertake the proposed Consolidation even if shareholders do not approve the Project Acquisition and Capital Raising by passing the other Essential Resolutions.

(c) **Legal requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in general meeting, convert all or any of its shares into a larger or smaller number.

In the case of a consolidation of share capital of the Company, the ASX Listing Rules also require that the number of Options on issue be consolidated in the same ratio as the ordinary capital and the exercise price be amended in inverse proportion to that ratio.

Accordingly, the Options on issue will be consolidated, and the exercise price of the Options amended, as follows (subject to adjustment for fractional calculations):

Existing Options and expiry date	Existing number of Options on issue	Existing exercise price	Number of Options on issue after consolidation	Exercise price of Options after consolidation
Options (expiry date 24 November 2019)	3,500,000	\$0.05	1,750,000	\$0.10
Options (expiry date 24 November 2019)	1,500,000	\$0.09	750,000	\$0.18
Options (expiry date 24 November 2019)	2,000,000	\$0.12	1,000,000	\$0.24
<b>Total</b>	<b>7,000,000</b>		<b>3,500,000</b>	

**(d) Fractional entitlements**

The consolidation ratio is 2:1. Fractional entitlements may arise where shareholders or optionholders hold a number of Shares or Options which cannot be evenly divided by two. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share or Option (as applicable).

**(e) Taxation**

The Company considers that no taxation implications will arise for shareholders or optionholders from the Consolidation. However, shareholders and optionholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation implications arising from the Consolidation.

**(f) Holding Statements and Option Certificates**

From the date of the Consolidation:

- (i) all holding statements for the Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a pre-Consolidation basis; and
- (ii) all certificates for unlisted Options (if any) will cease to have any effect, except as evidence of entitlement to a number of Options on a pre-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to holders of those securities and, to the extent required, new certificates for unlisted Options to be issued to optionholders.

**(g) Effect on Capital Structure**

Shareholders are referred to the pro-forma capital structure in Section 9 of Part 1 of the Explanatory Statement for the effect of the Consolidation on the capital structure of the Company.

(h) **Expected timetable for consolidation**

The Company will release a timetable in accordance with the ASX Listing Rules following approval by shareholders of the Consolidation.

If shareholders approve the change in nature and scale of the Company's activities the subject of Resolution 1, the securities of the Company will remain suspended until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules.

The Company's securities will recommence trading on a T+2 basis when the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and ASX confirms that it will reinstate the Company's securities to official quotation.

Resolution 10 is an ordinary resolution.

The Directors recommend that shareholders vote in favour of Resolution 10.

The chair intends to vote undirected proxies in favour of Resolution 10.

Resolution 10 is a stand-alone resolution and does not depend on the passing of any other Resolution.

## 11. GLOSSARY

In this Explanatory Statement and Notice of Extraordinary General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

**\$** means Australian dollars.

**Annexure** means an annexure to this Explanatory Statement.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Capital Raising** means the capital raising the subject of Resolution 2.

**Closely Related Party** of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (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;
- (e) a company the member controls; or
- (f) a person prescribed as such by the *Corporations Regulations 2001* (Cth).

**Company** means Petratherm Limited ACN 106 806 884.

**Consolidation** means the consolidation of the existing securities of the Company on a two to one basis (rounded up to the nearest whole number).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**EL and Exploration Licence** means an area granted under the Mining Act in respect to mineral exploration.

**ELA and Application for Exploration Licence** means an Exploration Licence application.

**Essential Resolutions** means each of Resolutions 1 to 10 inclusive.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company).

**Mining Act** means the *Mining Act 1971* of South Australia.

**Notice** or **Notice of Extraordinary General Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a fully paid ordinary share in the capital of the Company.

**Petratherm** means the Company.

**Project Acquisition** means the acquisition by the Company of certain mineral exploration interests as outlined in Section 4 of Part 1 of the Explanatory Statement.

**Prospectus** means the prospectus to be issued by the Company in relation to the Capital Raising.

**Proxy Form** means the proxy form accompanying the Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Taylor Collison** means Taylor Collison Limited ACN 008 172 450.

## ANNEXURE A

### PRO FORMA STATEMENT OF FINANCIAL POSITION

	Consolidated (Audited) 30-Jun-17 \$	Consolidated (Unaudited) Minimum Subscription \$	Consolidated (Unaudited) Maximum Subscription \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	833,674	4,421,336	5,359,761
Trade and other receivables	6,422	6,422	6,422
Other current assets	3,302	3,302	3,302
<b>TOTAL CURRENT ASSETS</b>	<b>843,398</b>	<b>4,431,060</b>	<b>5,369,485</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	-	50,000	50,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>
<b>TOTAL ASSETS</b>	<b>843,398</b>	<b>4,481,060</b>	<b>5,419,485</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	46,229	46,229	46,229
Provisions	241,000	241,000	241,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>287,229</b>	<b>287,229</b>	<b>287,229</b>
<b>NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>287,229</b>	<b>287,229</b>	<b>287,229</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>556,169</b>	<b>4,193,831</b>	<b>5,132,256</b>
<b>EQUITY</b>			
Issued capital	34,760,564	38,179,311	39,063,012
Reserves	130,034	552,349	602,291
Accumulated losses	(34,334,429)	(34,537,829)	(34,533,047)
<b>TOTAL EQUITY</b>	<b>556,169</b>	<b>4,193,831</b>	<b>5,132,256</b>

#### Pro Forma Adjustments – Petratherm Limited

The unaudited adjusted Petratherm Limited ('Petratherm') pro forma statement of financial position has been prepared on the basis that the transaction had taken place on 30 June 2017 and has been adjusted for the following events:

1. *Shares issued under the Prospectus* – As part of Petratherm's re-compliance with Chapter 1 and 2 of the ASX Listing Rules, the Company is seeking shareholder approval to conduct a capital raising by offering, under a Prospectus, 100,000,000 shares at a price of \$0.04 per share to raise \$4,000,000, with an option to issue a further 25,000,000 shares (or \$1,000,000) by way of oversubscription.
2. *Transaction Costs* – In relation to the raising of the maximum subscription of \$5,000,000, it has been assumed that the cost involved in the preparation and implementation of the Prospectus and the placement will be \$395,155 (at minimum

subscription of \$4,000,000, these costs total \$328,798). This amount has been offset against the share capital figure. Remaining costs in relation to the re-listing process total \$78,758 (at minimum subscription of \$4,000,000, these costs total \$83,540) have been recorded in the pro forma statement of financial position in accumulated losses.

3. *Acquisition of tenements* – On 20 December 2017, Petratherm signed an agreement with Saex Pty Ltd to acquire two exploration licences subject to conditions precedent. As consideration for the purchase, Petratherm shall issue fully paid ordinary shares in the Company with a value of \$50,000, based on \$0.04 per share.
4. *Issue of options to Directors and the Company's broker Taylor Collison Ltd* – Based on the maximum subscription contemplated, a total of 8,820,188 unlisted options are to be issued to the Company's brokers, Taylor Collison Ltd, in relation to the provision of corporate services (7,570,188 are to be issued if the minimum subscription is achieved). In addition, a total of 3,000,000 unlisted options are to be issued to two existing Non-Executive Directors of the Company (Messrs Simon O'Loughlin and Donald Stephens) and the incoming Non-Executive Director (Mr Derek Carter) as an incentive.



## ANNEXURE B

### TERMS AND CONDITIONS OF TAYLOR COLLISON LIMITED AND DIRECTORS OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options will be exercisable at \$0.04.
3. Each option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the third anniversary of the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
  - (i) elect to be registered as the new holder of the options;
  - (ii) whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
  - (iii) if the deceased has already exercised options, pay the exercise price in respect of those options.
8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

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

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

11. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

## Lodge your vote:



**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**  
 Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 Victoria 3001 Australia



Alternatively you can fax your form to  
 (within Australia) 1800 783 447  
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
 (custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
 (within Australia) 1300 556 161  
 (outside Australia) +61 3 9415 4000

## Proxy Form

XX

 <p><b>Vote online</b></p> <ul style="list-style-type: none"> <li>• Go to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR Code with your mobile device.</li> <li>• Follow the instructions on the secure website to vote.</li> </ul>	
<p><b>Your access information that you will need to vote:</b></p> <p><b>Control Number:</b></p> <p><b>SRN/HIN:</b></p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 11:00am (Adelaide time) on Monday 26 February 2018**

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
 or turn over to complete the form →**

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark ☒ to indicate your directions

## STEP 1

### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Petratherm Ltd hereby appoint

☐

the Chairman  
of the Meeting

OR



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Petratherm Ltd to be held at **Level 1, 169 Fullarton Road, Dulwich SA 5065 on Wednesday, 28 February 2018 at 11:00am (Adelaide time)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 7 & 8** (except where I/we have indicated a different voting intention below) even though **Items 7 & 8** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 7 & 8** by marking the appropriate box in step 2 below.

## STEP 2

### Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
1	Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Consolidation of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
3	Issue of Shares to Simon O'Loughlin under Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
4	Issue of Shares to Donald Stephens under Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
5	Issue of Shares to Derek Carter under Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
6	Issue of Options to Taylor Collison Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
7	Issue of Options to Simon O'Loughlin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
8	Issue of Options to Donald Stephens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
9	Issue of Options to Derek Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN

### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date

/ /

\_\_\_\_\_